

November 5, 2021

GS Yuasa Corporation
Consolidated Earnings Report for the
Six Months ended September 30, 2021
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange Securities code: 6674
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Scheduled dates
 Filing of statutory quarterly financial report (*Shihanki hokokusho*): November 5, 2021
 Dividend payout: December 1, 2021

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

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six Months ended September 30, 2021	195,124	13.2	5,226	(1.3)	6,569	1.1	2,207	–
Six Months ended September 30, 2020	172,325	(9.5)	5,294	(29.9)	6,500	(22.8)	121	(97.5)

Note: Comprehensive income: Six Months ended September 30, 2021: ¥6,504 million, 96.4%
 Six Months ended September 30, 2020: ¥3,312 million, 512.8%

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six Months ended September 30, 2021	27.42	–
Six Months ended September 30, 2020	1.50	–

Note: Operating profit before amortization of good will:
 Six Months ended September 30, 2021: ¥6,356 million, -1.1%
 Six Months ended September 30, 2020: ¥6,424 million, -26.0%

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2021	439,377	232,689	45.9
As of March 31, 2021	431,913	234,570	46.8

Reference: Total equity: As of September 30, 2021: ¥201,838 million
 As of March 31, 2021: ¥202,245 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2021	–	0.00	–	50.00	50.00
Year ending March 31, 2022	–	15.00			
Year ending March 31, 2022 (forecast)			–	35.00	50.00

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

3. Earnings Forecast for the Year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2022	440,000	13.8	21,000	(15.4)	24,000	(12.0)	11,000	(4.0)	136.63

Note: The latest earnings forecast has been revised.

The Company has revised its earnings forecast for the year ending March 31, 2022 released on May 12, 2021.

For further details, please see (3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements on page 5.

***Notes**

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

	As of September 30, 2021	As of March 31, 2021
1) Number of shares issued (including treasury shares)	82,714,942	82,714,942
2) Number of treasury shares	2,274,500	2,109,320
	Six Months ended September 30, 2021	Six Months ended September 30, 2020
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	80,510,181	80,833,327

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

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

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

4. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

1) Overview

In the first six months of the fiscal year ending March 31, 2022, the global economy saw the resumption in economic activities due to the economic policies of various countries and the progress made in administering vaccines for the novel coronavirus (COVID-19). On the other hand, some countries in the Asian region implemented measures such as lockdowns and there were frequent state of emergency declarations in Japan, which means that concerns remain about the spread of infections. In addition to that, factors such as rises in the prices of raw materials and supply chains disruptions caused by shortages of components and containers mean that the economic outlook remains highly uncertain.

In this economic environment, the GS Yuasa Group's consolidated net sales for the first six months of the fiscal year totaled ¥195,124 million, up ¥22,798 million or 13.2% from the same period of the previous fiscal year. This increase in Group sales mainly reflects a recovery in sales of lithium-ion batteries for plug-in hybrid vehicles and an increase in sales of lead-acid batteries in the automotive batteries business overseas as well as the exchange rate benefit from a weaker yen. Operating profit was largely in line with the previous fiscal year at ¥5,226 million (¥6,356 million before goodwill amortization), a year-on-year decrease of ¥67 million or 1.3%, mainly due to the higher price of raw materials. Ordinary profit was ¥6,569 million, a year-on-year increase of ¥69 million or 1.1%, due to the improvement of non-operating profit associated with the recovery of operating results of some associates accounted for under the equity method. Profit attributable to owners of parent was ¥2,207 million, a year-on-year increase of ¥2,085 million, due to the recording of gain on bargain purchase as extraordinary income and the impact of the reduction in impairment loss compared to the same period of the previous fiscal year.

2) Business Segment Results

(Automotive Batteries)

Net sales in Japan for the first six months of the fiscal year ending March 31, 2022, totaled ¥35,228 million, a year-on-year decrease of ¥687 million or 1.9%, mainly due to the impact of the application of the Accounting Standard for Revenue Recognition despite a year-on-year increase in sales volume for batteries for new vehicles. Domestic segment profit (before amortization of goodwill) came to ¥1,779 million, down ¥872 million or 32.9% from the previous fiscal year, due to the impact of the higher price of raw materials.

Overseas net sales totaled ¥87,571 million, a year-on-year increase of ¥9,503 million or 12.2%. Sales volume increased in the first quarter, particularly in ASEAN countries and Europe, and there has also been an exchange rate benefit from a weaker yen. Overseas segment profit came to ¥4,330 million, down ¥1,012 million or 19.0% from the previous fiscal year, mainly due to the impact of higher distribution costs caused by container shortages in addition to higher prices of raw materials.

As a result of the above factors, the automotive batteries segment's combined net sales in Japan and overseas in the first six months of the fiscal year totaled ¥122,800 million, a year-on-year increase of ¥8,815 million, or 7.7%. Overall automotive batteries segment profit (before goodwill amortization) came to ¥6,109 million, ¥1,885 million or 23.6% less than a year earlier.

(Industrial Batteries and Power Supplies)

Net sales in the industrial batteries and power supplies segment totaled ¥46,003 million, a year-on-year increase of ¥10,474 million or 29.5%. This was due to an increase in sales of lithium-ion batteries for large-scale wind power generation facilities and the effects of the consolidation of GS

Yuasa Infrastructure Systems Co., Ltd. The segment posted an operating loss of ¥160 million, a year-on-year deterioration of ¥323 million, owing to rises in the prices of raw materials and changes in our sales mix.

(Automotive Lithium-ion Batteries)

Net sales in the automotive lithium-ion batteries segment totaled ¥18,402 million, a year-on-year increase of ¥4,255 million or 30.1%. This was due to an increase in sales of batteries for hybrid vehicles and a recovery in sales of lithium-ion batteries used in plug-in hybrid vehicles, which had declined in the previous fiscal year. The segment posted an operating profit of ¥174 million, a year-on-year improvement of ¥2,030 million, owing to the increase in net sales.

(Other)

Net sales in the other segment totaled ¥7,919 million, a year-on-year decrease of ¥747 million or 8.6%. Segment profit after adjustments for corporate expenses, etc., came to ¥232 million, a year-on-year increase of ¥110 million or 90.5%.

(2) Financial Condition

Total assets as of September 30, 2021, amounted to ¥439,377 million, ¥7,463 million more than at the end of the previous fiscal year. This reflects an increase in inventories, as well as the new consolidation of GS Yuasa Infrastructure Systems Co., Ltd., which outweighed a decrease in trade accounts receivable due to collections.

Liabilities increased to ¥206,688 million, up ¥9,345 million from the end of the previous fiscal year, due to long-term borrowings through a sustainability-linked loan and the new consolidation of GS Yuasa Infrastructure Systems Co., Ltd.

Net assets totaled ¥232,689 million, a decrease of ¥1,881 million from the end of the previous fiscal year due to dividends paid and the purchase of treasury shares.

[Cash Flows]

Cash and cash equivalents as of September 30, 2021, amounted to ¥27,118 million, a decrease of ¥8,688 million, or 24.3%, from the end of the previous fiscal year.

Net cash provided by operating activities in the first half of the fiscal year, amounted to ¥6,112 million, compared with net cash provided of ¥12,623 million in the same period of the previous fiscal year. There were main contributions from profit before income taxes, depreciation, a decrease in trade receivables, partially offset by an increase in inventories and the payment of income taxes.

Net cash used in investing activities totaled ¥16,850 million, compared with net cash used of ¥8,971 million a year earlier. The main cash outflow from investments was the purchase of property, plant, and equipment.

Net cash provided by financing activities amounted to ¥1,809 million, compared with net cash used of ¥3,804 million in the first half of the previous fiscal year. The main cash outflow was dividends paid. An increase in borrowings was the main source of inflows.

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

We revised the consolidated earnings forecast that was announced on May 12, 2021 in light of the latest trends. We forecast an increase in net sales mainly due to the exchange rate benefit from a weaker yen despite the impact of shortages of semiconductors. On the other hand, we forecast lower profit mainly due to the higher price of raw materials including lead, our key material. No revision has been made to the dividend forecast that was announced on May 12 (interim dividend of ¥15 and year-end dividend of ¥35).

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Basic earnings per share (yen)
Previous forecast (A)	430,000	24,000	26,000	12,000	148.66
Revised forecast (B)	440,000	21,000	24,000	11,000	136.63
Change (B-A)	10,000	(3,000)	(2,000)	(1,000)	—
Change (%)	2.3	(12.5)	(7.7)	(8.3)	—
Results for the fiscal year ended March 31, 2021	386,511	24,810	27,279	11,455	141.91

5. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

	As of March 31, 2021 Amount	(Millions of yen) As of September 30, 2021 Amount
Assets		
Current assets		
Cash and deposits	36,280	27,376
Notes and accounts receivable - trade	74,269	-
Notes and accounts receivable - trade, and contract assets	-	68,694
Electronically recorded monetary claims - operating	5,039	6,206
Merchandise and finished goods	37,236	45,146
Work in process	14,973	19,803
Raw materials and supplies	15,658	17,440
Other	11,189	12,663
Allowance for doubtful accounts	(315)	(271)
Total current assets	194,332	197,060
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,837	51,626
Machinery, equipment and vehicles, net	38,703	38,080
Land	22,737	22,779
Leased assets, net	296	280
Right-of-use assets, net	5,075	4,902
Construction in progress	9,699	14,553
Other, net	5,180	5,055
Total property, plant and equipment	134,530	137,278
Intangible assets		
Goodwill	659	-
Leased assets	1,078	952
Other	2,681	2,133
Total intangible assets	4,419	3,085
Investments and other assets		
Investment securities	64,349	68,070
Retirement benefit asset	23,920	24,784
Deferred tax assets	3,497	2,553
Lease receivables	2,616	2,326
Other	4,517	4,495
Allowance for doubtful accounts	(323)	(323)
Total investments and other assets	98,578	101,906
Total non-current assets	237,528	242,271
Deferred assets	52	46
Total assets	431,913	439,377

	As of March 31, 2021 Amount	(Millions of yen) As of September 30, 2021 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,742	36,401
Electronically recorded obligations - operating	16,367	17,416
Short-term borrowings	13,440	13,182
Accounts payable - other	15,976	13,419
Income taxes payable	4,761	2,918
Notes payable - facilities	358	242
Electronically recorded obligations - facilities	3,270	1,740
Other	18,922	22,575
Total current liabilities	107,839	107,897
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	31,980	42,725
Lease obligations	6,041	5,480
Deferred tax liabilities	18,045	16,849
Deferred tax liabilities for land revaluation	928	928
Retirement benefit liability	4,562	4,562
Other	7,944	8,245
Total non-current liabilities	89,503	98,790
Total liabilities	197,342	206,688
Net assets		
Shareholders' equity		
Share capital	33,021	33,021
Capital surplus	55,301	55,301
Retained earnings	95,869	93,399
Treasury shares	(4,654)	(5,150)
Total shareholders' equity	179,537	176,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,171	18,272
Deferred gains or losses on hedges	(115)	(103)
Revaluation reserve for land	2,137	2,137
Foreign currency translation adjustment	417	1,694
Remeasurements of defined benefit plans	3,098	3,266
Total accumulated other comprehensive income	22,708	25,266
Non-controlling interests	32,324	30,850
Total net assets	234,570	232,689
Total liabilities and net assets	431,913	439,377

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

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
	Amount	Amount
Net sales	172,325	195,124
Cost of sales	132,925	152,788
Gross profit	39,400	42,335
Selling, general and administrative expenses	34,105	37,108
Operating profit	5,294	5,226
Non-operating income		
Interest and dividend income	375	421
Share of profit of entities accounted for using equity method	1,119	1,528
Foreign exchange gains	205	–
Other	394	320
Total non-operating income	2,094	2,270
Non-operating expenses		
Interest expenses	382	441
Foreign exchange losses	–	138
Other	506	347
Total non-operating expenses	889	928
Ordinary profit	6,500	6,569
Extraordinary income		
Gain on sale of non-current assets	21	498
Gain on sale of investment securities	1	34
Gain on bargain purchase	–	989
Total extraordinary income	22	1,523
Extraordinary losses		
Loss on retirement of non-current assets	312	153
Loss on sale of non-current assets	4	24
Impairment losses	2,760	518
Loss on valuation of investment securities	15	–
Factory relocation expenses	–	964
Total extraordinary losses	3,092	1,661
Profit before income taxes	3,430	6,430
Income taxes	3,282	2,059
Profit	147	4,371
Profit attributable to non-controlling interests	26	2,164
Profit attributable to owners of parent	121	2,207

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
	Amount	Amount
Profit	147	4,371
Other comprehensive income		
Valuation difference on available-for-sale securities	1,577	1,076
Deferred gains or losses on hedges	139	22
Foreign currency translation adjustment	1,647	(287)
Remeasurements of defined benefit plans, net of tax	461	167
Share of other comprehensive income of entities accounted for using equity method	(661)	1,153
Total other comprehensive income	3,164	2,133
Comprehensive income	3,312	6,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,592	4,765
Comprehensive income attributable to non-controlling interests	719	1,738

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	3,430	6,430
Depreciation	9,158	9,277
Impairment losses	2,760	518
Amortization of goodwill	676	659
Loss (gain) on valuation of investment securities	15	–
Loss (gain) on sale of investment securities	(1)	(34)
Increase (decrease) in allowance for doubtful accounts	(69)	(71)
Increase (decrease) in retirement benefit asset and liability	(1,078)	(327)
Interest and dividend income	(375)	(421)
Interest expenses	382	441
Foreign exchange losses (gains)	(308)	(301)
Loss (gain) on sale of non-current assets	(17)	(474)
Loss on retirement of non-current assets	312	153
Gain on bargain purchase	–	(989)
Factory relocation expenses	–	964
Share of loss (profit) of entities accounted for using equity method	(1,119)	(1,528)
Decrease (increase) in trade receivables	12,929	–
Decrease (increase) in trade receivables and contract assets	–	8,539
Increase (decrease) in advances received	(3,906)	–
Increase (decrease) in contract liabilities	–	128
Decrease (increase) in inventories	(1,915)	(11,935)
Increase (decrease) in trade payables	(3,300)	(246)
Other, net	(1,259)	169
Subtotal	16,313	10,952
Interest and dividends received	970	1,241
Interest paid	(382)	(441)
Factory relocation expenses paid	–	(428)
Income taxes paid	(4,278)	(5,211)
Net cash provided by (used in) operating activities	12,623	6,112

	Six months ended September 30, 2020	Six months ended September 30, 2021
	Amount	Amount
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,828)	(14,302)
Proceeds from sale of property, plant and equipment	30	536
Purchase of intangible assets	(32)	(76)
Purchase of investment securities	(1)	(152)
Proceeds from sale of investment securities	19	44
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,825)
Purchase of shares of subsidiaries and associates	(600)	–
Loan advances	(738)	(5)
Proceeds from collection of loans receivable	2	49
Other, net	175	(118)
Net cash provided by (used in) investing activities	(8,971)	(16,850)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(1,508)	1,517
Proceeds from long-term borrowings	5,295	11,596
Repayments of long-term borrowings	(1,092)	(2,727)
Purchase of treasury shares	(1,001)	(502)
Proceeds from disposal of treasury shares	29	6
Dividends paid	(2,842)	(4,033)
Dividends paid to non-controlling interests	(2,088)	(3,248)
Other, net	(596)	(798)
Net cash provided by (used in) financing activities	(3,804)	1,809
Effect of exchange rate change on cash and cash equivalents	107	239
Net increase (decrease) in cash and cash equivalents	(45)	(8,688)
Cash and cash equivalents at beginning of period	24,748	35,807
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1	–
Cash and cash equivalents at end of period	24,705	27,118

(4) Notes on the Consolidated Financial Statements

(Note on the going-concern assumption)

Not applicable

(Note on significant change in shareholders' equity)

(Share buyback)

The Company purchased 167,000 of its own shares based on a resolution made by the Board of Directors on March 23, 2021. As a result of purchase and disposal of treasury shares including the March 23 share buyback, treasury shares increased by ¥495 million during the first six months of the fiscal year ending March 31, 2022, and totaled ¥5,150 million as of the end of the period under review.

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

(Tax expense calculation)

The Company calculates tax expenses by rationally estimating its effective tax rate after application of tax effect accounting to profit before income taxes for the current fiscal year, which includes the second quarter ended September 30, 2021, and multiplying profit before income taxes by said estimated effective tax rate. However, in cases where calculations using said estimated effective tax rate yield a result that is notably lacking rationality, tax expenses are calculated using the statutory effective tax rate.

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter 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 of said goods or services.

For finished goods that require installation work, sales were previously recorded by some consolidated subsidiaries at the point that said installation work was completed. However, as a result of the above change, the Company is identifying delivery of finished goods and installation work as separate performance obligations and is therefore recognizing revenue at the point that each performance obligation is fulfilled. Also, for discounts, etc., these were previously excluded from net sales at the point that price was determined. However, for cases where uncertainty regarding fluctuating value is removed after this point and there is a high possibility of a significant decrease in the cumulative amount of revenue recognized, the Company is changing to a method that reflects transaction prices. 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.

Regarding the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, in accordance with the transitional measures set forth in paragraph 84 of the standard, the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first three months of the fiscal year ending March 31, 2022, was reflected in the opening balance of retained earnings of the period, and the new accounting policy was applied as a decrease in the opening balance of the current period.

For the first six months of the current fiscal year, as a result of this change, net sales decreased by ¥747 million, cost of sales increased by ¥334 million and selling, general and administrative expenses decreased by ¥859 million, while operating profit decreased by ¥223 million, and ordinary profit and profit before income taxes each decreased by ¥179 million. In addition, retained earnings as of the beginning of the current fiscal year decreased by ¥643 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" under current assets from the quarterly consolidated balance sheet as of the end of the first quarter of the current fiscal year.

Furthermore, in “Cash flows from operating activities” in the consolidated statements of cash flows, “Decrease (increase) in trade receivables” presented in the first six months of the previous fiscal year has been included in “Decrease (increase) in trade receivables and contract assets” from the first six months of the current fiscal year, and “Increase (decrease) in advances received” presented in the first six months of the previous fiscal year has been included in “Increase (decrease) in contract liabilities” from the first six months of the current fiscal year. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance)

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 first quarter of the current fiscal year, and in accordance with the transitional measures set forth 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 new accounting policy stipulated in the Accounting Standard for Fair Value Measurement shall be applied going forward.

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

(Segment and other information)
Segment information

I. Six months ended September 30, 2020 (April 1 to September 30, 2020)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment							
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total	Other (note)	Total
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	35,915	78,068	113,984	35,528	14,146	163,659	8,666	172,325
Transactions with other segments	569	1,413	1,983	5,778	4,450	12,212	(12,212)	–
Total	36,485	79,481	115,967	41,306	18,597	175,871	(3,545)	172,325
Segment profit (loss)	2,652	5,342	7,994	163	(1,855)	6,302	122	6,424

- Notes: 1. "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment profit adjustment. Adjustment for segment profit (loss) was ¥(1,010) million, which includes ¥(560) million elimination of inter-segment transactions and ¥(449) million of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
2. The difference between the total segment profit (loss) in the table above and operating profit of ¥5,294 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥1,129 million. These goodwill and other intangible assets include identifiable assets acquired on the effective date of business combination.

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

(Material impairment losses on non-current assets)

In the Automotive Lithium-ion Batteries segment, the carrying value of non-current assets was written down to reflect a decrease in the profitability of production equipment owned by a consolidated subsidiary, resulting in recognition of the impairment loss as an extraordinary loss.

The impairment loss recognized for this reason in the six months ended September 30, 2020 totaled 2,760 million yen.

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

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment							
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total	Other (note)	Total
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	35,228	87,571	122,800	46,003	18,402	187,205	7,919	195,124
Transactions with other segments	619	1,566	2,185	6,833	7,440	16,459	(16,459)	–
Total	35,847	89,137	124,985	52,836	25,842	203,665	(8,540)	195,124
Segment profit (loss)	1,779	4,330	6,109	(160)	174	6,124	232	6,356

- Notes: 1. "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment profit adjustment. Adjustment for segment profit (loss) was ¥(515) million, which includes ¥(50) million elimination of inter-segment transactions and ¥(464) million of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
2. The difference between the total segment profit (loss) in the table above and operating profit of ¥5,226 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥1,129 million. These goodwill and other intangible assets include identifiable assets acquired on the effective date of business combination.

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

(Material impairment losses on non-current assets)

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

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

(Material gain on bargain purchase)

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

(Additional information)

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

Regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and revisions to non-consolidated taxation systems in connection with the transition to the group tax sharing system, the Company and some of its subsidiaries in Japan have not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) as allowed by 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 PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

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

With respect to the assumptions underlying accounting estimates for the impact of COVID-19 infections on the GS Yuasa Group’s business in the financial statements for the first six months of the fiscal year ending March 31, 2022, there are no material differences with the content stated in the (Additional information) section of the statutory financial report for the fiscal year ended March 31, 2021.

(Significant subsequent events)

(Retirement of treasury shares)

The Company resolved to retire treasury shares, pursuant to Article 178 of the Companies Act of Japan, at the meeting of the Board of Directors held on November 5, 2021.

1. Reason for retirement of treasury shares

For the mid- to long-term improvement of shareholder value.

2. Details of the retirement of treasury shares

- | | |
|------------------------------------|--------------------------------------------------------------------------------------------|
| (1) Class of shares to be retired | Common stock |
| (2) Number of shares to be retired | 2,115,500 shares (2.56% of the total number of shares outstanding prior to the retirement) |
| (3) Scheduled date of retirement | November 30, 2021 |

6. Supplementary Information

(1) Quarterly profit/loss

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

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	95,458	99,666	–	–	195,124	–	–
Operating profit	3,210	2,016	–	–	5,226	–	–
Ordinary profit	4,268	2,301	–	–	6,569	–	–
Profit attributable to owners of parent	2,681	(473)	–	–	2,207	–	–

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	96,256	99,158	110,230	107,442	195,415	305,646	413,089
Operating profit	2,917	4,038	7,358	8,339	6,956	14,315	22,654
Ordinary profit	3,165	4,327	8,308	8,927	7,492	15,800	24,728
Profit attributable to owners of parent	1,430	2,023	6,636	3,433	3,454	10,090	13,524

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	87,805	96,402	112,776	113,966	184,208	296,984	410,951
Operating profit	2,876	3,109	7,734	8,198	5,986	13,721	21,920
Ordinary profit	3,273	3,174	7,763	7,176	6,447	14,210	21,387
Profit attributable to owners of parent	1,254	1,295	3,668	5,231	2,549	6,218	11,449

(2) Overview of Results for the Six Months ended September 30, 2021

(Millions of yen, unless otherwise stated)

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2019	September 30, 2020 (a)	September 30, 2021 (b)		March 31, 2020	March 31, 2021	March 31, 2022 (forecast)
Net sales	190,414	172,325	195,124	22,798	395,553	386,511	440,000
Automotive Batteries-Japan	40,891	35,915	35,228	(687)	88,059	83,639	82,000
Automotive Batteries-Overseas	81,728	78,068	87,571	9,503	162,138	165,296	184,000
Industrial Batteries and Power Supplies	37,621	35,528	46,003	10,474	84,566	84,037	103,000
Automotive Lithium-ion Batteries	21,397	14,146	18,402	4,255	42,264	35,950	53,000
Other	8,775	8,666	7,919	(747)	18,525	17,587	18,000
Operating profit	7,549	5,294	5,226	(67)	21,676	24,810	21,000
Operating profit before amortization of goodwill	8,678	6,424	6,356	(67)	23,935	27,069	22,000
Automotive Batteries-Japan	2,080	2,652	1,779	(872)	6,976	8,669	5,000
Automotive Batteries-Overseas	4,920	5,342	4,330	(1,012)	9,187	12,225	9,000
Industrial Batteries and Power Supplies	2,322	163	(160)	(323)	9,157	6,890	6,500
Automotive Lithium-ion Batteries	(733)	(1,855)	174	2,030	(1,708)	(852)	2,000
Other	89	122	232	110	322	136	(500)
Ordinary profit	8,424	6,500	6,569	69	23,109	27,279	24,000
Profit attributable to owners of parent	4,774	121	2,207	2,085	13,674	11,455	11,000
Profit attributable to owners of parent before amortization of goodwill	5,902	1,220	3,195	1,974	15,925	13,538	12,000
Basic earnings per share (yen)	58.63	1.50	27.42	25.92	168.23	141.91	136.63
Interim (full-year) dividend per share (yen)	15.00	0.00	15.00	15.00	50.00	50.00	50.00
Purchase of treasury shares (plan for next fiscal year)	–	–	–	–	1,499	–	–
Total return ratio (profit before amortization of goodwill)	–	–	–	–	34.90	29.80	–
Capital investment	8,638	8,825	13,315	4,490	18,220	23,159	35,000
Depreciation/amortization	7,879	8,259	8,347	88	15,979	16,210	18,000
Research and development expenses	4,782	5,077	6,051	973	9,517	11,201	12,000
Cash flows from operating activities	15,055	12,623	6,112	(6,510)	33,119	35,817	–
Cash flows from investing activities	(8,612)	(8,971)	(16,850)	(7,878)	(20,690)	(19,327)	–
Cash flows from financing activities	(5,155)	(3,804)	1,809	5,614	(10,245)	(7,018)	–
Cash and cash equivalents at end of period	24,656	24,705	27,118	* (8,688)	24,748	35,807	–

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2019	September 30, 2020 (a)	September 30, 2021 (b)		March 31, 2020	March 31, 2021	March 31, 2022 (forecast)
Total assets	383,913	378,223	439,377	* (7,463)	385,416	431,913	–
Net assets	202,220	202,803	232,689	* (1,881)	205,318	234,570	–
Total debt	67,294	67,418	75,907	* 10,486	64,548	65,420	–
Equity ratio (%)	45.2	46.3	45.9	* (0.9)	45.8	46.8	–
Return on equity (%) (profit before amortization of goodwill)	–	–	–	–	9.0	7.2	–
Net assets per share (yen)	2,140.89	2,173.41	2,509.17	* 0.09	2,173.37	2,509.08	–
Overseas sales ratio (%)	49.1	49.7	49.2	* 1.9	46.2	47.4	–
Number of employees, end of term (persons)	14,417	13,600	13,553	* 248	13,542	13,305	–
Number of consolidated subsidiaries	54	54	54	* –	54	54	–
Japan	22	22	22	* –	22	22	–
Overseas	32	32	32	* –	32	32	–

* The asterisks indicate change over the end of the previous fiscal year (March 31, 2021).