

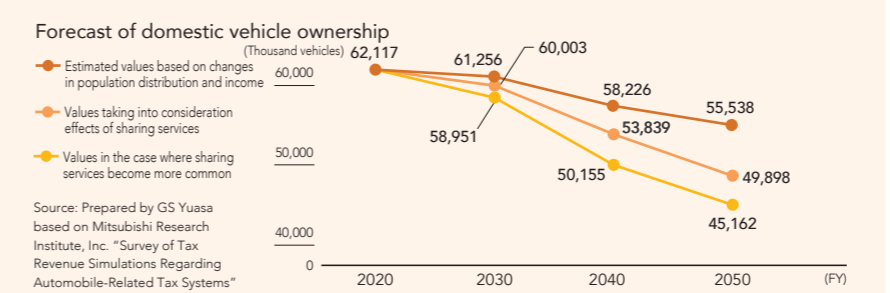
Business Overview and Market Environment

Business segment	Main applications	Main customers	Characteristics of the business
Automotive Batteries (Japan)	Automobiles For starting: Internal combustion engines (ICE) / Vehicles with start-stop systems (ISS: idling stop systems) For auxiliary equipment: Hybrid electric vehicles (HEVs) / Plug-in hybrid electric vehicles (PHEVs) / Battery Electric vehicles (BEVs)	For new automobiles: Japanese automakers For replacement: Distributors (electrical device shops, etc.) / Automobile accessory mass retailers / Automobile dealers / Oil refiners and sellers, etc.	<ul style="list-style-type: none"> Replacements tend to have higher profit margins, but we are also reviewing the selling prices of new automobiles High profit margin for lead-acid batteries for ISS vehicles Earnings affected by fluctuations in lead prices Note: For new automobiles: A mechanism is in place to reflect this in the sales price after three to six months. For replacement: No slide control The demand period for replacements is winter The volume ratio of batteries for new automobiles to replacement is approximately 1:1 (the ratio varies from year to year)
	Motorcycles For starting	For new automobiles: Japanese motorcycle manufacturers For replacement: Distributors, etc.	
Automotive Batteries (Overseas)	Automobiles For starting: ICE/ISS vehicles For auxiliary equipment: HEVs/PHEVs/BEVs	For new automobiles: Japanese automakers, etc. For replacement: Distributors, etc. (varies by country)	<ul style="list-style-type: none"> Earnings affected by fluctuations in lead prices As the foundation is local production for local consumption, the impact on foreign exchange earnings will be minimal Industrial lead-acid batteries are also included (Backup batteries in Europe account for the majority) The sales ratio from batteries for automobiles, motorcycles, and industrial applications is approximately 6:2:2 (the ratio varies from year to year) The Company's market share and profitability in Southeast Asia are high Replacement batteries account for a large portion of sales in Europe and Australia
	Motorcycles For starting	For new automobiles: Japanese motorcycle manufacturers For replacement: Distributors, etc.	
Industrial Batteries and Power Supplies	Emergency backup (Emergency field)	Railways / Electric power / Government agencies / Communications carriers / Plants / Office buildings / Data centers, etc. (Sales are also conducted via distributors, electrical construction companies, electrical machinery and communications device makers, and others)	<ul style="list-style-type: none"> Lead-acid batteries are the mainstay Profit margins are high as we offer a one-stop service from design to manufacturing, construction and maintenance Projects with high profit margin for national and local government offices are concentrated at the end of the fiscal year Since only batteries are supplied for data centers, the profit margin for new construction is not high Lithium-ion batteries are the mainstay Expansion of business can be expected Consistent revenue can be secured through replacement batterie
	Energy storage systems (ESS) (Regular field)	Power transmission and distribution operators / EPC* operators / Plants / Offices, etc.	
	Forklifts (For drive force)	Forklift manufacturers / Manufacturer distributors, etc.	
Automotive Lithium-ion Batteries	Automobiles For drive force: HEVs/PHEVs/BEVs For starting & auxiliary equipment (12 V lithium): HEVs/PHEVs / BEVs/ICEs	Japanese automakers, etc.	<ul style="list-style-type: none"> In principle, it is for new automobiles only as product lifespan is long R&D expenses are included in the segment Lithium-ion batteries for ESS manufacturing are also included Expansion of business can be expected For HEVs: High input/output performance; for BEVs and PHEVs: High energy density and high output performance are required.
Specialized Batteries and Others	Submarines Manned research submersibles Aircraft Rockets Satellites Other special applications	Japanese government / Electrical machinery manufacturers / Aircraft manufacturers / Airlines / Special corporations, etc.	<ul style="list-style-type: none"> Lithium-ion batteries for submarines are accounted for on a progress basis, and stable sales and profits can be acquired Company-wide expenses are included in the segment

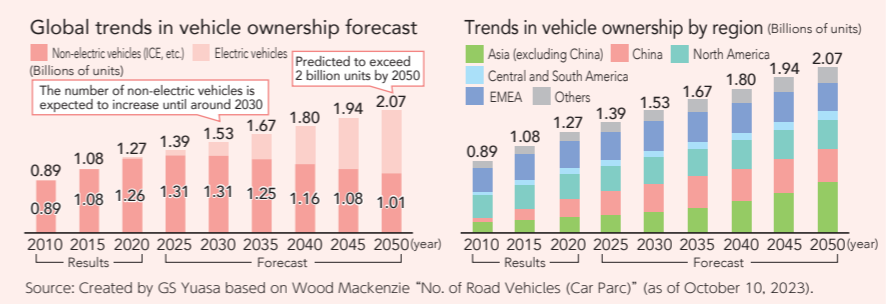
Battery applications: For starting (For starting engines), For auxiliary equipment (For starting systems for electric vehicles and backup for electrical devices), For drive force (For driving motors), Emergency field (For backup use in case of emergencies in locations such as data centers and communication base stations), Regular field (For daily, uninterrupted charging and discharging in renewable energy, energy management, etc.)

*A contract format whereby engineering, procurement, and construction are contracted out as a project.

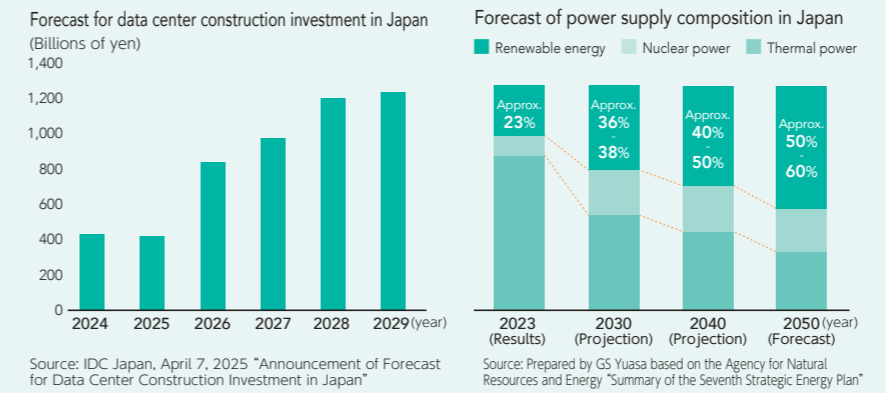
Market environment and the Company's response



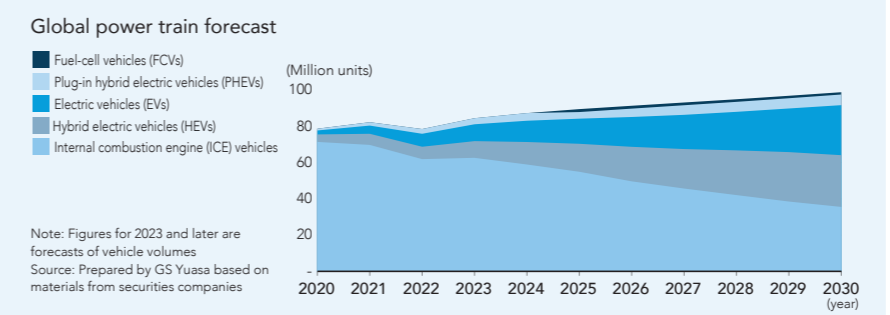
The number of vehicles owned in Japan affects sales volume. In the long term, due to the declining population, the number of vehicles owned and new car sales in Japan are expected to gradually decrease. Therefore, the Company plans to strengthen profitability by establishing appropriate sales prices and enhancing the sales of high-value-added products, both for new automobiles and replacements.



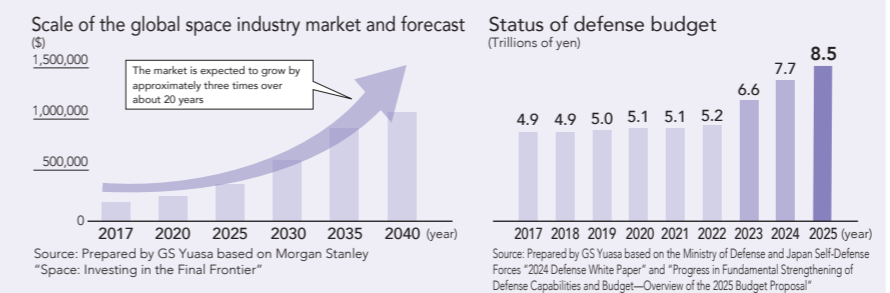
Electrification is progressing in developed countries, but in other regions, internal combustion engine (ICE) vehicles will remain, and the number of ICE vehicles is not expected to decrease significantly. Therefore, the demand for lead-acid batteries for starting and auxiliary use is not expected to decrease significantly in 2035. Furthermore, the demand for lead-acid batteries in our main markets, ASEAN and Australia, is expected to remain stable. As such, the Company will continue to focus resources on ASEAN, Australia, and Europe, where demand is expected, aiming to further enhance profitability.



Demand for backup batteries and power supply devices that support social infrastructure is expected to remain strong in the future, and we will utilize our nationwide network of sales agents to provide products and services that meet customer needs. In addition, we will respond to increased demand accompanying increased investment in data centers by providing high-quality lead-acid batteries. In addition, there are numerous subsidy programs related to renewable energy in Japan, and demand for renewable energy is expected to increase further. However, since power generation fluctuates significantly depending on weather conditions and time of day, it may adversely affect the electric power grid. Demand for storage batteries is increasing as they play a key role in mitigating these output fluctuations, and the Company is expanding its production capacity for ESS to meet this demand.



Environmental regulations on automobiles, with annual global sales exceeding 90 million units, are being strengthened worldwide, and the proportion of electric vehicles, such as HEVs and BEVs, is expected to increase significantly. In Japan, there is a goal to make all new car sales electric vehicles by 2035. The Company expects HEVs to remain the mainstream in the automobile market until the mid-2030s and is expanding production capacity to meet this demand. After 2030, EV and BEV numbers are expected to gradually increase. The Company is advancing research, development, and factory construction to begin mass production of batteries for BEVs starting in FY2027.



The Company holds a large market share in the specialized batteries business, particularly in lithium-ion batteries for space and satellites. The global space industry market is anticipated to grow three times in size over the 20 years following 2017. We will continue to provide products with top-tier performance and quality, contributing to the development of the space industry. In the field of defense applications, including those for submarines, we will respond reliably to increased production needs accompanying the increase in defense spending.