11-Year Consolidated Financial Highlights

Years ended March 31

Notes: 1. Lighting net sales and operating income were included in the "other" category in the fiscal years ended March 31, 2011 to 2014, and in "industrial batteries and power supplies" in the fiscal year ended March 31, 2015 and beyond.
2. Automotive lithium-ion batteries net sales and operating income were included in the "other" category up to the fiscal year ended March 31, 2011.
3. Operating income ratio, ROE and payout ratio refer to income before amortization of goodwill (operating income and net income) after fiscal 2016.
4. The Company implemented a five-to-one consolidation of ordinary shares on October 1, 2018, and consequently, per-share indicators from prior to the consolidation have been calculated as if the share consolidation were implemented.
5. The "automotive batteries (overseas)" segment previously included a portion of transaction amounts for industrial batteries handled overseas, but as of fiscal 2018, the category was changed to "industrial batteries and power supplies." Net sales and operating income for fiscal 2017 are indicated for the reporting segments after the change.
6. Some consolidated subsidiaries in the automotive batteries (overseas) business were transferred to the industrial batteries and power supplies business in fiscal 2019. In conjunction with this change, figures for fiscal 2018 were restated according to the modified segments.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
For the year (millions of yen)											
Net sales	¥ 247,224	¥ 272,514	¥ 285,434	¥ 274,509	¥ 347,995	¥ 369,760	¥ 365,610	¥ 359,605	¥ 410,951	¥ 413,089	**¥ 395,553**
Automotive batteries (Japan)	56,713	58,887	58,784	55,648	56,905	51,747	50,986	67,598	89,240	91,460	**88,059**
Automotive batteries (Overseas)	104,706	118,197	120,906	119,885	164,252	183,759	191,402	170,613	185,574	177,052	**162,138**
Industrial batteries and power supplies	59,031	65,944	68,464	72,427	79,242	79,822	74,804	72,765	74,237	80,042	**84,566**
Automotive lithium-ion batteries	–	–	20,974	10,597	32,501	45,181	38,312	39,305	44,784	45,585	**42,264**
Lighting	7,037	–	–	–	–	–	–	–	–	–	**–**
Others	19,736	29,485	16,303	15,951	15,094	9,248	10,104	9,323	17,113	18,947	**18,525**
Operating income	11,521	17,589	16,030	9,775	18,197	20,914	21,909	23,106	21,920	22,654	**21,676**
Operating income before amortization of goodwill	–	–	–	–	–	–	–	24,185	24,076	25,066	**23,935**
Automotive batteries (Japan)	1,753	4,837	4,266	3,931	3,310	2,397	3,291	5,676	6,143	7,766	**6,976**
Automotive batteries (Overseas)	6,904	8,593	6,006	6,380	8,996	10,786	11,358	10,460	8,960	9,926	**9,187**
Industrial batteries and power supplies	6,889	8,436	9,640	10,813	12,199	8,657	8,061	8,701	7,364	7,827	**9,157**
Automotive lithium-ion batteries	–	–	(3,265)	(11,249)	(7,243)	(2,626)	(565)	45	1,320	300	**(1,708)**
Lighting	(1,001)	–	–	–	–	–	–	–	–	–	**–**
Others	(1,295)	(4,278)	(617)	(100)	936	1,698	(235)	(699)	287	(754)	**322**
Elimination and/or corporate	(1,730)	–	–	–	–	–	–	–	–	–	**–**
Net income attributable to owners of the parent	6,487	11,722	11,733	5,767	9,982	10,043	9,030	12,229	11,449	13,524	**13,674**
Income attributable to owners of the parent before amortization of goodwill	–	–	–	–	–	–	–	13,699	13,894	15,974	**15,925**
Capital investment	16,911	20,005	38,849	33,159	18,570	11,008	12,955	19,909	15,223	21,461	**18,220**
Depreciation/amortization	8,863	10,167	11,228	13,264	12,939	15,715	15,309	15,241	16,506	16,115	**15,979**
Research and development expenses	4,442	5,854	6,250	6,227	6,495	6,725	6,996	9,533	11,170	9,868	**9,517**
Cash flows from operating activities	22,827	25,478	8,287	19,069	19,704	19,729	30,215	34,846	21,934	31,493	**33,119**
Cash flows from investing activities	(13,066)	(25,444)	(28,660)	(29,249)	(9,786)	(14,519)	(17,311)	(32,912)	(20,810)	(17,570)	**(20,690)**
Free cash flow	9,761	34	(20,373)	(10,180)	9,918	5,210	12,904	1,934	1,124	13,923	**12,429**
Cash flows from investing activities	284	8	13,152	3,839	589	(5,798)	(9,685)	(3,715)	(6,702)	(11,706)	**(10,245)**
At year-end (millions of yen)											
Total assets	¥ 236,804	¥ 247,446	¥ 278,426	¥ 290,368	¥ 340,462	¥ 359,522	¥ 346,523	¥ 370,508	¥ 389,216	¥ 384,243	**¥ 385,416**
Cash and cash equivalents	24,722	24,030	16,476	11,210	23,392	25,708	27,788	24,673	19,776	23,408	**24,748**
Total equity	111,860	122,310	136,221	141,189	154,702	182,187	177,790	188,155	205,638	207,708	**205,318**
Total debt	55,304	48,289	56,124	71,674	80,134	82,166	73,608	74,257	75,153	66,940	**64,548**
Total equity before noncontrolling interests	101,648	108,360	115,126	125,352	139,454	161,386	153,723	161,722	175,775	178,320	**176,336**
Number of employees	12,235	12,394	12,265	12,599	13,609	14,506	14,415	14,710	14,585	14,217	**13,542**
Per share data (yen)											
Basic net income	¥ 81.58	¥ 141.97	¥ 142.10	¥ 69.85	¥ 120.91	¥ 121.66	¥ 109.39	¥ 148.14	¥ 138.90	¥ 164.74	**¥ 168.23**
Net assets	1,230.98	1,312.38	1,394.36	1,518.25	1,689.12	1,954.89	1,862.16	1,959.14	2,138.45	2,179.03	**2,173.37**
Cash dividends applicable to the year	30	40	40	30	40	50	50	50	50	50	**50**
Financial indices (%)											
Operating income ratio	4.7	6.5	5.6	3.6	5.2	5.7	6.0	6.7	5.9	6.1	**6.1**
ROE (Return On Equity)	8.0	11.2	10.2	4.8	7.5	6.7	5.7	8.7	8.2	9.0	**9.0**
Shareholders' equity ratio	42.9	43.8	41.3	43.2	41.0	44.9	44.4	43.6	45.2	46.4	**45.8**
Ratio of interest-bearing debt to cash flow (years)	2.4	1.9	8.0	4.0	4.2	4.3	2.5	2.2	3.5	2.2	**2.2**
Treasury stock purchase amount (purchase amount for next fiscal year) (100 million yen)	–	–	–	–	–	–	–	10.0	9.2	13.8	**15.0**
Dividend payout ratio	36.8	28.2	28.1	42.9	33.1	41.1	45.7	37.4	36.3	34.3	**34.9**
Overseas sales ratio	43.1	44.0	43.4	44.4	48.5	52.4	55.5	51.1	49.9	49.4	**46.2**

Financial Review

Results of Operations

In the fiscal year ended March 31, 2020, the global economy entered a slowdown. While the employment environment in the United States remained favorable, the Chinese economy slowed under the weight of US-China trade frictions and the European economy remained clouded by uncertainties related to Brexit. In addition, the spread of the novel coronavirus across the globe since the start of 2020 has caused a global economic slowdown. The Japanese economy meanwhile remained firm during the first half of the fiscal year, with domestic demand supported by improved employment and income environments. In the second half, however, a string of natural disasters and the consumption tax hike led to the start of a slowdown that has been exacerbated by the impact of the novel coronavirus.

In this economic environment, the GS Yuasa Group's consolidated net sales for the fiscal year totaled ¥395,553 million, ¥17,535 million or 4.2% less than in the previous fiscal year. The main reasons for the decline in Group sales were the automotive batteries business's lowering of product prices to reflect the fall in the price of lead and the negative impact from yen appreciation. Operating income came to ¥21,676 million (¥23,935 million before goodwill amortization), a decrease of ¥977 million, or 4.3% from the previous fiscal year's result. Despite solid sales of stationary lead-acid batteries and power supply systems as well lower prices for lead, operating income declined owing to profit deterioration in the automotive lithium-ion batteries business. Ordinary income also declined, falling ¥1,618 million year on year, or 6.5%, to ¥23,109 million, reflecting the decrease in operating income and a decline in equity in earnings of equity-method affiliates. Despite the declines in operating and ordinary income, profit attributable to owners of parent increased to ¥13,674 million (¥15,925 million before goodwill amortization), a year-on-year gain of ¥149 million, or 1.1%, primarily due to a change to income tax adjustments.

Business reportable segments changed in the fiscal year under review. The year-on-year comparisons below are made by restating the previous year's results according to the new segments for comparison.

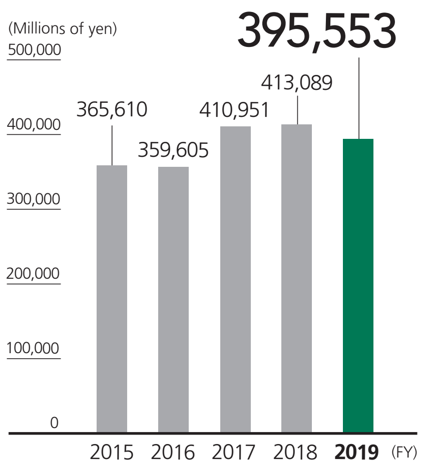
Automotive Batteries

Net sales in Japan for the fiscal year ended March 31, 2020, totaled ¥88,059 million, a year-on-year decline of ¥3,401 million, or 3.7%. Shipments of batteries for new automobiles were solid, but sales fell as product selling prices were lowered to reflect the fall in the price of lead. Segment income (before goodwill amortization) decreased ¥789 million year on year, or 10.2%, to ¥6,976 million, reflecting the aforementioned change in sales composition and an increase in expenses.

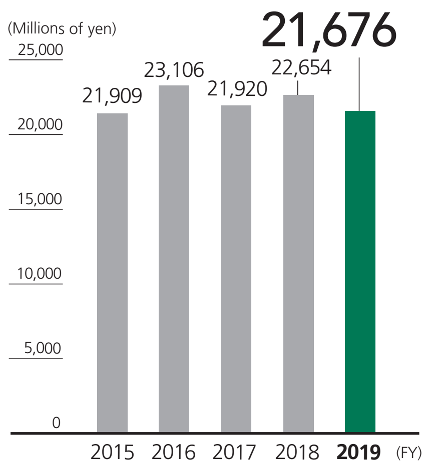
Overseas net sales totaled ¥162,138 million, ¥14,913 million or 8.4% less than in the previous fiscal year. Shipments of automotive and motorcycle batteries remained solid, but sales fell due to the impact of yen appreciation, the lowering of product selling prices to reflect the fall in the price of lead, and the impact of the novel coronavirus from the start of 2020. Overseas segment income totaled ¥9,187 million, down ¥739 million or 7.5% year on year, owing to a fall in gross profit caused by lower sales as noted above, higher expenses, and other factors.

As a result of the above factors, the automotive batteries segment's combined net sales in Japan and overseas for the fiscal year totaled ¥250,198 million, ¥18,315 million or 6.8% less than in the previous fiscal year. Overall automotive batteries segment income (before goodwill amortization) came to ¥16,164 million, ¥1,529 million or 8.6% less than in the previous fiscal year.

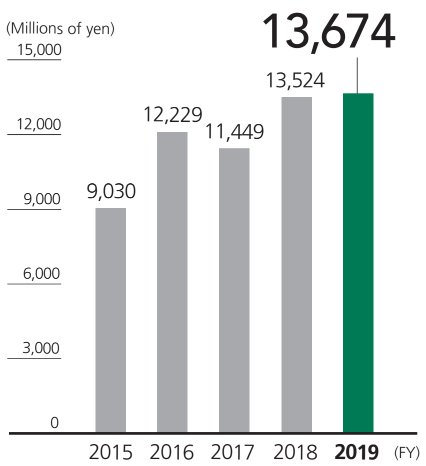
Net sales



Operating income



Net income attributable to owners of the parent



Industrial Batteries and Power Supplies

Net sales in the industrial batteries and power supplies segment totaled ¥84,566 million, a year-on-year increase of ¥4,523 million or 5.7%, driven by strong sales of stationary lead-acid batteries and power supply systems. Segment income expanded to ¥9,157 million, a year-on-year increase of ¥1,329 million, or 17.0%. The profit growth mainly reflects the segment's increased sales and the positive impact on profit from the fall in the price of lead.

Automotive Lithium-ion Batteries

Net sales in the automotive lithium-ion batteries segment totaled ¥42,264 million, ¥3,320 million or 7.3% less than in the previous fiscal year. The decline reflects lower sales of lithium-ion batteries supplied by subsidiary Lithium Energy Japan for use in plug-in hybrid vehicles (PHVs). The segment posted an operating loss of ¥1,708 million, a year-on-year deterioration of ¥2,009 million, primarily owing to an increase in costs accompanying the startup of the 12V lithium-ion battery business.

Others

Net sales in the other segment totaled ¥18,525 million, a year-on-year decline of ¥422 million, or 2.2%, primarily due to a decrease in sales of large batteries for special applications. Segment income after adjustments for corporate expenses, etc., came to ¥322 million, a ¥1,077 million improvement from the loss posted in the previous year, as cost cuts outweighed the decline in sales.

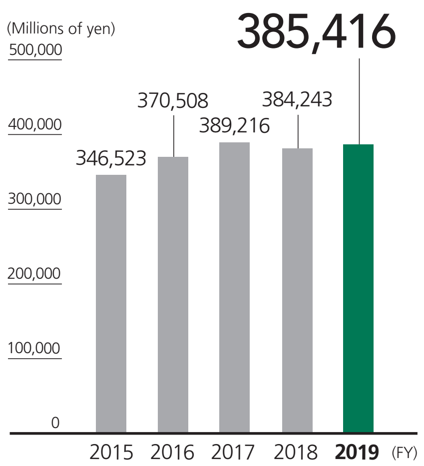
Financial Condition

Total assets as of March 31, 2020, amounted to ¥385,416 million, an increase of ¥1,173 million from the end of the previous fiscal year on March 31, 2019. The asset growth mainly reflects the increase in right-of-use assets on the balance sheet resulting from overseas subsidiaries' application of the IFRS accounting standard for leases, IFRS 16 "Leases", which more than offset declines in the market valuation of owned shares and the value of assets at overseas subsidies caused by yen appreciation.

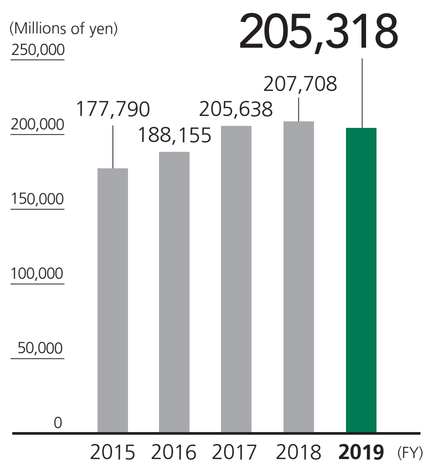
Liabilities came to ¥180,098 million, up ¥3,562 million from the end of the previous fiscal year. A decrease in trade accounts payable and other liabilities was mainly offset by increases in lease obligations owing to the application of IFRS 16 "Leases" by overseas subsidiaries and advance payments received by the Industrial Batteries and Power Supplies segment on a large order.

Net assets totaled ¥205,318 million, a decrease of ¥2,389 million from the end of the previous fiscal year. The positive effect on net assets from the posting of profit attributable to owners of parent was offset by dividends paid, the purchase of treasury shares, a decrease in foreign currency translation adjustments due to forex rate fluctuations, and a decrease in the net unrealized gain on available-for-sale securities caused by the fall in equity share prices.

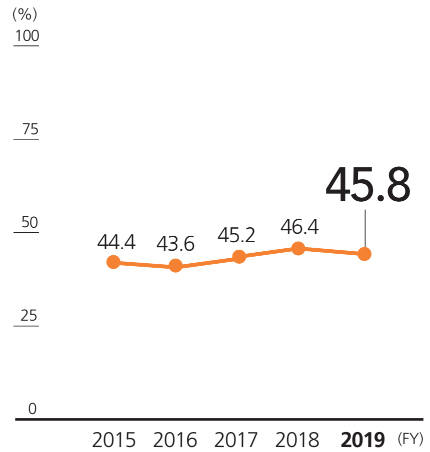
Total assets



Total equity



Shareholders' equity ratio



Financial Review

Status of Cash Flows

Cash and cash equivalents as of March 31, 2020, amounted to ¥24,748 million, an increase of ¥1,340 million, or 5.7%, from the end of the previous fiscal year. The main factors affecting cash flows are described below.

Cash Flows from Operating Activities

Net cash provided by operating activities in the fiscal year ended March 31, 2020, amounted to ¥33,119 million, compared with net cash provided of ¥31,493 million in the previous fiscal year. There were contributions from profit before income taxes, depreciation and amortization, dividend income, and advance payments received by the Industrial Batteries and Power Supplies segment on a large order. The main cash outflow was the payment of income taxes.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥20,690 million, compared with net cash used of ¥17,570 million in the previous fiscal year, mainly due to the purchase of property, plant, and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥10,245 million, compared with net cash used of ¥11,706 million in the previous fiscal year. The main cash outflows were for the repayment of borrowings, the purchase of treasury stock, and dividends paid.

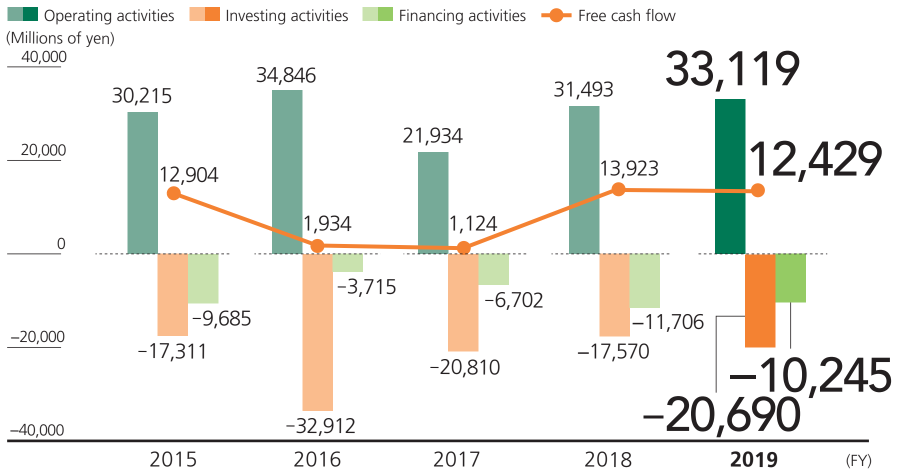
Basic Policy on Profit Distribution and Dividends

GS Yuasa considers the return of profits to shareholders to be a priority management issue. As a general policy, GS Yuasa decides the level of dividends based on a comprehensive analysis of consolidated earnings results, the financial condition, and the dividend payout ratio. Internal reserves are used to improve future earnings by maintaining and enhancing investments and competitiveness. Based on these initiatives, GS Yuasa aims to continue its growth into the future and secure long-term stable returns to shareholders.

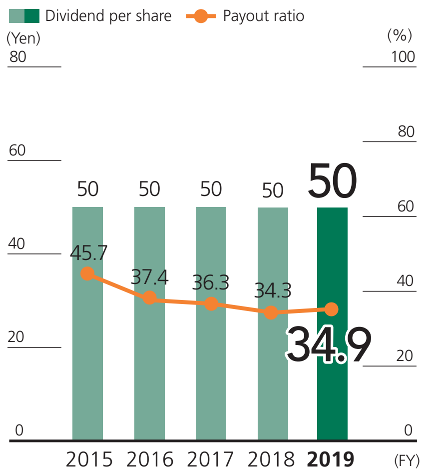
Regarding the year-end dividend for the fiscal year ended March 31, 2020, considering that the initial target for profit attributable to owners of parent was achieved, GS Yuasa plans to pay a fiscal year-end dividend of ¥35, adding to the ¥15 midterm distribution for a full-year dividend per share of ¥50. The consolidated payout ratio will therefore be 29.7%.

Additionally, the Company plans to conduct share buybacks worth ¥1.5 billion as a way to further return profits to shareholders (¥1,378 million worth of share buybacks were conducted in the previous fiscal year). Including the share buyback, the total shareholder payout ratio for the fiscal year ended March 31, 2020, will be 34.9% (based on profit attributable to owners of parent before goodwill amortization).

Cash flows from operating activities, investing activities, and financing activities



Dividend per share/Payout ratio



Risk Information

1. Intensification of Price Competition

Details of effects on operating results, etc. in the event that risks occur

The GS Yuasa Group is exposed to intense price competition in each of the markets where it conducts business, and setting prices at advantageous levels has become difficult. We not only face the same competitors as in Japan, but also must deal with low-cost products supplied by overseas companies, which make competition more intense. It may not be easy to maintain and expand market share and secure profitability in the future. If business profitability declines as a result, there may be an impact on the Group's earnings and financial standing including the risk of impairment of fixed assets.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. To address these risks, the GS Yuasa Group is cutting costs and implementing measures to strengthen marketing power.

2. Risks Related to Raw Material Markets Fluctuations

Details of effects on operating results, etc. in the event that risks occur

Lead is a key material used in lead-acid batteries, the GS Yuasa Group's main product. However, changes in the market price of lead cannot be reflected immediately in our product prices, so the Group's earnings and financial standing could be affected.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. The GS Yuasa Group is optimizing production systems and working to reduce costs while building an optimum supply structure.

3. Foreign Exchange Rate Fluctuations

Details of effects on operating results, etc. in the event that risks occur

The GS Yuasa Group conducts business in Japan, the rest of Asia, North America, Europe, and other regions. Financial statement items that are denominated in local currencies outside of Japan, such as sales, expenses, and assets, are converted into yen for consolidated financial statements. The yen value of these amounts can change depending on the exchange rate, even if the amounts have not changed in local currencies.

When local currencies appreciate in areas where the Group carries out overseas production, manufacturing and procurement costs can rise in these areas, and medium- to long-term currency fluctuations may impede the Group's ability to procure, manufacture, distribute, and sell goods according to plan. Therefore, it is possible for foreign exchange rate fluctuations to influence the Group's earnings and financial standing.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. The GS Yuasa Group conducts forex-hedged transactions in an effort to hold the adverse effects of short-term foreign exchange rate fluctuations to a minimum.

4. Risks Related to International Activities and Overseas Expansion

Details of effects on operating results, etc. in the event that risks occur

The GS Yuasa Group manufactures and markets products in Japan, the rest of Asia, North America, Europe, and elsewhere. The following risks are intrinsic to these markets, and they could affect the Group's earnings and financial standing.

a) Unforeseen changes to laws or regulations
b) Difficulty in hiring and keeping human resources
c) The possibility that inadequate technology infrastructure will affect the Group's manufacturing and other activities, or lower the reputation of GS Yuasa products among customers
d) Social disturbances caused by terrorism or war

Risk Information

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that there is some possibility that these risks could occur in the next fiscal term. The GS Yuasa Group is strengthening communications between headquarters and our various sites to build a framework capable of rapidly supplying products and services that meet needs in each region of the world.

5. Environmental Regulations

Details of effects on operating results, etc. in the event that risks occur

In China, the central government shows signs of strengthening environmental regulations on lead-acid battery manufacturers and lead smelters. Some manufacturing activities at GS Yuasa Group companies could be affected.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. The GS Yuasa Group has established this Fundamental Environmental Policy to outline our basic Group-wide approach to environmental efforts. The policy aims to clarify our social responsibility toward the environment and guide our contributions to the emergence of a sustainable society. We are also developing and using environmental management systems that will help to reduce environmental impacts and prevent any accidents that could cause environmental pollution.

6. Risks Related to M&A

Details of effects on operating results, etc. in the event that risks occur

The GS Yuasa Group considers M&A to be a useful and effective tool for business expansion. When the Group carries out M&A, the transaction is considered from a range of viewpoints, including the target company's financial standing and potential synergy with the Group's businesses. Due to drastic changes in the business environment or other factors, however, an acquired business might not perform as planned. If invested funds cannot be recovered or a loss on goodwill is recorded, the GS Yuasa Group's earnings and financial standing could be affected.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

It is necessary to be aware of the likelihood of occurrence of these risks. The GS Yuasa Group monitors its results on a monthly basis.

7. Climate Change

Details of effects on operating results, etc. in the event that risks occur

Climate change is a problem that can have major impacts on countries and regions, and is a social issue that needs to be addressed by the entire world. For example, cool summers and warm winters result in a narrower temperature range, which is favorable for maintaining battery performance, so replacement demand would decline under these conditions. As a result, the sales volume of automotive batteries (replacement), the GS Yuasa Group's main product, would fall below normal levels, and this could have an impact on the Group's earnings and financial standing.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that there is some possibility that these risks could occur in the next fiscal term. Factors caused by climate change cannot be accurately forecast, making it difficult to take adequate countermeasures in advance, but the GS Yuasa Group will fully demonstrate the strengths of its brand and increase the weighting of high value-added products. In addition, we will deliver highly satisfying products to customers by continuously developing high performance, high quality products.

8. Disasters and Accidents

Details of effects on operating results, etc. in the event that risks occur

If a natural disaster such as an earthquake, storm or flood damage, or major snowstorm or if an accident such as a fire, explosion, or damage were to occur at a Group business site, there is a risk of unforeseen events occurring.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. To address these risks, the GS Yuasa Group creates earthquake, flood, and snowstorm response manuals and is working to enhance fire-prevention management and disaster preparedness.

9. Interest Rate Fluctuations

Details of effects on operating results, etc. in the event that risks occur

The GS Yuasa Group's interest-bearing debt burden includes some debt with variable interest rates. Therefore, if interest rates rise, the Group's cost for procuring funds could increase.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that there is some possibility that these risks could occur in the next fiscal term. During the Fifth Mid-Term Management Plan, we expect Group interest-bearing debts to increase somewhat in order to activate growth investment, but we will strive to keep the debt redemption period within three years and to achieve both growth and financial discipline.

10. Lawsuits and Other Legal Proceedings

Details of effects on operating results, etc. in the event that risks occur

In carrying out business, the GS Yuasa Group may be sued by suppliers or third parties, and there is a risk that regulatory authorities could take legal action against the Group.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that there is some possibility that these risks could occur in the next fiscal term. The GS Yuasa Group continuously surveys the rights, patents, and other intellectual property of other companies and is working to minimize the risks by reinforcing internal information sharing.

11. Economic Conditions

Details of effects on operating results, etc. in the event that risks occur

Demand for the GS Yuasa Group's products is influenced by economic conditions in the markets where products are sold. Therefore, in the Group's main markets, which include Japan, the rest of Asia, North America, and Europe, economic setbacks and accompanying demand contractions, could adversely affect the Group's earnings and financial standing.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that there is some possibility that these risks could occur in the next fiscal term. The GS Yuasa Group provides reassurance and confidence to customers through business operations based on a fundamental stance that emphasizes quality, and we are working to enhance corporate value and build corporate infrastructure for sustainable growth in the future in accordance with our corporate philosophy of innovation and growth.

12. COVID-19 Pandemic

Details of effects on operating results, etc. in the event that risks occur

If the spread of the novel coronavirus interferes with the Group's production or other business activities, there may be an impact on the Group's earnings and financial standing.

Degree of the likelihood and timing of occurrence of risks and the Group's countermeasures

We are aware that these risks could occur in the next fiscal term. To address the spread of the novel coronavirus, the GS Yuasa Group established a crisis management headquarters chaired by the president, has been gathering and analyzing crisis information, and implemented safety measures including encouraging employees to work from home. We have also taken finance-related measures including securing ¥ 5.0 billion in long-term financing in May 2020 to prepare for increased capital demand.

Consolidated Balance Sheet

GS Yuasa Corporation and Consolidated Subsidiaries
March 31, 2020

	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S. Dollars (Note 1) 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Notes 7 and 13)	**¥ 24,749**	¥ 23,409	**$ 227,055**
Time deposits (Notes 7 and 13)	**478**	210	**4,385**
Receivables (Notes 7 and 13):			
Trade notes	**11,700**	8,621	**107,339**
Trade accounts	**63,939**	65,773	**586,596**
Other	**5,183**	4,867	**47,552**
Allowance for doubtful receivables	**(349)**	(316)	**(3,202)**
Inventories (Notes 3 and 7)	**64,293**	67,828	**589,844**
Prepaid expenses and other current assets (Notes 2.o and 7)	**5,722**	5,599	**52,495**
Total current assets	**175,715**	175,991	**1,612,064**
PROPERTY, PLANT AND EQUIPMENT (Notes 6 and 7):			
Land (Notes 2.h and 2.j)	**22,139**	22,406	**203,110**
Buildings and structures	**106,634**	106,759	**978,294**
Machinery and equipment	**165,059**	161,298	**1,514,303**
Furniture and fixtures	**31,914**	31,340	**292,789**
Leased assets	**6,030**	6,021	**55,321**
Right-of-use assets (Note 2.o)	**5,365**		**49,220**
Construction in progress	**11,408**	8,450	**104,661**
Other	**871**	742	**7,991**
Total	**349,420**	337,016	**3,205,689**
Accumulated depreciation	**(221,568)**	(212,815)	**(2,032,734)**
Net property, plant and equipment	**127,852**	124,201	**1,172,955**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	**22,778**	26,870	**208,972**
Investments in unconsolidated subsidiaries and associated companies (Notes 5 and 13)	**32,307**	30,106	**296,394**
Goodwill	**1,995**	3,348	**18,303**
Asset for retirement benefits (Note 8)	**12,945**	11,669	**118,761**
Deferred tax assets (Note 10)	**2,977**	2,502	**27,312**
Other assets (Notes 2.o and 7)	**8,848**	9,556	**81,175**
Total investments and other assets	**81,850**	84,051	**750,917**
TOTAL	**¥ 385,417**	¥ 384,243	**$ 3,535,936**

* Shares have been restated, as appropriate, to reflect a one-for-five reverse stock split effected October 1, 2018.

See notes to consolidated financial statements.

	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S. Dollars (Note 1) 2020
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Notes 7 and 13)	**¥ 8,542**	¥ 8,192	**$ 78,367**
Commercial papers (Notes 7 and 13)		3,000	
Current portion of long-term debt (Notes 2.o, 7, and 13)	**7,774**	2,348	**71,321**
Payables (Note 13):			
Trade notes	**17,041**	20,597	**156,339**
Trade accounts	**28,630**	31,679	**262,661**
Other	**12,354**	11,859	**113,339**
Income taxes payable (Note 13)	**2,923**	3,248	**26,817**
Accrued expenses	**9,956**	10,007	**91,339**
Other current liabilities	**14,796**	5,809	**135,744**
Total current liabilities	**102,016**	96,739	**935,927**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 2.o, 7, and 13)	**55,219**	55,274	**506,596**
Liability for retirement benefits (Note 8)	**4,094**	4,274	**37,560**
Long-term deposits received	**5,453**	5,460	**50,028**
Deferred tax liabilities (Note 10)	**10,627**	12,067	**97,495**
Deferred tax liabilities on land revaluation (Note 2.j)	**928**	928	**8,514**
Other	**1,761**	1,793	**16,155**
Total long-term liabilities	**78,082**	79,796	**716,348**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14, and 15)			
EQUITY (Notes 9 and 18):			
Common stock, authorized, 280,000,000 shares; issued 82,714,942 shares in 2020 and 2019*	**33,021**	33,021	**302,945**
Capital surplus	**55,302**	55,313	**507,358**
Retained earnings	**87,181**	77,665	**799,826**
Treasury stock – at cost: 1,579,708 shares in 2020 and 880,229 shares in 2019 (Note 2.m)*	**(3,681)**	(2,315)	**(33,771)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**11,934**	14,879	**109,486**
Deferred loss on derivatives under hedge accounting	**(245)**	(82)	**(2,248)**
Land revaluation surplus (Note 2.j)	**2,137**	2,137	**19,606**
Foreign currency translation adjustments	**(6,265)**	(489)	**(57,477)**
Defined retirement benefit plans (Note 8)	**(3,047)**	(1,810)	**(27,954)**
Total	**176,337**	178,319	**1,617,771**
Noncontrolling interests	**28,982**	29,389	**265,890**
Total equity	**205,319**	207,708	**1,883,661**
TOTAL	**¥ 385,417**	¥ 384,243	**$ 3,535,936**

Consolidated Statement of Income

GS Yuasa Corporation and Consolidated Subsidiaries
Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
NET SALES	**¥ 395,554**	¥ 413,089	**$ 3,628,936**
COST OF SALES (Note 11)	**302,640**	318,097	**2,776,514**
Gross profit	**92,914**	94,992	**852,422**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	**71,238**	72,338	**653,560**
Operating income	**21,676**	22,654	**198,862**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**793**	705	**7,275**
Interest expense	**(816)**	(645)	**(7,486)**
Gain on sales of property, plant and equipment	**2,217**	3,249	**20,339**
Loss on disposal of property, plant and equipment	**(689)**	(474)	**(6,321)**
Foreign exchange loss	**(730)**	(606)	**(6,697)**
Equity in earnings of unconsolidated subsidiaries and associated companies	**2,210**	2,744	**20,275**
Gain on sales of investment securities	**75**	64	**688**
Loss on impairment of long-lived assets (Note 6)	**(125)**	(275)	**(1,147)**
Loss on liquidation of subsidiary (Note 6)	**(900)**	(1,800)	**(8,257)**
Other – net	**(399)**	(392)	**(3,659)**
Other income – net	**1,636**	2,570	**15,010**
INCOME BEFORE INCOME TAXES	**23,312**	25,224	**213,872**
INCOME TAXES (Note 10):			
Current	**6,933**	6,138	**63,606**
Deferred	**(328)**	1,990	**(3,009)**
Total income taxes	**6,605**	8,128	**60,597**
NET INCOME	**16,707**	17,096	**153,275**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(3,033)**	(3,572)	**(27,825)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 13,674**	¥ 13,524	**$ 125,450**

	Yen		U.S. Dollars
	2020	2019	**2020**
PER SHARE OF COMMON STOCK (Note 17)*:			
Basic net income	**¥ 168.23**	¥ 164.74	**$ 1.54**
Diluted net income		154.08	
Cash dividends applicable to the year	**50.00**	50.00	**0.46**

* Per share figures have been restated, as appropriate, to reflect a one-for-five reverse stock split effected October 1, 2018.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

GS Yuasa Corporation and Consolidated Subsidiaries
Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
NET INCOME	**¥ 16,707**	¥ 17,096	**$ 153,275**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized gain on available-for-sale securities	**(2,919)**	202	**(26,780)**
Deferred (loss) gain on derivatives under hedge accounting	**(257)**	1	**(2,358)**
Foreign currency translation adjustments	**(5,444)**	(682)	**(49,945)**
Defined retirement benefit plans	**(1,238)**	(1,425)	**(11,358)**
Share of other comprehensive loss in associates	**(1,976)**	(2,271)	**(18,128)**
Total other comprehensive loss	**(11,834)**	(4,175)	**(108,569)**
COMPREHENSIVE INCOME (Note 16)	**¥ 4,873**	¥ 12,921	**$ 44,706**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**¥ 3,552**	¥ 9,314	**$ 32,587**
Noncontrolling interests	**1,321**	3,607	**12,119**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

GS Yuasa Corporation and Consolidated Subsidiaries
Year Ended March 31, 2020

	Number of Shares of Common Stock Outstanding*	Millions of Yen				Millions of Yen							
						Accumulated Other Comprehensive Income							
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2018	82,197,585	¥ 33,021	¥ 55,313	¥ 66,823	¥ (1,387)	¥ 14,713	¥ (1)	¥ 2,398	¥ 5,279	¥ (384)	¥ 175,775	¥ 29,862	¥ 205,637
Net income attributable to owners of the parent				13,524							13,524		13,524
Cash dividends, ¥50.00 per share*				(4,112)							(4,112)		(4,112)
Purchase of treasury stock	(362,872)				(932)						(932)		(932)
Disposal of treasury stock			(0)		4						4		4
Retirement of treasury stock			(0)		0								
Reversal of land revaluation surplus				261							261		261
Change of financial year of subsidiaries				1,084							1,084		1,084
Change in scope of consolidation				85							85		85
Net change in the year						166	(81)	(261)	(5,768)	(1,426)	(7,370)	(473)	(7,843)
BALANCE, MARCH 31, 2019	**81,834,713**	**33,021**	**55,313**	**77,665**	**(2,315)**	**14,879**	**(82)**	**2,137**	**(489)**	**(1,810)**	**178,319**	**29,389**	**207,708**
Net income attributable to owners of the parent				13,674							13,674		13,674
Cash dividends, ¥50.00 per share				(4,083)							(4,083)		(4,083)
Purchase of treasury stock	(701,179)				(1,381)						(1,381)		(1,381)
Disposal of treasury stock	1,700		(11)		15						4		4
Change in scope of equity method				(45)							(45)		(45)
Change in scope of consolidation				(30)							(30)		(30)
Net change in the year						(2,945)	(163)		(5,776)	(1,237)	(10,121)	(407)	(10,528)
BALANCE, MARCH 31, 2020	**81,135,234**	**¥ 33,021**	**¥ 55,302**	**¥ 87,181**	**¥ (3,681)**	**¥ 11,934**	**¥ (245)**	**¥ 2,137**	**¥ (6,265)**	**¥ (3,047)**	**¥ 176,337**	**¥ 28,982**	**¥ 205,319**

	Thousands of U.S. Dollars (Note 1)				Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income							
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2019	**$ 302,945**	**$ 507,459**	**$ 712,523**	**$ (21,239)**	**$ 136,505**	**$ (752)**	**$ 19,606**	**$ (4,486)**	**$ (16,606)**	**$ 1,635,955**	**$ 269,624**	**$ 1,905,579**
Net income attributable to owners of the parent										125,450		125,450
Cash dividends, $0.46 per share			125,450							(37,459)		(37,459)
Purchase of treasury stock			(37,459)	(12,670)						(12,670)		(12,670)
Disposal of treasury stock		(101)		138						37		37
Change in scope of equity method			(413)							(413)		(413)
Change in scope of consolidation			(275)							(275)		(275)
Net change in the year					(27,019)	(1,496)		(52,991)	(11,348)	(92,854)	(3,734)	(96,588)
BALANCE, MARCH 31, 2020	**$ 302,945**	**$ 507,358**	**$ 799,826**	**$ (33,771)**	**$ 109,486**	**$ (2,248)**	**$ 19,606**	**$ (57,477)**	**$ (27,954)**	**$ 1,617,771**	**$ 265,890**	**$ 1,883,661**

* Shares and per share figures have been restated, as appropriate, to reflect a one-for-five reverse stock split effected October 1, 2018.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

GS Yuasa Corporation and Consolidated Subsidiaries
Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
OPERATING ACTIVITIES:			
Income before income taxes	¥ 23,312	¥ 25,224	$ 213,872
Adjustments for:			
Income taxes–paid	(6,728)	(7,248)	(61,725)
Depreciation and amortization	17,659	17,821	162,009
Gain on sales of investment securities	(66)	(64)	(606)
Gain on sales of property, plant and equipment	(2,217)	(3,249)	(20,339)
Loss on disposal of property, plant and equipment	689	474	6,321
Loss on impairment of long-lived assets	125	275	1,147
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,210)	(2,744)	(20,275)
Loss on liquidation of subsidiary	900	1,800	8,257
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	(3,899)	4,123	(35,771)
Increase (decrease) in advance receivables	5,675	(1,546)	52,064
Decrease (increase) in inventories	673	(1,671)	6,174
Decrease in interest and dividend receivables	289	611	2,651
Decrease in trade payables	(2,021)	(1,639)	(18,541)
Decrease in liability for retirement benefits	(3,026)	(3,699)	(27,761)
Other – net	3,965	3,026	36,376
Net cash provided by operating activities	33,120	31,494	303,853
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	2,538	4,846	23,284
Purchases of property, plant and equipment	(19,931)	(19,853)	(182,853)
Proceeds from sales of investment securities	128	745	1,174
Purchase of shares of affiliated companies	(2,500)		(22,936)
Purchase of funds from affiliated companies	(583)		(5,349)
Purchase of shares of subsidiaries		(2,812)	
Other – net	(341)	(496)	(3,147)
Net cash used in investing activities	¥ (20,689)	¥ (17,570)	$ (189,807)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans – net	¥ (2,218)	¥ 801	$ (20,349)
Proceeds from long-term bank loans	2,275	12,696	20,872
Repayments of long-term bank loans	(1,591)	(4,058)	(14,596)
Proceeds from issuance of bonds		10,000	
Repayments for redemption of convertible bond		(25,000)	
Purchase of treasury stock	(1,381)	(932)	(12,670)
Proceeds from disposal of treasury shares	4	4	37
Dividends paid	(4,083)	(4,112)	(37,459)
Dividends paid to noncontrolling interests	(1,743)	(1,316)	(15,991)
Other – net	(1,507)	210	(13,826)
Net cash used in financing activities	(10,244)	(11,707)	(93,982)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,187	2,217	20,064
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(1,059)	297	(9,715)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,409	19,777	214,761
NET INCREASE IN CASH AND CASH EQUIVALENTS DUE TO CHANGE OF FINANCIAL YEAR OF SUBSIDIARIES		1,093	
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO NEWLY CONSOLIDATED SUBSIDIARIES	212	24	1,945
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 24,749	¥ 23,408	$ 227,055

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

GS Yuasa Corporation and Consolidated Subsidiaries
Year Ended March 31, 2020

1. BASIS OF PRESENTATION 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 of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

The consolidated financial statements are stated in Japanese yen and, solely for the convenience of readers outside Japan, have been translated into U.S. dollars at the rate of ¥109 to $1, the approximate exchange rate at March 31, 2020. 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 that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation – The consolidated financial statements as of March 31, 2020, include the accounts of the Company and its 54 (54 in 2019) significant subsidiaries (collectively, the "Group").

Under the control and influence concepts, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those associated companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 19 (20 in 2019) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. Consolidating or accounting for those companies by the equity method would not have a significant effect on the consolidated financial statements.

The excess of cost of acquisition over the fair value of the net assets of acquired subsidiaries at the date of acquisition is amortized principally over a period of five years.

All significant intercompany balances and transactions are eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

Siam GS Battery Myanmar Limited has been included in the scope of consolidation due to an increase in materiality from the fiscal year ended March 31, 2020.

PG Holdings Co. Ltd. was included in the scope of equity method accounting following an additional acquisition of its shares. Yuasa M&B CO., LTD. was excluded from the scope of consolidation subsidiaries as the Company sold some of its shares from the fiscal year ended March 31, 2020.

b. 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, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method – ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted 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, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Business Combinations – Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or 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, an 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 noncontrolling interest is adjusted to reflect the 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 noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. Cash Equivalents – Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and government bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

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

g. Investment Securities – All of the Group's marketable securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate

Notes to Consolidated Financial Statements

component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. Property, Plant and Equipment – Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Group is mainly computed by the straight-line method based on the estimated useful lives of the assets. The range of useful lives is from 7 to 50 years for buildings and structures and from 4 to 17 years for machinery and equipment.

Leased assets related to financial leases that do not transfer ownership rights and right-of-use assets are depreciated under the straight-line method based on the lease term as the useful life and assuming no residual value.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired. Certain subsidiaries acquired property, plant and equipment, including buildings and structures, machinery and equipment, and funded construction in progress, through government grants. As of March 31, 2020 and 2019, the accumulated deducted cost of the assets acquired were ¥11,270 million ($103,395 thousand) and ¥11,270 million, respectively.

i. Long-Lived Assets – The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Land Revaluation – Under the "Law of Land Revaluation," certain domestic subsidiaries elected a one-time revaluation of own-use land to a value based on a price which was published by the national tax office as of March 31, 2002. The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities. As of March 31, 2020, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥1,331 million ($12,221 thousand).

k. Retirement Benefits – Certain consolidated subsidiaries have contributory and non-contributory funded defined benefit pension plans, defined contribution pension plans, and unfunded retirement benefit plans for employees.

The Group accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actual gains and losses are amortized on a straight-line basis over 10 to 14 years, within the average remaining service period. Past service costs are amortized on a straight-line basis over 14 years, within the average remaining service period.

Retirement benefits to directors, Audit & Supervisory Board members, and executive officers of certain domestic subsidiaries are provided at the amount which would be required if all such persons retired at the balance sheet date.

l. Asset Retirement Obligations – An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Directors' Stockownership Plan – In accordance with PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," upon transfer of treasury stock to the directors' stockownership trust (the "Trust") by the entity, any difference between the book value and fair value of the treasury stock is recorded in capital surplus. At year-end, the Company records (1) the Company stock held by the Trust as treasury stock in equity, (2) all other assets and liabilities of the Trust on a line-by-line basis, and (3) a liability/asset for the net of (i) any gain or loss on delivery of the stock by the Trust to the directors, (ii) dividends received from the entity for the stock held by the Trust, and (iii) any expenses relating to the Trust.

The Company introduced the directors' stockownership plan in order to increase corporate value and the business performance of directors in the medium and long term.

(1) Overview of transaction

The Trust, established by the Company, acquires Company shares using the cash contributed by the Company. The Company shares are transferred through the Trust to the directors, corresponding to points granted in conformity with the stock transfer policy established by the Board of Directors.

The Company shares shall be transferred upon the directors' retirement.

(2) Treasury stock remaining in the Trust

Shares of the Company remaining in the Trust are recorded as treasury stock under equity based on the book value (excluding incidental costs) in the Trust. The book value of the treasury stock and the number of shares at the end of the current fiscal year were ¥194 million ($1,780 thousand) and 82,900 shares, respectively.

n. Research and Development Costs – Research and development costs are charged to income as incurred.

o. Leases – Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

From the fiscal year ended March 31, 2020, oversea consolidated subsidiaries that apply IFRS have adopted IFRS 16, "Leases." In conjunction with this adoption, right-of-use assets and lease obligations were recognized for lessee lease transactions. For lessor lease transactions (sublease), the lease is classified as a finance lease, then the underlying asset is derecognized and the net investment in the lease is recorded as lease receivables.

As a result, in the consolidated balance sheets for the current fiscal year, "prepaid expenses and other current assets" under current assets increased ¥228 million ($2,092 thousand), "right-of-use assets" under property, plant and equipment increased ¥4,555 million ($41,789 thousand), "other assets" under investments and other assets increased ¥2,266 million ($20,789 thousand), "current portion of long-term debt" under current liabilities increased ¥943 million ($8,651 thousand), and "long-term debt" under long-term liabilities increased ¥4,478 million ($41,083 thousand).

The effect change by this adoption on the consolidated profit and loss for the current fiscal year is immaterial.

p. Construction Contracts – Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

q. Income Taxes – The provision for income taxes is

Notes to Consolidated Financial Statements

computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. Foreign Currency Transactions – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. Foreign Currency Financial Statements – The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the exchange rate as of the balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the annual average rates.

t. Derivatives and Hedging Activities – The Group uses foreign exchange forward contracts, foreign currency swaps, interest rate swaps, and commodity price swaps to manage its exposures to fluctuations in foreign exchange rates, interest rates, and material prices. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income, and for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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.

u. Per Share Information – Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if stock acquisition rights incorporated in convertible bonds were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding stock acquisition rights.

Cash dividends per share presented in the accompanying consolidated statement of income are the amounts applicable to the respective fiscal years including dividends to be paid after the end of the fiscal year.

v. Bond Issue Costs – Bond issue costs are amortized by the straight-line method over the bond term in accordance with ASBJ PITF No. 19, "Tentative Solution on Accounting for Deferred Assets," which was issued by the ASBJ in August 2006.

w.New Accounting Pronouncements

Accounting standard for revenue recognition – On March 31, 2020, ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(1) Overview

The International Accounting Standards Board ("IASB") and the Financial Accounting Standards Board ("FASB") have jointly developed and issued a new comprehensive revenue standard, "Revenue from Contracts with Customers" (IFRS 15 issued by IASB and Topic 606 issued by FASB), in May 2014.

As the basic policy, the ASBJ has developed the comprehensive accounting standards for revenue recognition in response to the fact that entities are required to apply IFRS 15 for annual periods beginning on or after January 1, 2018 and Topic 606 for annual periods beginning on or after December 15, 2017.

ASBJ has established the new accounting standard for revenue recognition based on the basic principles of IFRS 15, focusing on ensuring financial statement comparability. Also, the accounting convention for revenue recognition can take priority over the new accounting standard developed by ASBJ, within an acceptable range to ensure financial statement comparability.

(2) Schedule

The Company expects to adopt the implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of the implementation guidance

The Company is in the process of measuring the effect of applying the revised implementation guidance in future applicable periods.

Accounting standard for fair value measurement – On July 4, 2019, ASBJ issued ASBJ Statement No. 30, "Accounting Standard for fair value measurement," ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" and on March 31, 2020, ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(1) Overview

The IASB and the FASB have established almost same detailed guidance on fair value measurement. The IASB has established IFRS 13, "Fair Value Measurement," and the FASB has established Topic 820, "Fair Value Measurement."

As a basic policy, the ASBJ has developed comprehensive accounting standards for fair value measurement. From the viewpoint of improving comparability of financial statements between domestic and overseas companies by adopting a unified calculation method, all the provisions of IFRS 13 are subjected to be adopted. Also, the accounting convention for fair value measurement can take priority over the new accounting standard developed by ASBJ, as reasonable to ensure financial statement comparability.

(2) Schedule

The Company expects to adopt the accounting standards and guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of the implementation guidance

The Company is currently evaluating the effect that the adoption of this guidance will have on its consolidated financial statements.

Accounting standard for disclosure of accounting estimates – On March 31, 2020, ASBJ issued ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates."

(1) Overview

The International Accounting Standards Board ("IASB") have established International Accounting Standards (IAS) No. 1, "Presentation of Financial Statements" ("IAS No. 1") in 2003. It requires to disclose "Sources of estimation uncertainty" in paragraph 125.

As a basic policy, the ASBJ has developed comprehensive accounting standards for Disclosure of Accounting Estimates which provides basic principles (purpose of disclosure). Each specific contents of disclosure should be determined by management considering the purpose of disclosure. ASBJ refers to the provisions of IAS No. 1, paragraph 125 in developing this standard.

(2) Schedule

The Company will adopt the accounting standard from the beginning of the fiscal year ending March 31, 2021.

Accounting standard for accounting policy disclosures, accounting changes and error corrections – On March 31, 2020, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections."

(1) Overview

The ASBJ issued ASBJ Statement No. 24 (revised 2020), "Accounting Standard for Accounting Changes and Error Corrections" in response to a proposal to enhance note information on accounting principles and procedures adopted in cases where the provisions of relevant accounting standards are not clear.

(2) Date of adoption

The Company will adopt the accounting standard from the beginning of the fiscal year ending March 31, 2021.

Notes to Consolidated Financial Statements

3. INVENTORIES

Inventories at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Finished products	¥ 35,918	¥ 37,069	$ 329,523
Work in process	14,719	16,870	135,037
Raw materials and supplies	13,656	13,889	125,284
Total	¥ 64,293	¥ 67,828	$ 589,844

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Non-current:			
Equity securities	¥ 22,749	¥ 26,841	$ 208,706
Debt securities	29	29	266
Total	¥ 22,778	¥ 26,870	$ 208,972

The costs and aggregate fair values of investment securities at March 31, 2020 and 2019, were as follows:

	Millions of Yen			
	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale: Equity securities	¥ 5,116	¥ 17,164	¥ (124)	¥ 22,156

	Millions of Yen			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale: Equity securities	¥ 5,170	¥ 21,180	¥ (96)	¥ 26,254

	Thousands of U.S. Dollars			
	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale: Equity securities	$ 46,936	$ 157,468	$ (1,138)	$ 203,266

Available-for-sale securities whose fair value cannot be reliably determined at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Non-current:			
Equity securities	¥ 592	¥ 587	$ 5,431
Debt securities	29	29	266
Total	¥ 621	¥ 616	$ 5,697

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		
March 31, 2020	Proceeds	Realized Gains	Realized Losses
Available-for-sale: Equity securities	¥ 132	¥ 75	
Total	¥ 132	¥ 75	
March 31, 2019			
Available-for-sale: Equity securities	¥ 158	¥ 64	
Total	¥ 158	¥ 64	

	Thousands of U.S. Dollars		
March 31, 2020	Proceeds	Realized Gains	Realized Losses
Available-for-sale: Equity securities	$ 1,211	$ 688	
Total	$ 1,211	$ 688	

5. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in unconsolidated subsidiaries and associated companies at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Investments at cost	¥ 12,532	¥ 8,890	$ 114,972
Equity in undistributed earnings	19,775	21,216	181,422
Total	¥ 32,307	¥ 30,106	$ 296,394

Notes to Consolidated Financial Statements

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2020. As a result, the Group recognized an impairment loss of ¥125 million ($1,147 thousand) in total for certain assets used for business.

The Group reviewed its long-lived assets for impairment as of March 31, 2019. As a result, the Group recognized an impairment loss of ¥275 million in total for certain assets used for business. The Group recognized ¥742 million as loss on impairment of long-lived assets and including loss on liquidation of affiliated company as other expenses. Due to a downturn in profitability of that business, the carrying amount of the assets was written down to the recoverable amount. The recoverable amount of the assets was measured at the net selling price estimated by its disposal price.

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

As is customary in Japan, the Group obtains financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the consolidated balance sheet, but are disclosed as contingent liabilities (see Note 15).

At March 31, 2020, short-term bank loans of ¥289 million ($2,651 thousand) were collateralized.

The weighted-average interest rates for the Group's short-term bank loans were 1.68% and 2.22% at March 31, 2020 and 2019, respectively.

Long-term debt at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unsecured corporate bond due in September 2027	**¥ 10,000**	¥ 10,000	**$ 91,743**
Unsecured corporate bond due in December 2023	**10,000**	10,000	**91,743**
Unsecured bank loans, maturing serially through 2020 with interest rates ranging from 0.0% to 0.7% (2020) and from 0.0% to 1.3% (2019)	**36,008**	35,548	**422,091**
Collateralized		200	
Obligations under finance leases	**6,985**	1,874	**64,083**
Total	**62,993**	57,622	**577,917**
Less current portion	**7,774**	2,348	**71,321**
Long-term debt	**¥ 55,219**	¥ 55,274	**$ 506,596**

Annual maturities of long-term debt at March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 7,774	$ 71,321
2022	7,885	72,339
2023	2,339	21,459
2024	18,973	174,064
2025	3,613	33,147
2026 and thereafter	22,409	205,587
Total	¥ 62,993	$ 577,917

The carrying amounts of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2020, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash and cash equivalents	¥ 260	$ 2,385
Trade accounts	371	3,404
Inventories	518	4,752
Building and structures	360	3,303
Machinery and equipment	12	110
Land	1,275	11,697
Other	107	982
Total	¥ 2,903	$ 26,633

8. RETIREMENT BENEFITS

Certain consolidated subsidiaries have retirement benefit plans for employees. Under most circumstances, employees terminating their employment are entitled to benefit payments determined by reference to their rate of pay at the time of termination, years of service, and certain other factors. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination. Such retirement benefits are made in the form of a lump-sum severance payment from the Group and annuity payments from a trustee.

The portions of the liability for retirement benefits attributable to directors, Audit & Supervisory Board members, and executive officers at March 31, 2020 and 2019, were ¥60 million ($550 thousand) and ¥52 million, respectively.

(1) Changes in defined benefit obligation for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year (as restated)	**¥ 48,408**	¥ 50,218	**$ 444,110**
Current service cost	**1,423**	1,731	**13,055**
Interest cost	**88**	93	**807**
Actuarial gains	**(73)**	(535)	**(670)**
Benefits paid	**(2,396)**	(2,767)	**(21,982)**
Others	**49**	(332)	**451**
Balance at end of year	**¥ 47,499**	¥ 48,408	**$ 435,771**

(2) Changes in plan assets for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 55,802**	¥ 55,964	**$ 511,945**
Expected return on plan assets	**877**	855	**8,046**
Actuarial losses	**(2,117)**	(2,494)	**(19,422)**
Contributions from the employer	**3,899**	4,037	**35,771**
Benefits paid	**(2,145)**	(2,323)	**(19,679)**
Others	**34**	(237)	**311**
Balance at end of year	**¥ 56,350**	¥ 55,802	**$ 516,972**

Notes to Consolidated Financial Statements

(3) A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Defined benefit obligation	**¥ 44,139**	¥ 44,946	**$ 404,945**
Plan assets	**(56,350)**	(55,802)	**(516,972)**
Total	**(12,211)**	(10,856)	**(112,027)**
Unfunded defined benefit obligation	**3,360**	3,461	**30,826**
Net assets arising from defined benefit obligation	**¥ (8,851)**	¥ (7,395)	**$ (81,201)**

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Liability for retirement benefits	**¥ 4,094**	¥ 4,274	**$ 37,560**
Assets for retirement benefits	**(12,945)**	(11,669)	**(118,761)**
Net assets arising from defined benefit obligation	**¥ (8,851)**	¥ (7,395)	**$ (81,201)**

(4) The components of net periodic benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Service cost	**¥ 1,423**	¥ 1,731	**$ 13,055**
Interest cost	**88**	93	**807**
Expected return on plan assets	**(877)**	(855)	**(8,046)**
Amortization of prior service cost	**(114)**	(105)	**(1,046)**
Recognized actuarial gains	**357**	(93)	**3,276**
Net periodic benefit costs	**¥ 877**	¥ 771	**$ 3,505**

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Prior service cost	**¥ (114)**	¥ (16)	**$ (1,046)**
Actuarial losses	**(1,688)**	2,059	**(15,486)**
Total	**¥ (1,802)**	¥ 2,043	**$ (16,532)**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unrecognized prior service cost	**¥ 582**	¥ 674	**$ 5,340**
Unrecognized actuarial losses	**(4,954)**	(3,264)	**(45,450)**
Total	**¥ (4,372)**	¥ (2,590)	**$ (40,110)**

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2020 and 2019, consisted of the following:

	2020	2019
Equity investments	**37%**	43%
General accounts	**29**	27
Debt investments	**14**	13
Investment trusts	**9**	9
Short-term assets	**1**	1
Others	**10**	7
Total	**100%**	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2020 and 2019, were set forth as follows:

	2020	2019
Discount rate	**0.1%**	0.1%
Expected rate of return on plan assets	**2.0%**	2.0%

The Group mainly uses a salary increase index determined in accordance with human resources and the wage policy as of the balance sheet date for expected future salary increase.

Notes to Consolidated Financial Statements

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividend-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and 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. 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.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% for each of the years ended March 31, 2020 and 2019.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Deferred tax assets:			
Accrued bonuses	**¥ 1,408**	¥ 1,389	**$ 12,917**
Liability for retirement benefits	**1,105**	1,261	**10,138**
Write-down of investment securities	**277**	291	**2,541**
Unrealized profit	**317**	291	**2,908**
Tax loss carryforwards	**12,517**	12,781	**114,835**
Other	**4,756**	4,369	**43,634**
Subtotal	**20,380**	20,382	**186,973**
Less valuation allowance for tax loss carryforwards	**(11,462)**	(11,965)	**(105,156)**
Less valuation allowance for temporary differences	**(1,966)**	(2,240)	**(18,037)**
Total valuation allowance	**(13,428)**	(14,205)	**(123,193)**
Deferred tax assets	**6,952**	6,177	**63,780**
Deferred tax liabilities:			
Valuation excess of property	**972**	1,270	**8,917**
Unrealized gain on available-for-sale securities	**5,114**	6,235	**46,917**
Undistributed earnings of foreign subsidiaries	**5,762**	5,864	**52,862**
Other	**2,754**	2,373	**25,258**
Deferred tax liabilities	**14,602**	15,742	**133,963**
Net deferred tax liabilities	**¥ (7,650)**	¥ (9,565)	**$ (70,183)**

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2019, were as follows:

	2020	2019
Normal effective statutory tax rate	**30.5%**	30.5%
Expenses not deductible for income tax purposes	**0.5**	0.9
Per capita levy	**0.3**	0.3
Net change in valuation allowance	**(3.5)**	0.4
Lower income tax rates applicable to income in certain foreign countries	**(0.5)**	(2.9)
Dividends of foreign subsidiaries and associated companies	**(0.4)**	1.2
Equity in earnings of unconsolidated subsidiaries and associated companies	**(2.9)**	(3.3)
Non-taxable dividend income	**1.5**	1.1
Unrecognized tax effects on eliminated intercompany unrealized profit	**(0.2)**	(0.1)
Foreign tax credit	**0.7**	0.8
Goodwill depreciation	**1.8**	1.8
Other – net	**0.5**	1.5
Actual effective tax rate	**28.3%**	32.2%

Notes to Consolidated Financial Statements

At March 31, 2020, certain subsidiaries had tax loss carryforwards aggregating approximately ¥40,667 million ($373,092 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

	Millions of Yen						
March 31, 2020	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 850	¥ 3,548	¥ 4,066	¥ 2,285	¥ 844	¥ 925	¥ 12,518
Less valuation allowances for tax loss carryforwards	(850)	(3,476)	(3,754)	(2,285)	(736)	(361)	(11,462)
Net deferred tax assets relating to tax loss carryforwards		72	312		108	564	1,056

	Thousands of U.S. Dollars						
March 31, 2020	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	$ 7,798	$ 32,550	$ 37,303	$ 20,963	$ 7,743	$ 8,487	$ 114,844
Less valuation allowances for tax loss carryforwards	(7,798)	(31,890)	(34,440)	(20,963)	(6,752)	(3,313)	(105,156)
Net deferred tax assets relating to tax loss carryforwards		660	2,863		991	5,174	9,688

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥9,517 million ($87,312 thousand) and ¥9,868 million for the years ended March 31, 2020 and 2019, respectively.

12. LEASES

The Group leases certain machinery, computer equipment, and other assets.

Total lease payments for the years ended March 31, 2020 and 2019, were ¥1,635 million ($15,000 thousand) and ¥1,600 million, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2020, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 33	$ 303
Due after one year	152	1,394
Total	¥ 185	$ 1,697

(Note) Lease transactions recorded on consolidated balance sheet under IFRS 16 are not included in above information.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly bank loans, based on its capital financing plan. Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk.

Marketable and investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than five months.

Maturities of bank loans, principally used for the purpose of funding investments and short-term working capital, are less than eight years from the balance sheet date. A part of such bank loans is exposed to market risks from changes in variable interest rates.

The purchase price of lead, which is a raw material used in production, is exposed to the risk of market price fluctuations. This risk is mitigated by using commodity price swaps.

Derivatives mainly include forward foreign currency contracts, foreign currency swaps, interest rate swaps, and commodity price swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates, interest rates, and material prices. Please see Note 14 for more details on derivatives.

(3) Risk Management for Financial Instruments

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to investment securities, the Group manages its exposure to market risk by monitoring market values and financial positions of issuers on a regular basis.

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by the monthly management of cash positions by the corporate finance division.

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange rate risk is hedged principally by forward foreign currency contracts.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Commodity price swaps are used to manage exposure to market risk from changes in prices of materials.

Derivative transactions are entered into and managed by the finance division based on internal guidelines, and the Business Auditing Office monitors observance of internal guidelines. The Company monitors the derivative transactions entered into by subsidiaries on a regular basis.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If the quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 14 for the details of fair value for derivatives.

Notes to Consolidated Financial Statements

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	**¥ 24,749**	**¥ 24,749**	
Time deposits	**478**	**478**	
Receivables:			
Trade notes	**11,700**	**11,700**	
Trade accounts	**63,939**	**63,939**	
Investment securities	**22,156**	**22,156**	
Investments in unconsolidated subsidiaries and associated companies	**15,768**	**5,441**	**¥ (10,326)**
Total	**¥ 138,790**	**¥ 128,463**	**¥ (10,326)**
Short-term bank loans	**¥ 14,786**	**¥ 14,786**	
Commercial papers			
Payables:			
Trade notes	**17,401**	**17,401**	
Trade accounts	**28,630**	**28,630**	
Income taxes payable	**2,923**	**2,923**	
Long-term debt:			
Corporate bonds	**20,000**	**20,095**	**¥ 95**
Bank loans	**29,761**	**29,525**	**(236)**
Lease obligations	**5,457**	**5,480**	**23**
Total	**¥ 118,958**	**¥ 118,840**	**¥ (118)**

	Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 23,409	¥ 23,409	
Time deposits	210	210	
Receivables:			
Trade notes	8,621	8,621	
Trade accounts	65,773	65,773	
Investment securities	26,475	26,475	
Investments in unconsolidated subsidiaries and associated companies	15,261	10,142	¥ (5,119)
Total	¥ 139,749	¥ 134,630	¥ (5,119)
Short-term bank loans	¥ 9,906	¥ 9,906	
Commercial papers	3,000	3,000	
Payables:			
Trade notes	20,597	20,597	
Trade accounts	31,679	31,679	
Income taxes payable	3,248	3,248	
Long-term debt:			
Corporate bonds	20,000	20,183	¥ (183)
Bank loans	34,034	33,779	255
Lease obligations	1,240	1,240	
Total	¥ 123,704	¥ 123,632	¥ 72

	Thousands of U.S. Dollars		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	**$ 227,055**	**$ 227,055**	
Time deposits	**4,385**	**4,385**	
Receivables:			
Trade notes	**107,339**	**107,339**	
Trade accounts	**586,596**	**586,596**	
Investment securities	**205,211**	**205,211**	
Investments in unconsolidated subsidiaries and associated companies	**142,716**	**47,661**	**$ (95,055)**
Total	**$ 1,273,302**	**$ 1,178,247**	**$ (95,055)**
Short-term bank loans	**$ 135,651**	**$ 135,651**	
Commercial papers			
Payables:			
Trade notes	**159,642**	**159,642**	
Trade accounts	**262,661**	**262,661**	
Income taxes payable	**26,817**	**26,817**	
Long-term debt:			
Corporate bonds	**183,486**	**184,358**	**$ 872**
Bank loans	**273,037**	**270,872**	**(2,165)**
Lease obligations	**50,064**	**50,275**	**211**
Total	**$ 1,091,358**	**$ 1,090,276**	**$ (1,082)**

Cash and cash equivalents, Time deposits, and Receivables

The carrying values of cash and cash equivalents, time deposits, and receivables approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for investment securities by classification is included in Note 4.

Short-term bank loans, Payables, and Income taxes payable

The carrying values of short-term bank loans, payables, and income taxes payable approximate fair value because of their short maturities.

Convertible bonds and Long-term debt

The fair values of convertible bonds are measured at the quoted price obtained from the financial institution for certain debt instruments.

The fair values of bank loans and lease obligations are determined by discounting the future cash flows at the Group's assumed corporate borrowing rate.

Lease obligations

The fair value of lease obligations is based on the present value of the total of principal and interest discounted by the interest rate to be applied if a new lease contract under the same conditions for the same residual period was entered into.

Notes to Consolidated Financial Statements

Derivatives
Fair value information for derivatives is included in Note 14.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 16,980**	¥ 15,061	**$ 155,780**

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	2020		2019	
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due in 1 Year or Less	Due after 5 Years through 10 Years
Cash and cash equivalents	**¥ 24,749**		¥ 23,409	
Time deposits	**478**		210	
Receivables	**75,639**		74,394	
Investment securities:				
Available-for-sale securities with contractual maturities		**¥ 29**		¥ 29
Total	**¥ 100,866**	**¥ 29**	¥ 98,013	¥ 29

	Thousands of U.S. Dollars	
	2020	
	Due in 1 Year or Less	Due after 1 Year through 5 Years
Cash and cash equivalents	**$ 227,055**	
Time deposits	**4,385**	
Receivables	**693**	
Investment securities:		
Available-for-sale securities with contractual maturities		**$ 266**
Total	**$ 925,375**	**$ 266**

Please see Note 8 for annual maturities of long-term debt.

14. DERIVATIVES

The Group enters into foreign exchange forward contracts and foreign currency swaps to hedge foreign currency exchange rate risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage interest rate exposures on certain liabilities and it enters into commodity price swap contracts to reduce the impact of price fluctuations of lead inventories.

All derivative transactions are entered into to hedge interest, foreign currency, and commodity price exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is generally offset by opposite movements in the value of the hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign currency exchange rates.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization of such transactions.

Derivative Transactions to Which Hedge Accounting Is Not Applied

	Millions of Yen			
At March 31, 2020	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain(Loss)
Foreign currency forward contracts:				
Selling EUR and GBP	**¥ 1,905**		**¥ 14**	**¥ 14**
AUD	**383**		**(131)**	**(131)**
NZD	**59**		**(4)**	**(4)**

	Millions of Yen			
At March 31, 2019	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain(Loss)
Foreign currency forward contracts:				
Buying THB	¥ 1			
Selling EUR and GBP	1,998		¥ 18	¥ 18
THB	131			
AUD	536		(4)	(4)
NZD	211		(2)	(2)

	Thousands of U.S. Dollars			
At March 31, 2020	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain(Loss)
Foreign currency forward contracts:				
Selling EUR and GBP	**$ 17,477**		**$ 128**	**$ 128**
AUD	**3,514**		**(1,202)**	**(1,202)**
NZD	**541**		**(37)**	**(37)**

Notes to Consolidated Financial Statements

Derivative Transactions to Which Hedge Accounting Is Applied

	Millions of Yen			
At March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	**Long-term debt interest**	**¥ 1,852**	**¥ 1,852**	
Foreign currency forward contracts: (Buying USD)	**Account receivables**	**64**		**¥ (1)**
Commodity swaps: (fixed material price payment floating material price receipt)	**Cost**	**876**	**382**	**(259)**

	Millions of Yen			
At March 31, 2019	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt interest	¥ 1,852	¥ 1,852	
Foreign currency forward contracts: (Buying USD)	Account receivables	110		¥ (0)

	Thousands of U.S. Dollars			
At March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	**Long-term debt interest**	**$ 16,991**	**$ 16,991**	
Foreign currency forward contracts: (Buying USD)	**Account receivables**	**587**		**$ (9)**
Commodity swaps: (fixed material price payment floating material price receipt)	**Cost**	**8,037**	**3,505**	**(2,376)**

The above 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 or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of the hedged items (i.e., long-term debt).

The fair value of derivatives is measured at the quoted prices obtained from financial institutions.

The contract or notional amounts of derivatives which are shown in the preceding table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. CONTINGENT LIABILITIES

At March 31, 2020, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Endorsed notes	¥ 912	$ 8,367
Guarantees of bank loans of certain associated companies	714	6,550

16. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥ (3,964)**	¥ 375	**$ (36,367)**
Reclassification adjustments to profit or loss	**(75)**	(64)	**(688)**
Amount before income tax effect	**(4,039)**	311	**(37,055)**
Income tax effect	**1,120**	(109)	**10,275**
Total	**¥ (2,919)**	¥ 202	**$ (26,780)**
Deferred gain (loss) on derivatives under hedge accounting:			
(Losses) gains arising during the year	**¥ (257)**	¥ (142)	**$ (2,358)**
Reclassification adjustments to profit or loss	**0**	143	**0**
Amount before income tax effect	**(257)**	1	**(2,358)**
Income tax effect	**0**	(0)	**0**
Total	**¥ (257)**	¥ 1	**$ (2,358)**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ (5,444)**	¥ (511)	**$ (49,945)**
Reclassification adjustments to profit or loss		(171)	
Amount before income tax effect	**(5,444)**	(682)	**(49,945)**
Total	**¥ (5,444)**	¥ (682)	**$ (49,945)**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ (2,044)**	¥ (1,839)	**$ (18,752)**
Reclassification adjustments to profit or loss	**242**	(204)	**2,220**
Amount before income tax effect	**(1,802)**	(2,043)	**(16,532)**
Income tax effect	**564**	618	**5,174**
Total	**¥ (1,238)**	¥ (1,425)	**$ (11,358)**
Share of other comprehensive (loss) income in associates: (Losses) gains arising during the year	**¥ (1,976)**	¥ (2,271)	**$ (18,128)**
Total other comprehensive (loss) income	**¥ (11,834)**	¥ (4,175)	**$ (108,569)**

Notes to Consolidated Financial Statements

17. NET INCOME PER SHARE

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2020 and 2019, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2020	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS – Net income attributable to common shareholders	**¥ 13,674**	**81,282**	**¥ 168.23**	**$ 1.54**

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2019			
Basic EPS – Net income attributable to common shareholders	¥ 13,524	82,094	¥ 164.74
Effect of dilutive securities:			
Convertible bonds	(17)	5,569	
Diluted EPS – Net income for computation	¥ 13,507	87,663	¥ 154.08

Diluted profit per share for the year ended March 31, 2020 is not provided here, as there are no residual securities.

As noted in Note 2.m, the Company applied PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts." In calculating the number of weighted-average shares above, the number of shares that are held by the Trust (82,900 shares in 2020) is reflected.

Shares and per share figures have been restated, as appropriate, to reflect a one-for-five reverse stock split effected October 1, 2018.

18. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2020, was approved at the Company's shareholders' meeting held on June 26, 2020:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥35 ($0.32) per share	¥ 2,843	$ 26,083

19. SEGMENT INFORMATION

Under the ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. As such, the Group's reportable segments are as follows:

"Automotive Batteries (Japan)," consisting of manufacturing and marketing of lead-acid batteries for automobiles.

"Automotive Batteries (Overseas)," consisting of manufacturing and marketing of batteries overseas.

"Industrial Batteries and Power Supplies," consisting of manufacturing and marketing of industrial batteries and power supplies.

"Automotive Lithium-ion Batteries," consisting of manufacturing and marketing of lithium-ion batteries for vehicles.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

The profit (loss) of each reportable segment is an operating profit (loss) before amortization of goodwill. The prices of the goods traded among the segments are mainly determined considering market prices or manufacturing costs.

(3) Matters Regarding Changes in Reportable Segments

The Company has implemented one of the important projects of its fourth mid-term business plan, which is called "Reorganization of organizational structure to focus on markets and customers," in order to respond to changes in the economic environment. Also, the Company has consolidated the Domestic Automotive Batteries department and the Overseas Operations department into the Automotive Batteries department. As a result, reportable segments are identified as "Automotive Batteries (Japan)," "Automotive Batteries (Overseas)," "Industrial Batteries and Power Supplies," and "Automotive Lithium-ion Batteries" in its financial statement.

Some overseas subsidiaries that were presented as "Automotive Batteries (Overseas)" in the previous fiscal year, had been reclassified as "Industrial Batteries and Power Supplies" in the year ended March 31, 2020. Reportable segments in the previous fiscal year have been recast to conform to the revised presentation.

Notes to Consolidated Financial Statements

(4) Information about Sales, Profit (Loss), Assets, and Other Items

Millions of Yen

	2020							
	Reportable Segments							
	Automotive Batteries							
	Japan	Overseas	Total	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total	Other	Consolidated
Sales:								
Sales to external customers	**¥ 88,059**	**¥ 162,139**	**¥ 250,198**	**¥ 84,566**	**¥ 42,264**	**¥ 377,028**	**¥ 18,526**	**¥ 395,554**
Intersegment sales of transfers	**1,381**	**3,937**	**5,318**	**12,033**	**720**	**18,071**	**(18,071)**	
Total	**¥ 89,440**	**¥ 166,076**	**¥ 255,516**	**¥ 96,599**	**¥ 42,984**	**¥ 395,099**	**¥ 455**	**¥ 395,554**
Segment profit	**¥ 6,977**	**¥ 9,187**	**¥ 16,164**	**¥ 9,158**	**¥ (1,709)**	**¥ 23,613**	**¥ 322**	**¥ 23,935**
Segment assets	**58,141**	**148,179**	**206,230**	**57,211**	**49,322**	**312,853**	**72,562**	**385,415**
Other:								
Depreciation	**2,228**	**4,414**	**6,642**	**1,655**	**3,258**	**11,555**	**6,104**	**17,659**
Investment in equity method	**1,141**	**29,017**	**30,158**	**275**		**30,433**	**2,405**	**32,839**
Increase in property, plant and equipment and intangible assets	**2,335**	**5,518**	**7,853**	**1,883**	**4,709**	**14,445**	**5,526**	**19,971**
Amortization of goodwill	**1,319**	**33**	**1,352**			**1,352**		**1,352**
Goodwill – net	**1,978**	**16**	**1,994**			**1,994**		**1,994**

Millions of Yen

	2019							
	Reportable Segments							
	Automotive Batteries							
	Japan	Overseas	Total	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total	Other	Consolidated
Sales:								
Sales to external customers	¥ 91,461	¥ 187,111	¥ 278,572	¥ 69,985	¥ 45,585	¥ 394,142	¥ 18,947	¥ 413,089
Intersegment sales of transfers	1,370	4,065	5,435	14,583	682	20,700	(20,700)	
Total	¥ 92,831	¥ 191,176	¥ 284,007	¥ 84,568	¥ 46,267	¥ 414,842	¥ (1,753)	¥ 413,089
Segment profit	¥ 7,766	¥ 10,559	¥ 18,325	¥ 7,317	¥ 301	¥ 25,943	¥ (876)	¥ 25,067
Segment assets	57,865	155,903	213,768	43,409	47,923	305,100	79,144	384,244
Other:								
Depreciation	1,774	4,353	6,127	1,266	4,388	11,781	6,040	17,821
Investment in equity method	1,085	28,929	30,014	111		30,125		30,125
Increase in property, plant and equipment and intangible assets	3,541	7,430	10,971	1,689	5,021	17,681	2,363	20,044
Impairment losses of assets		1,017	1,017			1,017		1,017
Amortization of goodwill	1,473	33	1,506			1,506		1,506
Goodwill – net	3,298	50	3,348			3,348		3,348

Notes to Consolidated Financial Statements

Thousands of U.S. Dollars

	2020							
	Reportable Segments						Other	Consolidated
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Total					
Sales:								
Sales to external customers	**$ 807,880**	**$ 1,487,514**	**$ 2,295,394**	**$ 775,835**	**$ 387,743**	**$ 3,458,972**	**$ 169,964**	**$ 3,628,936**
Intersegment sales of transfers	**12,670**	**36,119**	**48,789**	**110,394**	**6,606**	**165,789**	**(165,789)**	
Total	**$ 820,550**	**$ 1,523,633**	**$ 2,344,183**	**$ 886,229**	**$ 394,349**	**$ 3,624,761**	**$ 4,175**	**$ 3,628,936**
Segment profit	**$ 64,009**	**$ 84,284**	**$ 148,293**	**$ 84,019**	**$ (15,679)**	**$ 216,633**	**$ 2,954**	**$ 219,587**
Segment assets	**533,404**	**1,359,440**	**1,892,844**	**524,872**	**452,495**	**2,870,211**	**665,706**	**3,535,917**
Other:								
Depreciation	**20,440**	**40,496**	**60,936**	**15,183**	**29,890**	**106,009**	**56,000**	**162,009**
Investment in equity method	**10,468**	**266,211**	**276,679**	**2,523**		**279,202**	**22,064**	**301,266**
Increase in property, plant and equipment and intangible assets	**21,422**	**50,624**	**72,046**	**17,275**	**43,202**	**132,523**	**50,697**	**183,220**
Amortization of goodwill	**12,101**	**303**	**12,404**			**12,404**		**12,404**
Goodwill – net	**18,147**	**147**	**18,294**			**18,294**		**18,294**

Notes:

1. "Other" consists of business activities, such as special batteries that are not included as a reportable segment, or adjustments of segment profit (loss).

2. The main details of adjustments were as follows:

(1) Adjustments of segment profit for the years ended March 31, 2020 and 2019, were ¥2,152 million ($19,743 thousand) and ¥2,356 million, respectively. The details of the adjustments are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Elimination of intersegment transactions	**¥ 1,198**	¥ 1,361	**$ 10,991**
Company-wide expenses	**954**	995	**8,752**
Total	**¥ 2,152**	¥ 2,356	**$ 19,743**

Company-wide expenses mainly consist of general administrative expenses not attributable to any reportable segments.

(2) Adjustments of segment assets for the years ended March 31, 2020 and 2019, were ¥61,115 million ($560,688 thousand) and ¥64,443 million, respectively. The details of the adjustments are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Elimination of intersegment transactions	**¥ (94,930)**	¥ (97,633)	**$ (870,917)**
Company-wide assets	**156,045**	162,076	**1,431,606**
Total	**¥ 61,115**	¥ 64,443	**$ 560,689**

Company-wide assets mainly consist of managing cash surplus, assets of administrative departments, and certain equipment of the research institute.

(3) Adjustments of depreciation for the years ended March 31, 2020 and 2019, were ¥4,723 million ($43,330 thousand) and ¥4,631 million, respectively. The adjustments consisted of depreciation of Company-wide assets.

(4) Adjustments to "Increase in property, plant and equipment and intangible assets" for the years ended March 31, 2020 and 2019, were ¥5,102 million ($46,807 thousand) and ¥1,960 million, respectively. The adjustments consisted of the purchase amount of property, plant and equipment and intangible assets classified as Company-wide assets.

3. The difference between the segment profit listed above and operating income in the consolidated statement of income, ¥23,935 million ($219,587 thousand) and ¥21,676 million ($198,862 thousand), respectively, resulted from the amortization of goodwill and other intangible assets of ¥2,259 million ($20,725 thousand). The goodwill and other intangible assets include identifiable assets acquired on the effective date of the business combination. At March 31, 2019, the Group recognized an impairment loss of ¥1,017 million in total as loss on impairment of long-lived assets.

Notes to Consolidated Financial Statements

(5) Information about Geographical Areas

(a) Sales

Millions of Yen

2020				
Japan	Asia	Europe and North America	Other	Total
¥ 212,864	**¥ 103,210**	**¥ 54,846**	**¥ 24,634**	**¥ 395,554**

Millions of Yen

2019				
Japan	Asia	Europe and North America	Other	Total
¥ 209,119	¥ 111,513	¥ 63,483	¥ 28,974	¥ 413,089

Thousands of U.S. Dollars

2020				
Japan	Asia	Europe and North America	Other	Total
$ 1,952,881	**$ 946,881**	**$ 503,174**	**$ 226,000**	**$ 3,628,936**

Note: Sales are classified by country or region based on the location of customers.

(b) Property, plant and equipment

Millions of Yen

2020					
Japan	China	Asia	Europe and North America	Other	Total
¥ 86,024	**¥ 13,578**	**¥ 18,678**	**¥ 6,424**	**¥ 3,148**	**¥ 127,852**

Millions of Yen

2019					
Japan	China	Asia	Europe and North America	Other	Total
¥ 87,956	¥ 11,670	¥ 18,544	¥ 4,180	¥ 1,851	¥ 124,201

Thousands of U.S. Dollars

2020					
Japan	China	Asia	Europe and North America	Other	Total
$ 789,211	**$124,569**	**$ 171,358**	**$ 58,936**	**$ 28,881**	**$ 1,172,955**