

# Strategy by Business Segment – Automotive Batteries (Japan)

## Message from the Business Unit Manager

In the domestic market, the number of vehicles is expected to decline due to the decrease in the number of licensed drivers caused by the aging population and declining birthrate. As a result, demand for automotive lead-acid batteries is expected to decline gradually in the mid-to-long term. On the other hand, while the spread of BEVs is slightly behind the trend toward electrification, sales of HEVs remain strong, and lead-acid batteries continue to be used as auxiliary batteries in these electric vehicles. For this reason, in addition to conventional batteries for starting, demand for auxiliary batteries is also strong, and overall demand for automotive lead-acid batteries remains steady.

Despite headwinds such as rising material costs in FY2024, we achieved record-breaking results thanks to price adjustments for both new automobiles and replacements, improvements in production efficiency, and increased sales volume for replacements.

Risks such as soaring raw material prices and rising labor and logistics costs are expected to continue in the future.

In order to respond to these risks, we will continue to maintain stable supply and appropriate sales prices for new automobiles, promote sales promotion measures and expand sales of high value-added products for replacements, while cultivating closer relationships with dealers and customers. In addition, we are working to enhance the BCP functions of our Japanese production sites, including the "Anywhere Production" (multi-site product supply system) project, and will continue to construct production and supply systems that provide peace of mind to our customers. We will continue to strive for the evolution of sustainable Japanese business segments in the future.



Director, Business Unit Manager of Automotive Batteries, GS Yuasa International Ltd.

**Takao Ohmae**

## Business Policy in the Sixth Mid-Term Management Plan

Build an optimal supply system in response to change of business environment and improve profit rate

## Strategies and Important Tasks in the Sixth Mid-Term Management Plan

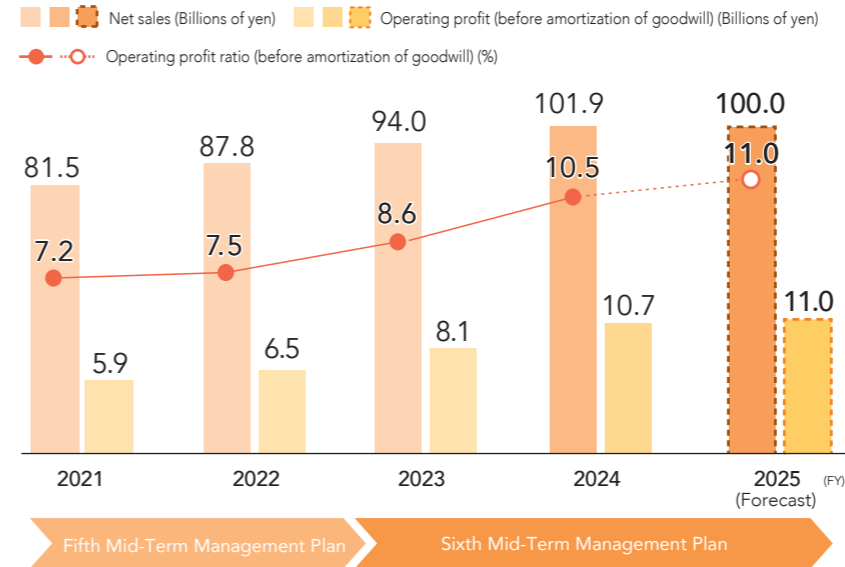
### Production

Initiatives	Progress
<ul style="list-style-type: none"> <li>Formulation of a mid-to-long term production system vision</li> </ul>	<ul style="list-style-type: none"> <li>Formulated and initiated scenarios for establishing an optimal Japanese production system</li> </ul>
<ul style="list-style-type: none"> <li>Provision of an optimal production and stable supply system that corresponds to BCP</li> </ul>	<ul style="list-style-type: none"> <li>Launched a project to establish a production system that can be implemented anywhere, utilizing four Japanese production sites</li> </ul>

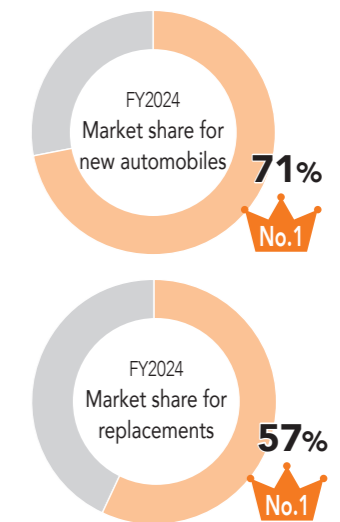
### Sales

Initiatives	Progress
<p><b>For new automobiles</b></p> <ul style="list-style-type: none"> <li>Improve profit ratio due to optimal price revision such as raw material prices</li> </ul>	<ul style="list-style-type: none"> <li>Shared our awareness of rising costs with customers and steadily reflected these costs in sales prices</li> </ul>
<p><b>For replacement</b></p> <ul style="list-style-type: none"> <li>Rebuild marketing strategies and maintain high market share</li> <li>Optimization due to IoT and digital transformation (DX)</li> </ul>	<ul style="list-style-type: none"> <li>Promoted strengthening and sales expansion of value-added products, provided information using the Internet, promoted order acceptance systems, and improved sales system efficiency overall</li> </ul>

## Performance Trends



## Market Share



Note: Based on the Company research (Imported batteries are not included)

## SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Advanced technology, quality, and expertise in lead-acid batteries accumulated over 100 years</li> <li>A production system that ensures a stable supply</li> <li>Sales know-how developed with distributors and a strong customer base</li> <li>Brand (No. 1 share in Japan)</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Aging workforce, transfer of technology and skills, and training of young human resources</li> <li>Costs for maintaining a stable supply system</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Increased demand for auxiliary batteries for electric vehicles</li> <li>Slowing pace of vehicle electrification</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Ongoing increases in raw material, labor, and logistics costs</li> <li>Decrease in automobile demand due to a declining birthrate and aging population, and reduced demand for lead-acid batteries due to vehicle electrification</li> <li>Cost competition due to commoditization</li> <li>Impact on the supply chain due to increasing environmental and geopolitical risks</li> <li>Trends in the restructuring of the lead-acid battery industry</li> </ul>

## TOPICS

The ECO.R Revolution series for ISS vehicles will undergo a model change in July 2025, completing the renewal of the four ECO.R series, which are core products for replacements in Japan.



Since 2004, the ECO.R series has been expanding its lineup as products ideal for environmentally friendly vehicles such as charge-controlled vehicles, electric vehicles (HEVs: hybrid electric vehicles, etc.), and vehicles with start-stop systems (ISS vehicles), with the concept of contributing to the environment and pioneering the use of recycled resin\*

With this overhaul, we have further enhanced our product appeal and brand image by incorporating the latest technology and adopting a unified design. We will continue to respond to the expectations and demands for automotive batteries that change with the times with our advanced technologies, contributing to a safe and secure car life.

\* Excluding the ENJ and EHJ series

# Strategy by Business Segment – Automotive Batteries (Overseas)

## Message from the Business Unit Manager

In the automotive battery business (overseas) in FY2024, despite the impact of rising material prices and increased expenses due to inflation, we achieved record profits by significantly expanding our business performance at each location, particularly in ASEAN. The Company focuses on Thailand for automotive batteries and Indonesia for motorcycle batteries, and we also leverage our top market share in Vietnam and Australia to provide competitive products as well as services in each region. Furthermore, Europe is at the forefront of global trends and is an important market for the Company. To this end, we are promoting sales expansion by leveraging each of our Group's sites. Moreover, in Turkey, we are striving to strengthen our management in light of the economic situation.

On the other hand, macro environmental changes such as the intensification of price competition due to the entry of Chinese manufacturers into the market, price hikes for certain materials such as antimony due to Chinese export restrictions, and instability in U.S. trade policy and logistics are cited as risk factors. However, we will continue to monitor these factors closely and respond appropriately.

Going forward, we will continue to promote community-based business models in each country, collaborate with local partners, strengthen policy coordination, and actively engage in macro policies aimed at optimizing the entire Group, as we strive for sustainable growth.

## Business Policy in the Sixth Mid-Term Management Plan

Reform management structure for the future by selection and concentration and strengthen profitability

## Strategies and Important Tasks in the Sixth Mid-Term Management Plan

### Southeast Asia

Initiatives	Progress
<ul style="list-style-type: none"> <li>Maximize profits by strengthening ASEAN sites</li> </ul>	<ul style="list-style-type: none"> <li>Achieved approximately 20% increase in profits by investing in labor reduction and efficiency improvements</li> </ul>

### Europe

Initiatives	Progress
<ul style="list-style-type: none"> <li>Reinforce sales to Europe and nearby regions utilizing the Turkish site</li> </ul>	<ul style="list-style-type: none"> <li>Sales volume at European sites increased by nearly 20% despite the impact of sales suspensions in conflict areas</li> </ul>

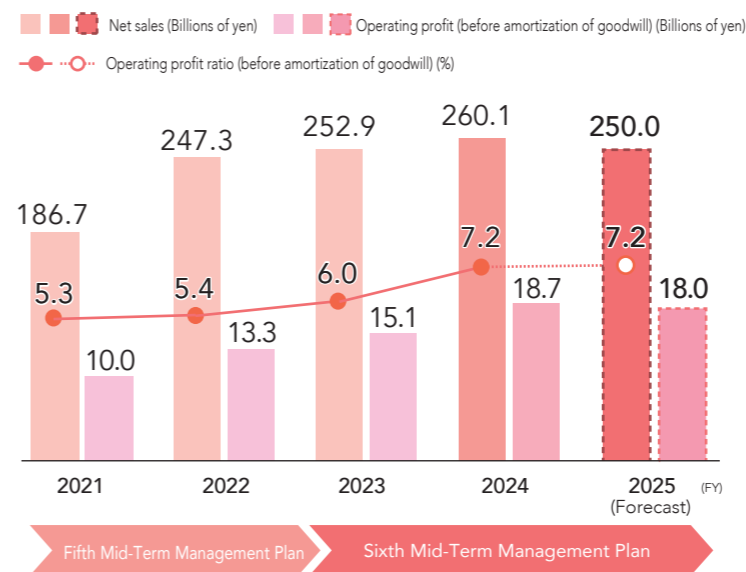
### Australia

Initiatives	Progress
<ul style="list-style-type: none"> <li>Strengthen production base and expand market share of replacement batteries as Australia's sole battery manufacturer</li> </ul>	<ul style="list-style-type: none"> <li>Expanded market share by leveraging the strengths of "Made in Australia" and promoted further investment in increased production</li> </ul>

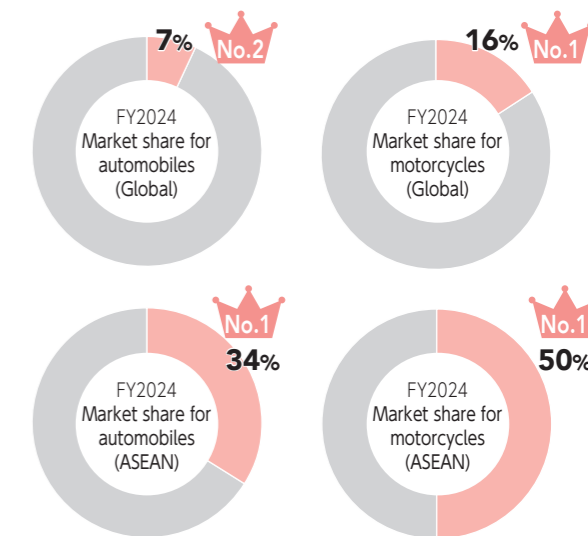
### China

Initiatives	Progress
<ul style="list-style-type: none"> <li>Promote fundamental review of business</li> </ul>	<ul style="list-style-type: none"> <li>Completed the transition of three China-based consolidated subsidiaries to the equity method</li> </ul>

## Performance Trends



## Market Share



Note: Based on the Company research

## SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Business development tailored to regionally-focused sales and strong trust-based relationships with partners in each country</li> <li>Extensive business knowledge and experience in the production and sales expansion of lead-acid batteries overseas</li> <li>No. 1 market share and brand power in ASEAN</li> <li>Established presence as the sole lead-acid battery manufacturer in Australia</li> </ul>	<ul style="list-style-type: none"> <li>Sales ability in areas without sites</li> <li>Decentralization of resources by multi-site deployment</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Slowdown in the pace of vehicle electrification</li> <li>Progress of motorization in emerging countries</li> <li>Expansion of auxiliary batteries market for electric vehicles</li> <li>Trends in the restructuring of the lead-acid battery industry</li> </ul>	<ul style="list-style-type: none"> <li>Changes in the market share of Japanese new car manufacturers due to the electrification of vehicles in ASEAN, and price weakening due to the entry of Chinese competitors</li> <li>Impact on the supply chain and business strategy due to policies in Europe and North America</li> <li>Increasing geopolitical risks and worsening economic conditions in sales regions</li> </ul>

## Strategy by Region

### European Region

Leveraging our global supply chain and brand power, we will expand sales of high value-added products in the UK and EU markets



### Southeast Asia

#### Thailand

As a core site for automotive lead-acid batteries, further expansion of market share in Thailand and strengthening of sales expansion into neighboring countries

Production capacity (Thailand)  
Approx. 20% increase

#### Indonesia

As a core site for motorcycle batteries, maintain an overwhelming share in the Indonesian market and expand group profits by increasing exports

#### Vietnam

Further expansion of market share in the motorcycle battery market and sales expansion accompanying increased demand for automotive batteries