

Long-Term Vision and Fifth Mid-Term Management Plan (FY2019 – 2022) – Financial

Long-Term Vision Become an energy device company that continually creates new value

Mid-Term Management Policy

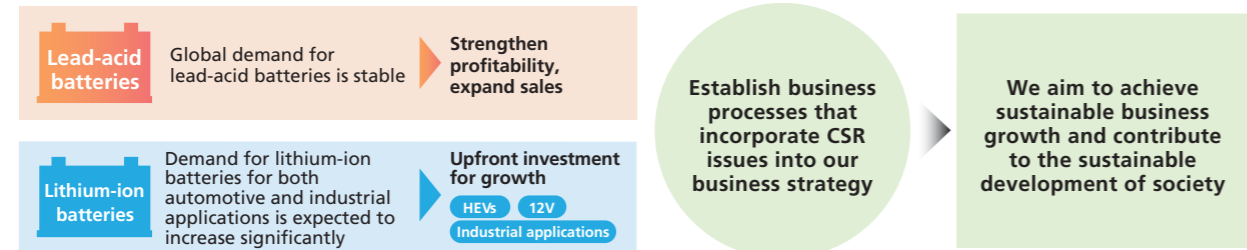
Based on the *Mono-Koto Zukuri* (product and service creation) concept, GS Yuasa will engage in strategic activities that lead to sustainable growth of both the lead-acid battery and lithium-ion battery businesses through creation of new value.

Mid-term management targets

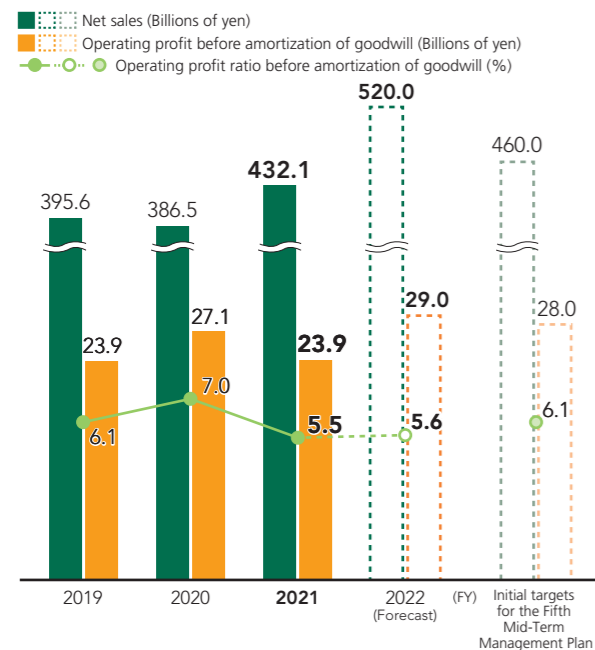
Net sales	460.0 billion yen or more	Interest-bearing debt to cash flow ratio*2	Less than 3 years
Operating profit before amortization of goodwill	28.0 billion yen or more	Equity ratio	Maintain at 45% or more
ROE (return on equity)	8% or more	Domestic lead price quote	300,000 yen / t
Total payout ratio*1	30% or more	LME	2,100 US\$ / t
		Exchange rate	110 yen / US\$

Note: The above indices are based on profit before amortization of goodwill (operating profit and profit).
 *1 The total payout ratio is before amortization of goodwill
 *2 Interest-bearing debts (including lease obligations) / Operating cash flow

Key points



Progress in mid-term management targets



Note: The Fifth Mid-Term Management Plan originally covered the period from fiscal 2019 to fiscal 2021. Due to the impact of the COVID-19 pandemic, however, we have excluded fiscal 2020 as a single-fiscal-year plan and changed the fifth plan to a four-year plan ending in fiscal 2022.

Factors for differences between the initial forecast for fiscal 2022 and the Fifth Mid-Term Management Plan target

	Mid-term management targets	Initial forecast for fiscal 2022*3
Net sales	460.0 billion yen or more	520.0 billion yen
Operating profit before amortization of goodwill	28.0 billion yen or more	29.0 billion yen

- Factors for increase in sales and profit**
- Launch of second plant for Blue Energy Co., Ltd.
 - Acquisition of the social infrastructure business of Sanken Electric Co., Ltd.
 - Convert our site in Turkey into a consolidated subsidiary
- Factors for decrease in sales and increase in profit**
- Delivery completion of lithium-ion batteries for a large-scale wind power generation project (FY2020-2021)

Changes in the market environment

	Mid-term management targets	Initial forecast for fiscal 2022*3
Domestic lead price quote	300,000 yen / t	341,000 yen / t
LME	2,100 US\$ / t	2,300 US\$ / t
Exchange rate	110 yen / US\$	120 yen / US\$

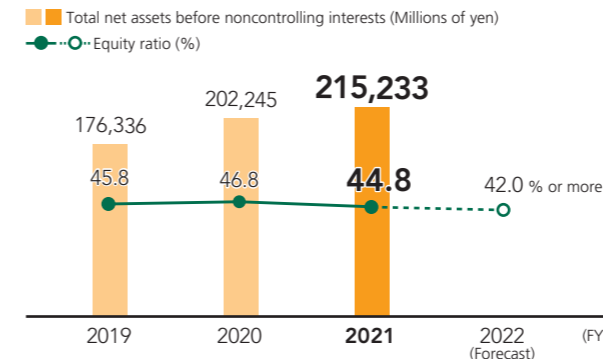
Future outlook

As for the results for fiscal 2022, the final fiscal year of the plan, we expect to achieve our initial targets for both net sales and profit. The forecast net sales of 520.0 billion yen and operating profit before amortization of goodwill of 29.0 billion yen are expected to be the highest ever.

*3 The initial forecast for fiscal 2022 is as of the announcement in May 2022.

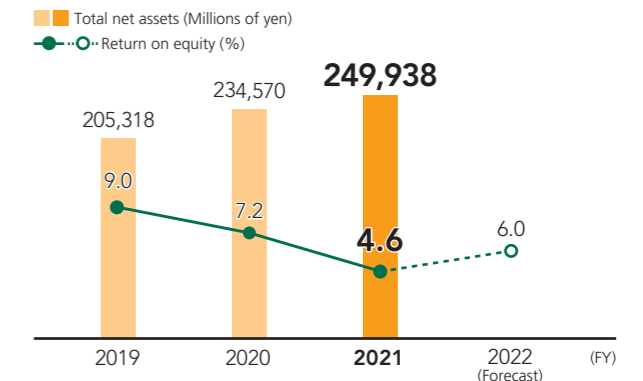
Key financial highlights

Total net assets before noncontrolling interests and equity ratio



Although total net assets before noncontrolling interests increased year-on-year due to, among other things, an increase in foreign currency translation adjustment caused by the depreciation of the yen, the equity ratio declined due to an increase in total assets caused by a significant increase in inventories.

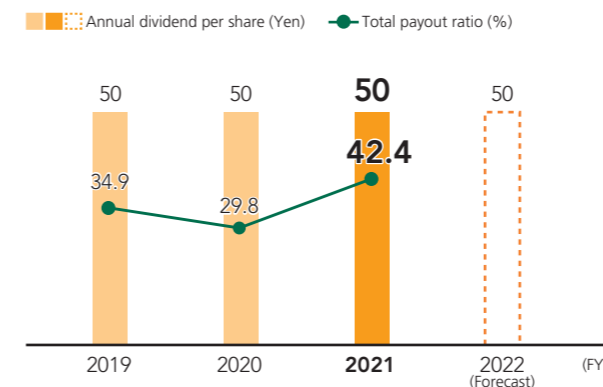
Total net assets and return on equity (ROE)**4



Due to a decline in the equity ratio and a decrease in profit, ROE declined year-on-year.

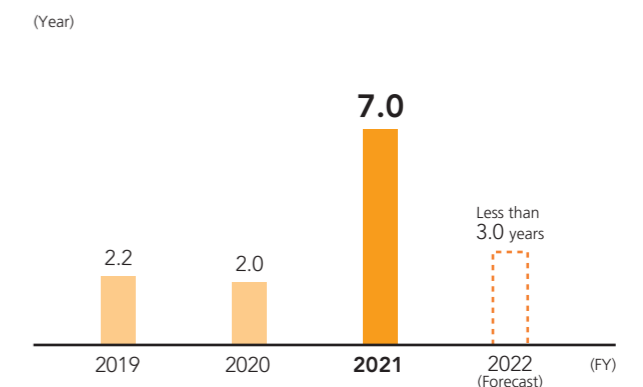
*4 ROE has been calculated based on profit before amortization of goodwill.

Annual dividend per share and total payout ratio



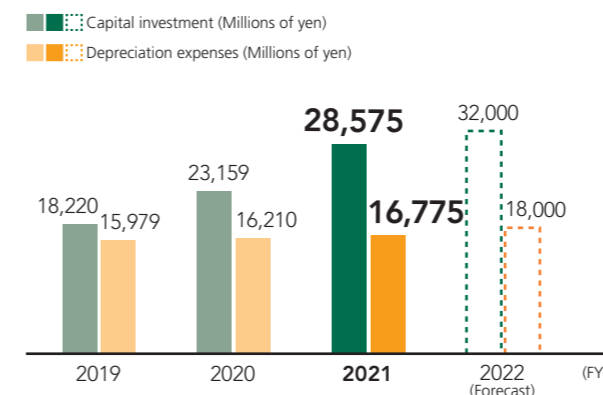
We have maintained a dividend of 50 yen per share, the same amount as the previous fiscal year, and the total payout ratio has increased compared to the previous fiscal year.

Interest-bearing debt to cash flow ratio



The operating cash flow remained at +12.9 billion yen due to an increase in inventories and sales receivables, and the interest-bearing debt to cash flow ratio worsened year-on-year.

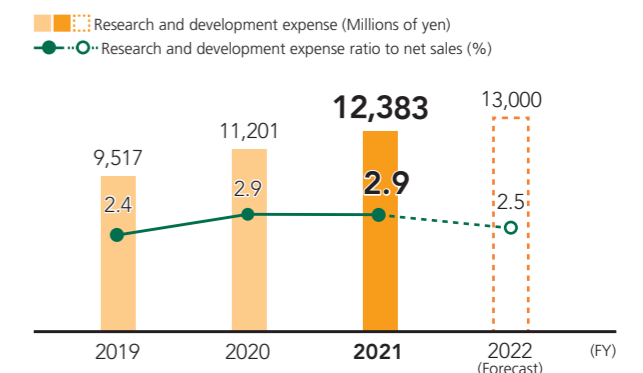
Capital investment / Depreciation expenses**5



Investment associated with the construction of Blue Energy's second plant increased substantially, resulting in an increase in capital investment compared to the previous fiscal year.

*5 Aggregate only the amount of depreciation expenses related to tangible fixed assets as depreciation expenses.

Research and development expense / Research and development expense ratio



Due to an increase in research and development expenses for automotive lithium-ion batteries, the research and development expenses increased by 1.2 billion yen year-on-year, and the research and development expense ratio to net sales was on par with the previous fiscal year.

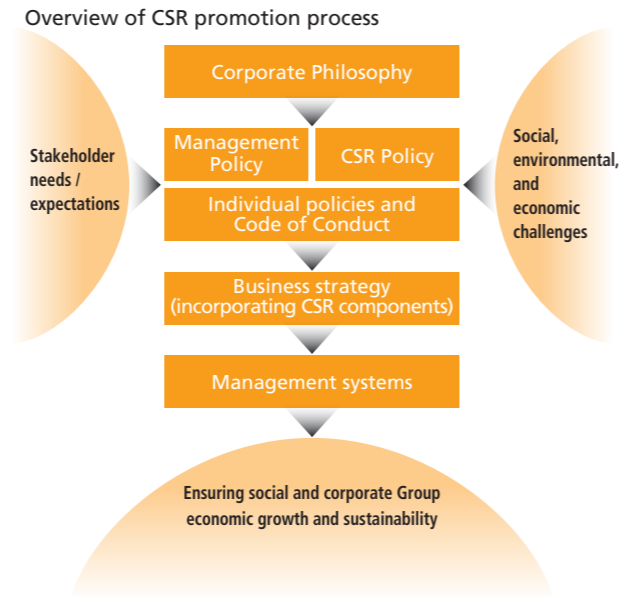
Long-Term Vision and Fifth Mid-Term Management Plan (FY2019 – 2022) – Non-Financial

Incorporating materiality (key CSR issues) into Group business strategy

To reflect CSR issues in our business strategy, the GS Yuasa Group analyzes and assesses the impact on business and the impact of our business on society and then clarifies the Group's materiality for items that need to be addressed. Regarding the specified materiality, as necessary we have set targets relating to our business strategy and, to achieve those targets, we have formulated concrete activity plans, the "materiality response plans," and key performance indicators (KPIs) to gauge progress in achieving the goals.

When incorporating materiality into business strategy, the CSR Committee formulates plans that will lead to enhanced stakeholder satisfaction through the strengthening of our corporate infrastructure and enhancement of corporate value.

The GS Yuasa Group aims for enhanced management of financial and non-financial operations, as well as for sustainable corporate and social growth, through the execution of business processes that incorporate materiality in the Mid-Term Management Plan.



About the ESG bulletin in this report

The GS Yuasa Group has incorporated the materiality response plans in its business strategy and set the ESG targets shown below in its Fifth Mid-Term Management Plan. This report presents an overview of materiality items that are closely related to the Mid-Term Management Plan. Information about relevant details and other activities will be disclosed on the company's website.

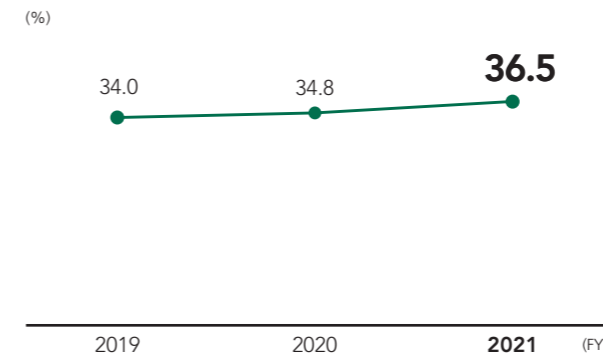
▶ <https://www.gs-yuasa.com/en/csr/>

ESG targets included in the Fifth Mid-Term Management Plan and progress

Category	CSR issues for sustainable growth	Main plan details and targets	Corresponding material issues	Page describing activity status
E	Environment Contribute to sustainability of the global environment			
	<ul style="list-style-type: none"> Development and global sales of environmentally considered products Reduction of environmental burden of business activities 	<ul style="list-style-type: none"> Group-wide CO2 emission reduction target: 6.0% or more / 3 years Group-wide water use reduction target: 8.0% or more / 3 years Ratio of environmentally considered products to overall sales: 35.0% or more 	Developing and popularizing environmentally considered products	P.71
			<ul style="list-style-type: none"> Promoting environmental protection Contribution to realization of low-carbon society Promotion of effective use of water resources 	P.73 P.74
S	Social Respect for human rights and contribution to society			
	<ul style="list-style-type: none"> Respect for human rights Enhancement of productivity and motivation through human resources development Enhancement of work environments and occupational health and safety Products and information sharing that is reassuring to consumers Contribution to the addressing of societal issues with CSR procurement and reduction of procurement risks 	<ul style="list-style-type: none"> Enhance human rights education and human rights risk management Nurture autonomous-minded human resources and establish groundwork for utilizing diverse human resources Promote measures to improve work-life balance Achieve group-wide quality improvement 	Respect for individuality	P.76
			Human resources development	P.77
			Enhancement of work environments and occupational health and safety	P.78
Provision of high-quality products			P.79	
G	Governance Promotion of fair, transparent, and swift group-wide governance			
	<ul style="list-style-type: none"> Respect for international norms and compliance with laws of respective countries Protection of intellectual property Thorough management of confidential information Swift and appropriate management decision-making 	<ul style="list-style-type: none"> Promote compliance education, preparation of legal information Contribute to elimination of counterfeit goods and bolster patent infringement prevention activities Management that is mindful of the corporate governance code 	Thoroughly fulfilling our CSR and ensuring compliance	P.96
			Respect and Protection for intellectual property	P.98
Strict management of confidential information			P.99	

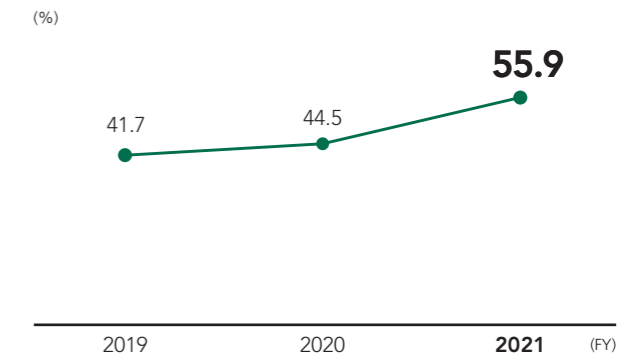
Key non-financial highlights

Percentage of environmentally considered products in total sales of all products (global)



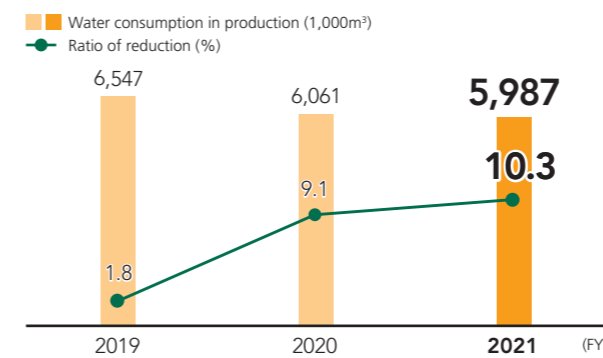
We were able to steadily increase sales following recovery from the impact of the COVID-19 pandemic.

Ratio of recycled lead used as lead raw material in lead-acid batteries



The ratio increased substantially due to a rise in the use of recycled lead in some overseas Group companies in China, Turkey, Indonesia, and Thailand.

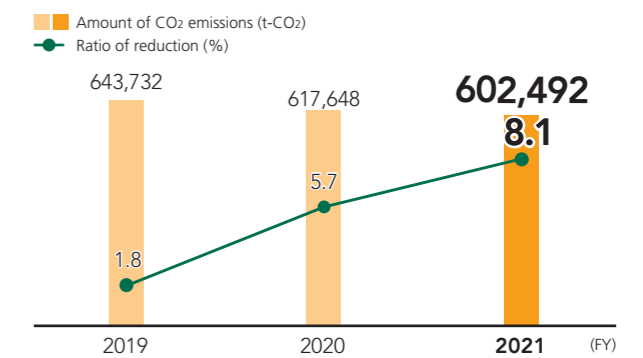
Water consumption in production and ratio of reduction*1 (global)



The ratio of reduction increased as Group companies in both Japan and overseas continuously promoted the use of recycled water.

*1 Compared with FY2018

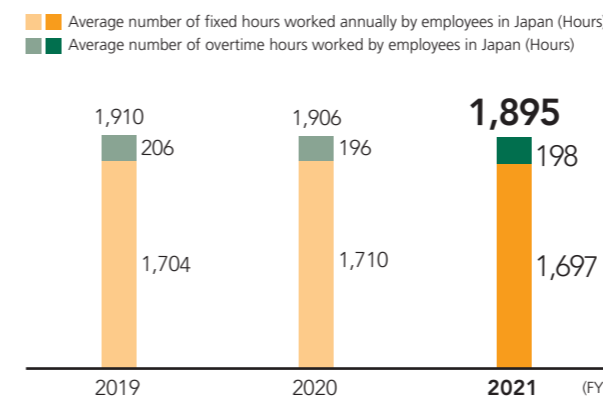
CO2 emissions and ratio of reduction*2 (global)



The ratio of reduction increased as a result of the promotion of Group-wide activities following the launch of the Energy Saving and Renewable Energy Project in fiscal 2021.

*2 Compared with FY2018

Annual working hours*3 (Japan)



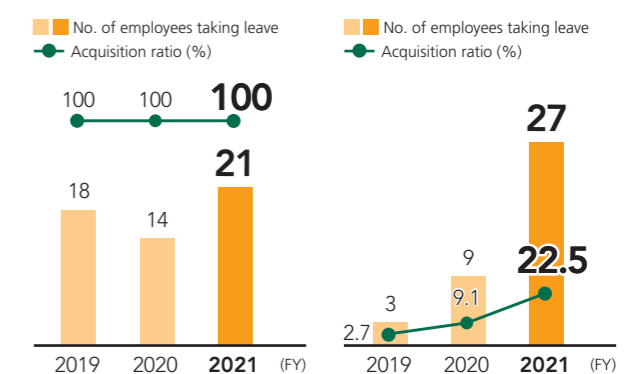
Monitoring of overtime by ordinary employees showed that there were no instances of excessive working hours in violation of labor agreements and that appropriate working-hours management was being implemented.

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

Period: January – December

Annual working hours = Average number of fixed hours worked annually by employees in Japan + Average number of overtime hours worked by employees in Japan

Women's rate of taking childcare leave



We have actively provided information to employees, both men and women, to make use of childcare leave system, for example by conducting the Information Exchange Meetings for Work-childcare Balance. As a result, the rate of taking childcare leave for men increased substantially.

Men's rate of taking childcare leave

