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**GS Yuasa Corporation**  
**Summary of Q&A Session at Financial Results Briefing**  
**for the the Fiscal Year Ending March 31, 2024 (FY2023)**  
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<Outline of financial results briefing>

Date: May 10, 2024 16:00-17:00

Contents:

- Financial results for the fiscal year ended March 31, 2024
- Forecast and initiatives for the fiscal year ending March 31, 2025

Explinator: Osamu Murao, President

Hiroaki Matsushima, Director and CFO

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\*Please note that this "Summary of Q&A session" is not a verbatim transcript of everything said at the financial results briefing, but a concise summary at the Company's discretion.

\*Abbreviations and terminology in the text

■ Company Name

BEC: Blue Energy Co., Ltd.

LEJ: Lithium Energy Japan, Inc.

■ Others

BEV: Battery EV

EV: Electric Vehicle

PHEV: Plug-in hybrid vehicle

HEV: Hybrid Electric Vehicle

ESS : Energy Storage Systems

Emergency Field : Used for emergency backup in data centers and communications base stations and other facilities

Regular Field : Used for continuous charging and discharging in renewable energy, energy management, etc.

[Question 1]

Regarding the fiscal year 2023, how much impact did inflation accounting have on your most recent plan? I assume that it has nothing to do with ordinary income since it comes back non-operating, but please tell me more about it, including the amount. It seems that the performance was considerably better than expected, even taking into account the impact of inflation accounting, but what was the impact including the actual results?

[Answer 1]

The impact of inflation accounting on operating income is about 2.6 billion yen. The mandatory application of IFRS accounting standards by Inci GS Yuasa in Turkey has become obligatory, and although we had not incorporated it in our forecast from the December financial results, we decided that we should adjust to the local IFRS basis as we approach this fiscal year's closing, so we incorporated it in the fiscal year ending March 31. The company's operating income of 41.6 billion yen was actually a little better than the previous year's performance.

[Question 2]

I think overall performance was better than expected, but the automotive lithium-ion batteries business did not generate much profit. Why is there not much profit growth even in the forecast for the fiscal year ending March 31, 2025? There were certification irregularities by the Toyota Group at the end of the previous fiscal year, and we believe that compensation, if any, has been incurred for this, and that there will be some recovery production in the fiscal year ending March 31, 2025. Also, I think fiscal year 2024 forecast is not very strong, given the strong performance of HEVs for North America, mainly Honda, and the fact that BEC's previous operating income margin was about 10%. What are the reasons for this?

[Answer 2]

The impact was about 2 billion yen due to a slightly underestimated inventory valuation forecast at BEC and the accounting for the valuation review. In fiscal year 2023, this was due to the downward trend in raw

material prices. In addition, the company is expanding its facilities in line with the expansion of production capacity to 50 million cells per year, but there was a temporary deterioration in yield, which also had an impact on the company's performance. However, we believe that we will be able to increase profits in FY2024 compared to the previous fiscal year.

[Question 3]

What is the impact of taxes at the end of the period? Taxes appear to be low, what are the factors?

[Answer 3]

In fiscal year 2023, we implemented two measures: restructuring in China and making LEJ a wholly owned subsidiary and liquidating it. I think you are aware that these two companies have incurred considerable losses in the past. As you can understand from the difference between tax and accounting purposes, the completion of the reorganization in fiscal year 2023 had a tax effect of nearly 5 billion yen, especially for LEJ. The reorganization in China also had an expected tax benefit of 1 billion yen, resulting in a significant decrease in taxes. If you look at the table here, you will see that the apparent effective tax rate has dropped significantly.

[Question 4]

Regarding the automotive lithium-ion-ion batteries business, what are the assumptions for your plan for the new fiscal year? Net sales are projected to increase 6% year-on-year, but can you also tell us whether the volume will increase by 6% or whether the assumptions for raw materials and costs are different from the previous year? Also, regarding profits, I believe that the previous year's plan included a supplemental payment from a new manufacturer, but could you tell us whether this has already been included in the previous year's results or whether it has been delayed?

[Answer 4]

We are projecting sales of 90 billion yen in fiscal year 2024, but we

expect an increase in sales volume due to increased demand for HEVs, and we plan to start supplying new manufacturers this fiscal year. Since the sales volume of PHEVs is expected to increase due to an increase in the number of models adopted, net sales are expected to increase, and profits are also expected to increase in line with the increase in the volume. In BEC, the compensation for new manufacturers' term loss is in fiscal year 2023 and is not recorded in fiscal year 2024.

[Question 5]

Regarding the depreciation of the automotive lithium-ion batteries business, I believe the new fiscal year is expected to be about the same as the previous year, 5 billion yen, and the actual amount for fiscal year 2023 is 4.9 billion yen, which is about 10 billion yen over these two years. The Sixth Mid-Term Management Plan projects depreciation of 25 billion yen over three years, which means that the company will spend about 14 billion yen in the final year of the mid-term plan. Is this correct?

[Answer 5]

We had planned to depreciate 24 billion yen over the three-year period of the Sixth Mid-Term Management Plan and assumed that depreciation would occur to some extent in fiscal year 2025. We had also assumed a certain amount of depreciation capital investment in R&D, and there is an impact that this portion will fall to equity. There are some aspects where capital investment has been slightly delayed, so we will confirm the details and respond again.

[Question 6]

Regarding the automotive lithium-ion-ion batteries business, I think the market for HEVs in fiscal year 2024 is expected to grow by about double-digit percent, but I think GS Yuasa's forecast is less growth than the market. Are you making your forecasts conservatively? Also, we understand that deliveries by the fourth new manufacturer will begin in fiscal year 2024, but how much of the fourth manufacturer's sales have you factored into your forecast?

[Answer 6]

Regarding the quantity forecast for LiBs for HEVs, we have included an estimated figure based on the expected quantities of vehicles to be adopted by Toyota and Honda. In addition, the fourth company that was scheduled to supply in fiscal year 2023 will probably start from the second half of fiscal year 2024, so this figure is included in the forecast for fiscal year 2024.

[Question 7]

Is the production capacity expansion of LiB for PHEVs included in the forecast for this fiscal year?

[Answer 7]

We are expanding the annual production capacity of LiBs for PHEVs from 6 million cells to 8 million cells, and we plan to allocate some production capacity to LiBs for ESS, which we believe will grow from the second half of the year. We have factored this into our plans.

[Question 8]

Is the inflation accounting impact only in fiscal year 2023 and not in fiscal year 2024? Or will it continue to have an impact in fiscal year 2024 and beyond? Does this mean that there will be an impact of about the same size in fiscal year 2024 as in fiscal year 2023, just under 3 billion yen?

[Answer 8]

We recognize that the impact of inflation accounting is not temporary and will continue for the foreseeable future beyond fiscal year 2024. It should be understood that it will continue as long as the rate of inflation increase in the Turkish economy does not subside. The amount of impact depends on the inflation rate, but if the inflation rate is about the same, the impact on operating income will be about the same. However, there is no impact on net income.

[Question 9]

You mentioned that "We assume that the impact of the selling price

shift this fiscal year will be limited due to continued inflation." However, since you also mentioned that the company "promotes the selling price shift in each business," how is this factored into your plan? Will there be any changes depending on the results of the promotion of selling price shifting?

[Answer 9]

In fiscal year 2023, the effect of the price pass-through was very large, especially in the industrial batteries and power supplies business. Since it is difficult to pass on selling prices to the market every year, we assume that the impact will be more limited than in the previous year at the planning stage. We would like to continue our efforts to pass on selling prices in our sales activities, but we believe that the impact will be less than in fiscal year 2023.

[Question 10]

Regarding the automotive lithium-ion-ion batteries business, you mentioned that BEC incurred a cost of 2 billion yen due to inventory valuation in fiscal year 2023, but is this a one-time event? Also, when planning for the current fiscal year, will the impact of the inventory valuation run its course? If so, does that mean that there will be no rebound of 2 billion yen due to start-up costs, etc.?

[Answer 10]

The inventory valuation review is for fiscal year 2023 and will not be carried over to fiscal year 2024. As for the profit forecast, there are many factors to consider, and currently I think the operating income margin will be around 4.4-4.5% for the automotive lithium-ion-ion batteries business.

[Question 11]

Regarding the breakdown of expenses, I think that expenses increased more than expected in the 4Q. As you explained earlier, I believe that the increase is due to the revaluation loss on inventory, deterioration of yield, and the increase in necessary expenses associated with the start of full-scale operation of BEC's second plant, but how much of the

increase can be regarded as transitory? Regarding BEC's operating income ratio, I believe it was very high in the 3Q. What is the difference between the 3Q and 4Q, and is it possible that the 3Q was a one-off and too positive?

In addition, is it your assumption that the yield deterioration will not have such a significant impact in fiscal year 2024? Or will the deterioration in yield continue to have an ongoing impact as production capacity continues to increase?

[Answer 11]

Please forgive me for the details regarding the breakdown of expenses. The yield rate has been recovering considerably since the second half of fiscal year 2023, and we believe that it will improve in fiscal year 2024. Of BEC's annual production capacity of 50 million cells, the annual production volume in fiscal year 2023 was about 40 million cells. If orders rise a little more, we think the yield will improve.

[Question 12]

Regarding lead-acid batteries, I assume that you expect a recovery in the ASEAN region, especially in Indonesia, in the fiscal year ending March 2025. At the moment, I think the Indonesian economy is not recovering very well, so please tell us the degree of recovery you expect as GS Yuasa. I believe that as ASEAN recovers, the mix will improve and profits will increase, so the operating income forecast of +1.4 billion yen from the previous year appears to be a conservative estimate. What are your assumptions/timing for the ASEAN recovery and how do you view profits?

[Answer 12]

Regarding the second question, market conditions in the Indonesian market for lead acid batteries were not good in fiscal year 2023, but we expect the market to pick up in the second half of fiscal year 2024.

[Question 13]

What is the intention and background behind the change of president? Do you envision a review of the mid-term plan, and what is your

thinking behind it?

[Answer 13]

Last spring, we announced Vision 2035 and presented the areas we would focus on and our vision for 2035 and 2050. Due to some events such as the restructuring of China and LEJ in fiscal year 2023, we decided to change at this time. I decided to step down at this time because I had served the same nine years as my predecessor, but the most significant trigger was the announcement of Vision 2035 last year. We would like to present the Sixth Medium-Term Management Plan after taking a good amount of time and reviewing the goals of the Medium-Term Management Plan with a clear view, since there have been many changes and we have exceeded the final year's goals in the first year. A briefing session will be held around July.

[Question 14]

Regarding the automotive batteries segment in Japan, I believe that lead prices continue to rise. The assumption in the announcement is that prices will remain at the same level as last year, but what are your thoughts on raising prices and passing lead prices on to the selling price for new vehicles and for replacement batteries, respectively? The price of lead has remained at a higher level than assumed, but even if this level continues, is it your view that the price will not be raised because it is lower than the assumed level?

[Answer 14]

For new automobiles, a sliding scale plan is used so that the selling price is automatically passed on against the lead price. For those for replacement, price increases are announced when lead prices exceed a certain threshold. The past lead price trends are shown in the lower right-hand corner of p. 25, and the timing of the price increase is important for replacement. At this point, the current lead price is not that far from our forecast. If the price increases further, we believe it will be necessary to raise the price for replacement as well.



[Question 15]

Regarding the industrial batteries and power supplies business, you are forecasting an increase in sales and a decrease in profit for fiscal year 2024. Demand related to renewable energy is also strong, and demand for forklifts is expected to increase in the future, but why do you expect a decrease in profit even in this environment?

[Answer 15]

Although inquiries have been very strong, we do not expect to be able to continue to pass on selling prices in this area in 2024, and we expect the impact to be limited, so we expect volume to increase but profits to remain flat year on year. We will continue to make efforts to raise prices in our sales activities.

[Question 16]

Looking back on the past, what have you accomplished, what are your challenges, and how would you like to pass the baton to the next president? What are President Murao's thoughts?

[Answer 16]

GS Yuasa has long been pursuing a business strategy of earning money from its existing business of automotive batteries and industrial batteries and power supplies, and channeling this money into automotive lithium-ion batteries. The percentage of automotive lithium-ion batteries is gradually increasing, and the company is beginning to realize this direction. However, although the company's earning capacity is increasing, we believe that it can still make more money than overseas manufacturers of lead-acid batteries. As for lithium-ion batteries, while BEVs are said to be at a standstill, we believe that the BEV trend will remain unchanged in the future. Looking globally, the direction is different on both a regional and time axis, so we believe that our past efforts in HEVs and PHEVs, which we have been working on a multi-faceted basis, will come to life.