

# Business Outlook

## Specialized Batteries and Others

### Message from the President of GS Yuasa Technology

We have a track record of the world's first adoption of lithium-ion batteries for aircraft and submarines and boast high recognition in special areas. We are No. 1 in the world in terms of the capacity of batteries installed in satellites. Our strength is technology development capabilities that allow us to win adoption into new public infrastructure making use of this advantage.

For batteries for defense applications, we receive orders for development and mass production of thermal batteries and proceed with a production increase plan. As for space applications, thermal batteries and lithium-ion batteries are adopted for domestic H3 rockets, and the amount of orders received for commercialization is expected to increase. In addition, we participated in the US's Artemis (lunar exploration) program, developed batteries to be used in a living environment like the International Space Station, and have already delivered some products. As for aircraft applications,

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the replacement of lithium-ion batteries delivered on an OEM basis has been in steady progress and is a main source of profit.

During the term of the Sixth Mid-Term Management Plan, demand for lithium-ion batteries for submarines is expected to remain firm, while demand from airlines (for replacement) for lithium-ion batteries for aircraft will expand and volumes will increase. We expect year-on-year increases in sales and profit in FY2024 as well and hope to achieve three straight quarters of increases in sales and profit.

### Basic information

FY2023  
Market share  
for  
space use

World-Class

Number of sites (As of March 31, 2024)

Production	3 sites
Sales	2 sites

### SWOT analysis

<ul style="list-style-type: none"> <li>The only one specialized batteries manufacturers in Japan</li> <li>High technological capability and reliability that allow us to win adoption into new public infrastructure</li> </ul>	<p>Strengths <b>S</b></p>	<ul style="list-style-type: none"> <li>Delay in digitalization</li> <li>Aging equipment</li> </ul>	<p>Weaknesses <b>W</b></p>
<ul style="list-style-type: none"> <li>Establishment and enforcement of the Act on Enhancing Defense Production and Technology Bases</li> <li>Expansion of new market such as for space use</li> </ul>	<p>Opportunities <b>O</b></p>	<ul style="list-style-type: none"> <li>Higher costs due to increased development difficulty</li> <li>Occurrence of incidents arising from batteries</li> <li>Increased social responsibility</li> <li>Concern over stable procurement of lithium-ion battery components due to geopolitical risks</li> </ul>	<p>Threats <b>T</b></p>

### Outlook for the Sixth Mid-Term Management Plan

#### Policy

Contribute to the building of new public infrastructure through batteries with the highest level of performance and quality

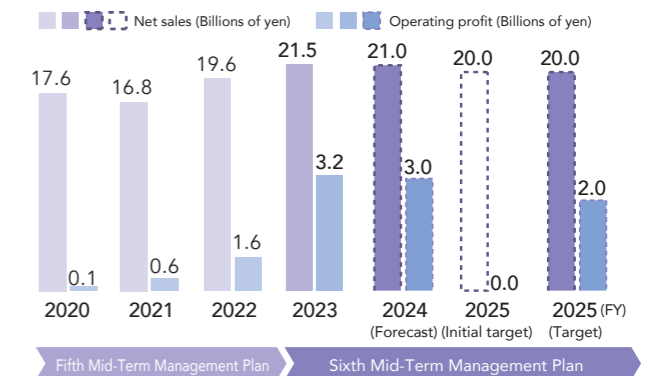
#### Strategies and important tasks

- | Specialized batteries business  | Others  |
|---|---|
| <ul style="list-style-type: none"> <li>Improve profitability due to efforts to strengthen the foundation of the defense industry</li> <li>Development of next-generation lithium-ion batteries for submarines</li> <li>Response to expanded demand of lithium-ion batteries for aircraft</li> <li>Expand sales of lithium-ion batteries for satellites</li> </ul> | <ul style="list-style-type: none"> <li>Increase in environmental response costs</li> <li>Increase in costs for DX and creation of new business</li> </ul> |

#### Future initiatives

- [Lithium-ion batteries for submarines]
  - Secure reasonable profits and prepare for the demand for battery replacement
- [Other special batteries]
  - Boost production to improve defense capabilities

#### Net sales, operating profit, operating profit ratio



Note: Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment from FY2023. In conjunction with this change, figures for FY2022 were restated according to the modified segments.

#### Outlook for the fiscal year ending March 31, 2025

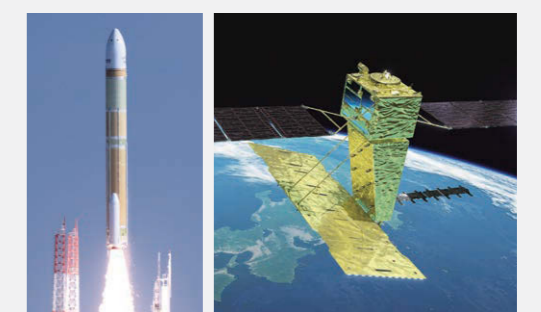
- Lithium-ion batteries for submarines**
  - In addition to the new ships previously produced, promote preparations to increase production to accommodate replacement batteries
- Lithium-ion batteries for aircraft and space use**
  - Expansion of order-taking activities for constellation satellites\* for intended uses

\* A system where multiple satellites are linked and operated as a single unit.

### TOPICS

#### Dedicated Batteries Developed by GS Yuasa Installed in the Third H3 Launch Vehicle and the Advanced Land Observing Satellite-4 "DAICHI-4" (ALOS-4)

Batteries developed and manufactured by GS Yuasa Technology Ltd. (GYT) have been installed in the Third H3 Launch Vehicle developed by Mitsubishi Heavy Industries, Ltd. and the Japan Aerospace Exploration Agency (JAXA), which was launched on July 1, 2024, as well as the Advanced Land Observing Satellite-4 "Daichi-4." GYT's lithium-ion batteries\*2 for use in space have been installed in the Daichi-4, an advanced land observation satellite which contributes to disaster monitoring, forest observation, marine surveillance, etc. The batteries will supply power to the satellite when it's unable to generate power in the shadow of the Earth.



H3 launch vehicle (Source: JAXA) Daichi-4 advanced land observation satellite (Source: JAXA)