

Vision 2035

Vision of GS Yuasa in 2035

The medium- to long-term business environment surrounding the Company is expected to see a further expansion in demand for storage batteries, including those for electric vehicles (EVs) and renewable energy, driven by the trend toward carbon neutrality and the active movement toward realizing a sustainable society. To adapt to these changes in the business environment and contribute to solving social issues, we have formulated our long-term vision, Vision 2035. In Vision 2035, to achieve "Innovation and Growth" for the next 100 years, we have set four key "Re" themes, illustrating the vision of GS Yuasa in 2035.

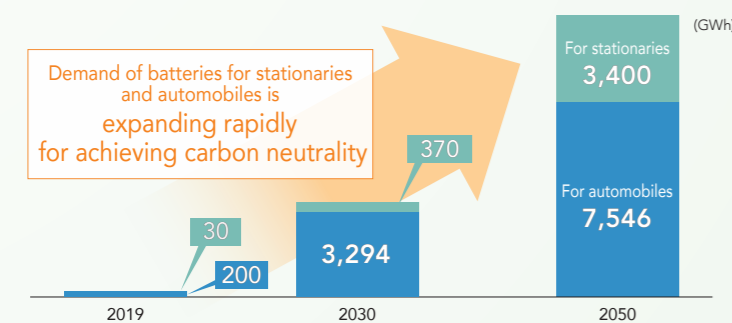
Vision of GS Yuasa in 2035

Based on the "Four Re' s" formula, we strive for innovation in energy technology, endeavor to address the challenges facing society through the development of mobility and other public infrastructures, and seek to create comfortable living environments and play our part in the global effort toward sustainability.



Business environment surrounding GS Yuasa

Global Storage Battery Installation Forecast by 2050



Source: Compiled by the Company from the International Renewable Energy Agency (IRENA), Global Renewables Outlook: Energy Transformation 2050 (2020).

* Stationary batteries are those installed on the demand side, such as in homes, buildings, commercial facilities, and factories, or connected to the power grid to mitigate fluctuations in renewable energy output.

As the market undergoes significant changes towards achieving carbon neutrality by 2050, global demand for stationary* and automotive storage batteries is expected to surge from 230 GWh in 2019 to approximately 10,000 GWh by 2050, about a 43-fold increase. We recognize this market expansion as a significant opportunity, as we have expertise in manufacturing stationary and automotive storage batteries. In addition to steadily capturing this expanding market demand, we believe it is also important to further innovate and implement existing technologies.

Direction Towards 2050

Sixth Mid-Term Management Plan (FY2023-2025) P.36-39

To achieve Vision 2035 and realize carbon neutrality, we recognize the need for significant transformation in our business structure and have decided to focus on two areas: Mobility and Public Infrastructure. We aim to steadily expand our business and achieve sales of 800 billion yen in FY2035. While automotive batteries (lead) are expected to decline gradually in the long term, we aim to enhance profitability through regional and temporal strategies and secure investment funds for growth areas. For automotive lithium-ion batteries, we will steadily respond to the demand for HEV lithium-ion batteries until the mid-2030s. Industrial batteries and power supplies play a role in the maintenance of public infrastructure, and demand is expected to remain stable. Additionally, we will focus on high-capacity, high-output lithium-ion batteries centered on BEVs and ESSs as a growth area, delivering innovative storage battery technology. Around 2035, we will also foster new businesses that contribute to society as a new initiative.

Image of Business Structure Reforms

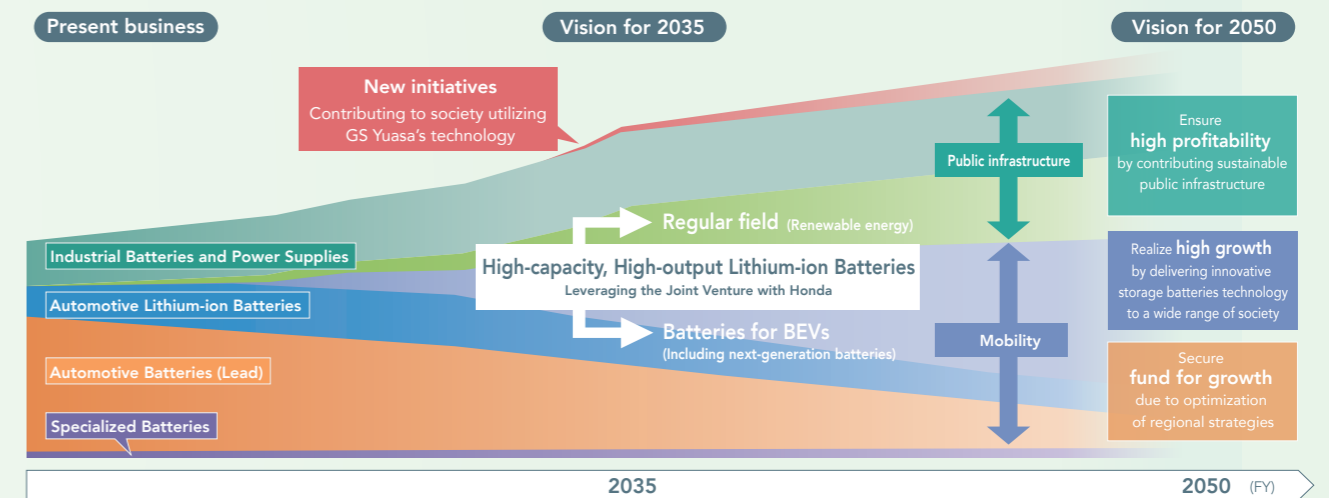
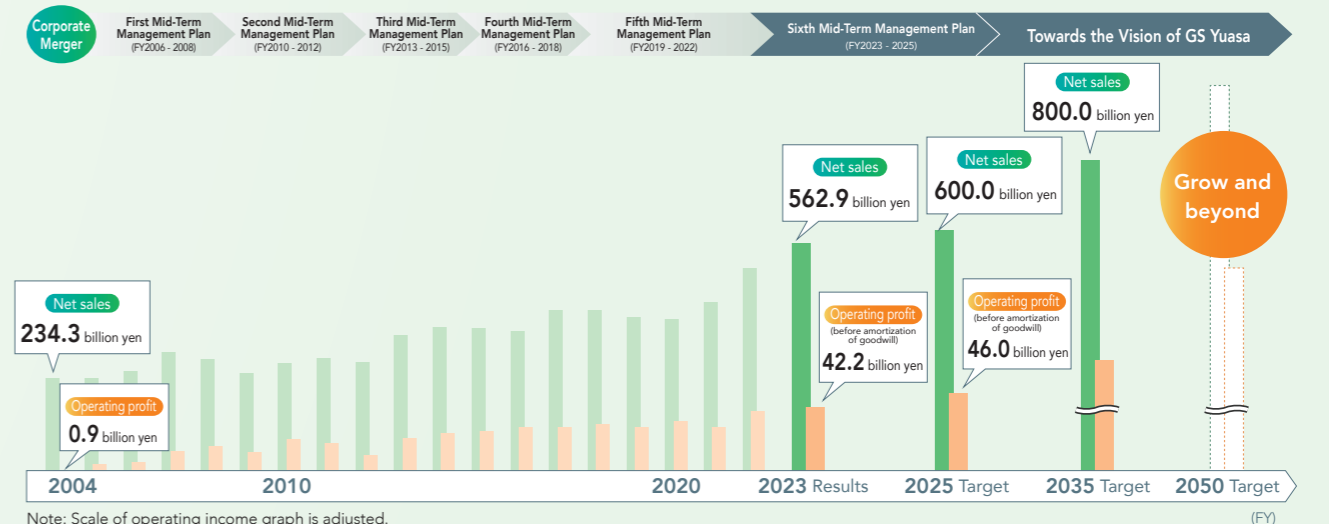


Image of Business Growth



Note: Scale of operating income graph is adjusted.

Vision 2035



Strategy in the Mobility Field ● Initiatives for Automotive Lithium-ion Batteries P.52-53

For the mass production of lithium-ion batteries for BEVs, a pillar in the mobility field, research and development results at the joint venture Honda · GS Yuasa EV Battery R&D (HGYB) with Honda Motor Co., Ltd. (Honda) will be utilized. The production line at the new Blue Energy Co., Ltd. (BEC) factory in Moriyama City, Shiga Prefecture, is scheduled to start operations in April 2027, with full-scale mass production beginning in October of the same year. Initially, the batteries will be supplied to Honda's BEVs for the domestic market, and subsequently, sales will be expanded mainly to Japanese automakers, solidifying the foundation in the domestic market. Production capacity is expected to expand in stages, with the GS Yuasa Group targeting over 20 GWh/year by 2035.

Development and production schedule for lithium-ion batteries for BEVs

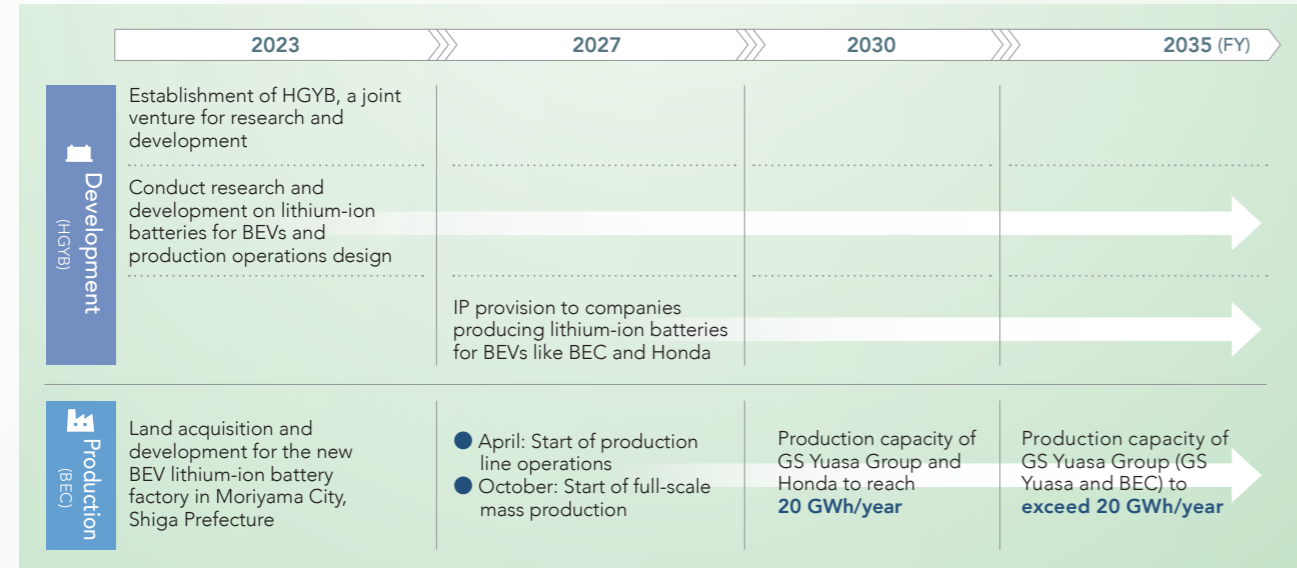
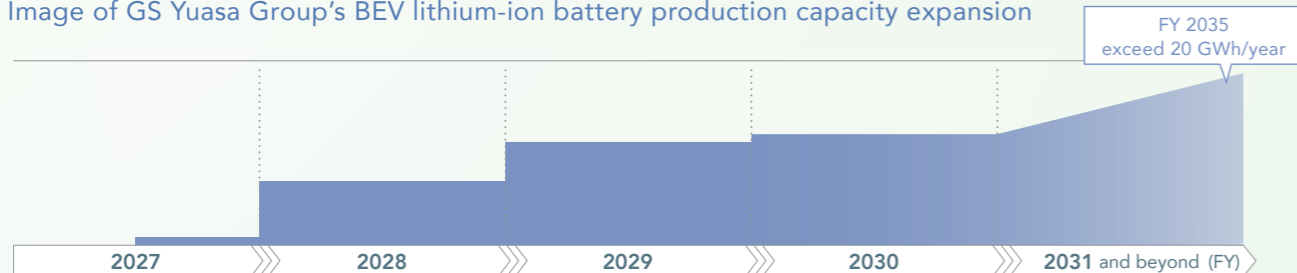


Image of GS Yuasa Group's BEV lithium-ion battery production capacity expansion



Business model for Lithium-ion batteries for BEVs

The BEV lithium-ion battery technology developed at HGYB, focusing on key technologies such as safety, durability, and input/output, will be utilized in the form of IP (intellectual property rights) for lithium-ion batteries for BEVs produced at the new BEC plant from 2027. As a result, HGYB will earn royalty income from BEC. In addition to BEC, HGYB's IP will be provided for the production of lithium-ion batteries for BEVs at Honda and other production plants.



TOPICS Regarding Issuance of New Shares by way of Public Offering and Third-Party Allotment and Secondary Offering of Shares

On November 20, 2023, the Company announced "Issuance of New Shares by way of Public Offering and Third-Party Allotment and Secondary Offering of Shares" and conducted a capital raise. Through this capital raising, we aim to strengthen our financial foundation and execute growth investments that contribute to enhancing medium- to long-term profitability, thereby further enhancing shareholder value.

Overview

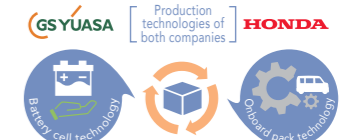
Offering structure	Domestic public offering (former interim report method)
Number of shares to be offered (excluding over-allotment)	15,219,400
Over-allotment	2,129,900 (domestic)
Parallel third-party allotment recipient and number of shares to be allotted	Honda Motor Co., Ltd. 2,497,700
Amount raised	Approx. 39.6 billion yen
Number of shares issued	80,599,442 (as of November 20, 2023) ▶ 100,446,442 (as of December 26, 2023)

Reason for financing

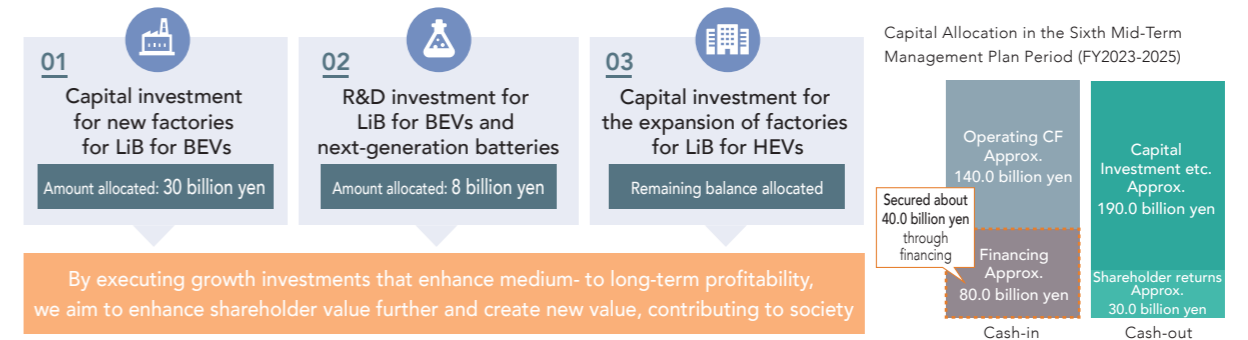
To strengthen the balance sheet in line with the business structure transformation outlined in Vision 2035, and to allocate funds for capital investment and R&D in the rapidly expanding BEV sector and capital investment in the HEV sector, which will serve as a medium- to long-term growth driver.

Vision aimed for with parallel third-party allotment to Honda Motor Co., Ltd.

Through further collaboration with Honda, we aim to build a strong supply chain for lithium-ion batteries (LiB) for BEVs, contribute to the spread of BEVs in Japan, and enhance corporate value.



Use of funds raised



See here for details

Announced November 20, 2023
 "Notice Regarding Issuance of New Shares by way of Public Offering and Third-Party Allotment and Secondary Offering of Shares"
https://ir.gs-yuasa.com/en/ir/news/auto_20231117592166/pdfFile.pdf

Announced November 29, 2023
 "Notice Regarding Determination of Issue Price and Selling Price and Other Matters relating to Issuance of New Shares and Secondary Offering of Shares"
https://ir.gs-yuasa.com/en/ir/news/auto_20231127594769/pdfFile.pdf

Announced December 26, 2023
 "Notice Regarding Determination of the Number of New Shares to be Issued by Capital Increase by way of Third-Party Allotment"
https://ir.gs-yuasa.com/en/ir/news/auto_20231226508884/pdfFile.pdf

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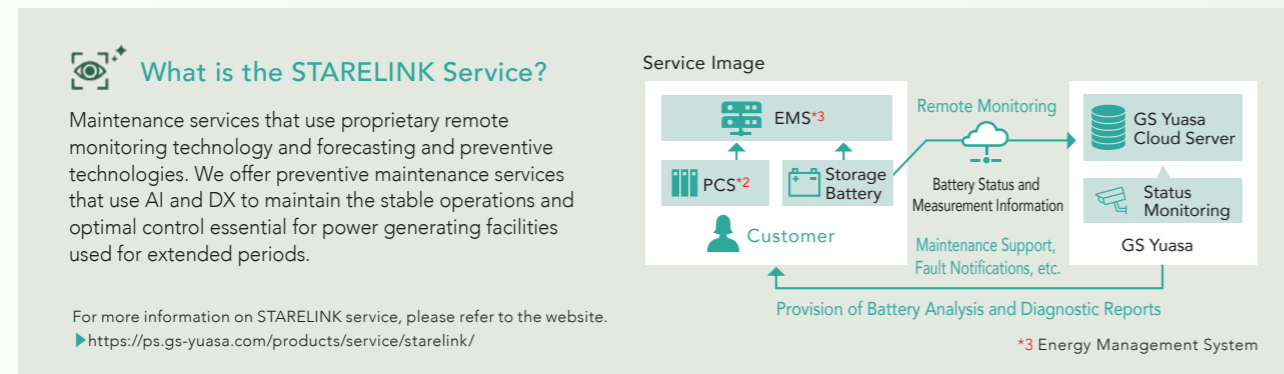
Strategy in the Regular Field

Initiatives in the Regular (Renewable Energy) Field P.48-49

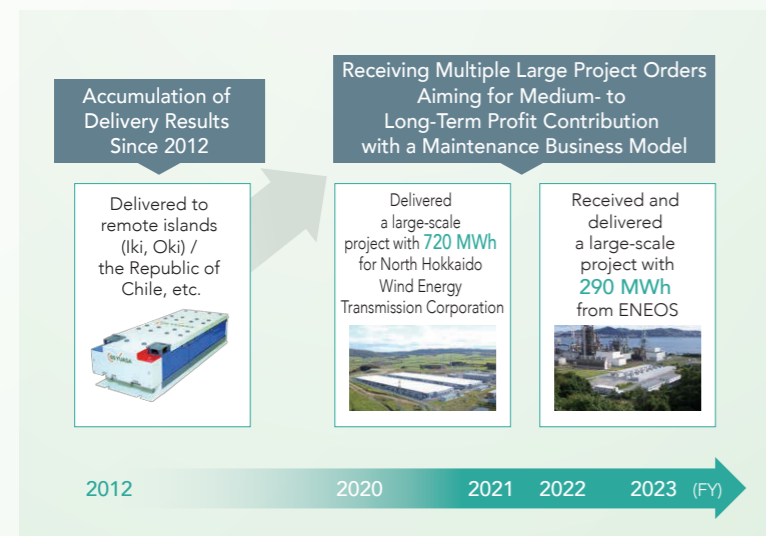
Numerous subsidies related to carbon neutrality are planned in Japan, so the introduction of renewable energy is also expected to expand, increasing the importance of ESS for fluctuation control and supply-demand adjustment. Accordingly, inquiries in the regular field, mainly for ESS, are robust, GS Yuasa has increased its production capacity by 1.3 times from FY2024 to meet demand. From 2027 onward, we plan to further expand production capacity by utilizing the production lines of the new BEV lithium-ion battery factory. In addition, because the competitive environment in the regular field is severe, we are currently developing new lithium-ion batteries. We aim to strengthen our competitiveness further by bringing them to market and enhancing our presence in the regular use market.



*2 Power conditioners



Our strengths in the regular field

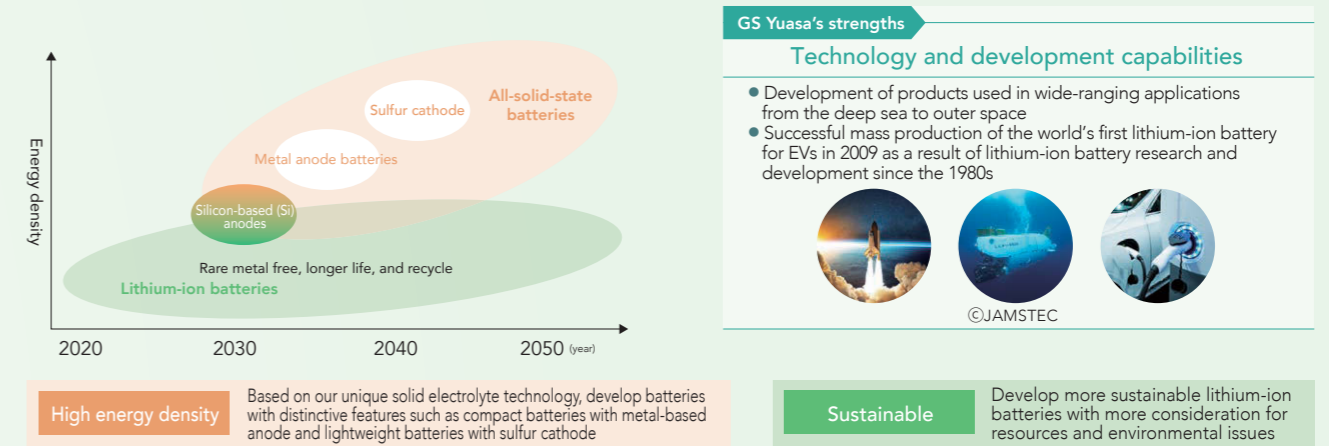


Since 2012, the Company has received numerous orders for energy storage system (ESS) projects, and the number of large-scale projects such as those delivered to North Hokkaido Wind Energy Transmission Corporation from 2020 to 2021 and ENEOS has also increased, demonstrating outstanding expertise. In addition, our extensive network of over 100 service locations nationwide, a 24/7 support system, and remote monitoring services like STARELINK Services ensure long-term continuous revenue, which is also a strength. The Company will continue to support public infrastructure and provide safety and security through "Mono" selling business, such as container-integrated ESS, and "Koto" business, starting with services like STARELINK Services.

In Focus R&D Initiatives

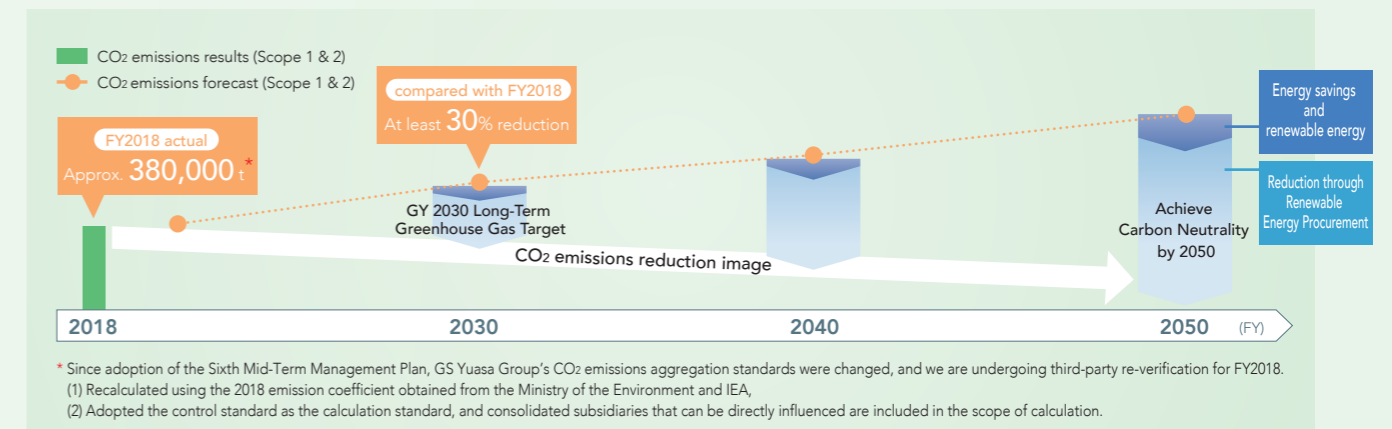
Research and Development P.56-57

Liquid electrolyte lithium-ion batteries as they currently exist will evolve into batteries free from the use of rare metals, possessing longer lives, and capable of being recycled. As such, we will continue to develop more sustainable batteries with more consideration for resources and environmental issues. Regarding all-solid-state batteries, we are aiming to achieve higher energy density, and will be developing batteries with distinctive features, based on our unique solid electrolyte technology.



In Focus GY 2050 Carbon Neutrality Target

GY 2050 Carbon Neutrality Target P.65



Efforts through achieving carbon neutrality

- Promote energy-saving measures**
 - Install energy-saving equipment
 - Develop prescriptions for efficient charging methods and develop new ones
- Promote generating renewable energy**
 - Maximize introduction in all offices and plants in Japan and overseas
 - Introduce our own products including Energy Storage Systems (ESS) and conduct a demonstration experiment
- Procure renewable energy**
 - Purchase electric power that uses renewable energy
 - Procure reports of renewable energy

Long-Term Vision Vision 2035 website

Vision 2035 Key Points are explained in an easy-to-understand and concise manner. Please access the site for more information.
<https://ir.gs-yuasa.com/en/ir/management/plan.html>