

Six Months Ended September 30, 2023 (FY2023) Result Briefing



November 9, 2023
GS Yuasa Corporation

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FY2023 Second Quarter Financial Results

Point of FY2023 Second Quarter Financial Results



FY2023 Second Quarter Financial Results (Apr. - Sep.)

	FY2022 Apr. - Sep.	FY2023 Apr. - Sep.	Difference	Change
Net sales	235.2 billion yen	256.8 billion yen	+21.6 billion yen	+9.2 %
Operating income	8.2 billion yen	12.7 billion yen	+4.5 billion yen	+54.1 %
Operating income before amortization of goodwill	8.8 billion yen	12.9 billion yen	+4.1 billion yen	+47.6 %
Ordinary income	6.0 billion yen	12.0 billion yen	+6.0 billion yen	+99.4 %
Profit	1.7 billion yen	6.0 billion yen	+4.3 billion yen	+247.7 %
Profit before amortization of goodwill	2.2 billion yen	6.2 billion yen	+4.0 billion yen	+176.8 %

Performance Trends

- Factors for the increase in net sales and operating income;
 - Revision of selling prices
 - Increase in sales volume of lithium-ion batteries for hybrid vehicles
- Factors for the increase in ordinary income and net profit;
 - Improvement in equity in earnings of affiliates
 - Improvement of foreign exchange gains and losses

Here are the topical points of fiscal year 2023 second quarter financial results.

Net sales and operating income increased on a year-on-year basis, thanks to the revision of selling prices across the Company's business units, and primarily due to an increase in sales volume of lithium-ion batteries for hybrid vehicles.

Ordinary income and profit attributable to owners of parent also increased, year-on-year, thanks to improvements in equity in earnings of affiliates and foreign exchange gains and losses.

1. Net Sales, Profits



	FY2022 Apr. - Sep.	FY2023 Apr. - Sep.	Change (YoY%)	(Billion yen)	
				[Reference]	
				Forecast for FY2023	
				Initial forecast	Estimated for Nov. 2023
Net sales	235.2	Record 256.8	+21.6 (+9.2%)	580.0	560.0
Gross profit	49.2	Record 55.1	+5.9	-	-
Operating income	8.2	Record 12.7	+4.5 (+54.1%)	33.0	37.0
(Operating income ratio)	3.5%	Record 4.9%	+1.4P	5.7%	6.6%
Operating income before amortization of goodwill	8.8	Record 12.9	+4.1	34.0	37.5
(Operating income ratio before amortization of goodwill)	3.7%	Record 5.0%	+1.3P	5.9%	6.7%
Ordinary income	6.0	Record 12.0	+6.0 (+99.4%)	27.0	32.0
Extraordinary income	1.5	Record 0.5	-1.0	-	-
Extraordinary loss	0.3	Record 0.8	+0.5	-	-
Profit before income taxes	7.2	Record 11.7	+4.5	-	-
Income taxes	3.2	Record 2.9	+0.3	-	-
Profit attributable to non-controlling interests	2.3	Record 2.9	+0.6	-	-
Profit	1.7	Record 6.0	+4.3 (+247.7%)	14.0	16.0
(Profit ratio)	0.7%	Record 2.3%	+1.6P	2.4%	2.9%
Profit before amortization of goodwill	2.2	Record 6.2	+4.0	15.0	16.5
(Profit ratio before amortization of goodwill)	0.9%	Record 2.4%	+1.5P	2.6%	2.9%
Domestic lead price quote (¥10,000/t)	34.17	Record 36.84	+2.67	34.6	38.1
LME (US\$/t)	2,090	Record 2,144	+54	2,100	2,200
Exchange rate (¥/US\$)	135.30	Record 142.61	+7.31	135.00	145.00

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We registered 256.8 billion yen in consolidated net sales in the second quarter of fiscal year 2023, a year-on-year increase of 21.6 billion yen.

We registered 12.7 billion yen in operating income, a year-on-year increase of 4.5 billion yen, while operating income before amortization of goodwill stood at 12.9 billion yen, a year-on-year increase of 4.1 billion yen.

We registered 12 billion yen in ordinary income, a year-on-year increase of 6 billion yen.

This increase was on account of improvements in equity in earnings of affiliates and foreign exchange gains and losses.

We registered 6 billion yen in profit attributable to owners of parent, a year-on-year increase of 4.3 billion yen.

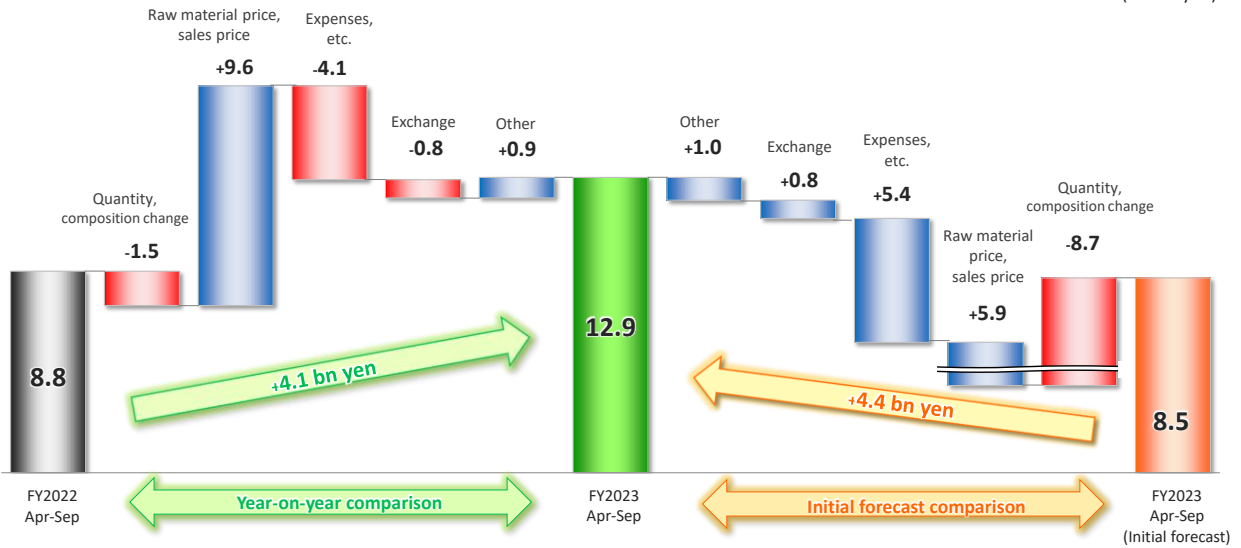
Lastly, we registered 6.2 billion yen in profit before amortization of goodwill, a year-on-year increase of 4 billion yen.

Net sales, operating income, ordinary income, and profit all achieved new record highs.

1. Net Sales, Profits

Factors for Operating Income Change (Year-on-year / Initial forecast comparison)

(Billion yen)



Note : Operating income is operating income before amortization of goodwill.

Shown here are the change factors for operating income before the amortization of goodwill.

The left side shows a year-on-year comparison, while the right side shows a comparison with the initial forecast.

On a year-on-year basis, while surging raw material prices resulting from exchange rates had a negative impact, we made good progress in revising prices and consequently raw material price and sales price made a positive contribution to operating income of 9.6 billion yen.

On the other hand, expenses, etc., made a negative contribution of 4.1 billion yen, resulting primarily from an increase in costs proportional to a sales increase of lithium-ion batteries for hybrid electric vehicles.

Additionally, realized results exceeded the initial forecast by 4.4 billion yen.

While quantity - primarily overseas - had a negative impact, we made progress in revising sales prices and rationalized expenses, and this allowed us to secure growth in operating income.

2. Segment Results



(Billion yen)

		FY2022 Apr. - Sep.		FY2023 Apr. - Sep.		Change		[Reference] Forecast for FY2023			
		Initial forecast		Estimated for Nov. 2023				Initial forecast		Estimated for Nov. 2023	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)
Automotive Batteries	Japan	37.7	1.8 (4.7)	41.1	2.2 (5.3)	+3.4	+0.4 (+0.6)	94.0	5.5 (5.9)	95.0	7.0 (7.4)
	Overseas	121.8	6.1 (5.0)	125.4	7.6 (6.1)	+3.6	+1.5 (+1.1)	252.0	15.0 (6.0)	247.0	16.0 (6.5)
Industrial Batteries and Power Supplies		39.5	0.6 (1.5)	39.5	1.4 (3.5)	+0.0	+0.8 (+2.0)	111.0	9.0 (8.1)	110.0	9.5 (8.6)
Automotive Lithium-ion Batteries		27.3	0.2 (0.7)	40.6	0.7 (1.8)	+13.3	+0.5 (+1.1)	103.0	4.0 (3.9)	88.0	4.0 (4.5)
Specialized Batteries and Others		8.9	0.1 (1.5)	10.2	1.1 (10.3)	+1.3	+1.0 (+8.8)	20.0	0.5 (2.5)	20.0	1.0 (5.0)
Total		235.2	8.8 (3.7)	256.8	12.9 (5.0)	+21.6	+4.1 (+1.3)	580.0	34.0 (5.9)	560.0	37.5 (6.7)

FY2023 Apr. - Sep. Result

- Production of automobiles increased due to mitigation of the impact of COVID-19 and mitigation of semiconductor shortage
- Regarding trends in lead price, LME is progressing stable but domestic lead prices remained high due to the impact of yen depreciation (LME:2,090US\$/t in FY2022⇒2,144US\$/t, domestic basis of lead price:¥342,000/t in FY2022⇒¥368,000/t)
- The yen continues to weaken against the U.S. dollar (¥135.30 /US\$ in FY2022⇒¥142.61 /US\$)

Note 1 : Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.
 Note 2 : Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 2nd quarter of fiscal 2022 were restated according to the modified segments.

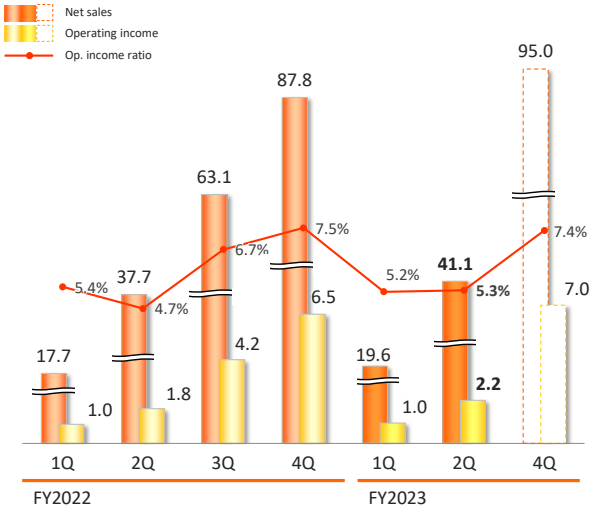
I will be delving into the details starting on page 8, but the bird's-eye view is that GS Yuasa was able to grow sales and profits across all segments.

While the price of lead - one of the key raw materials in our products - was stable on the LME, a weaker yen meant domestic prices remained high.

2. Segment Results (Automotive Batteries (Japan))

Automotive Batteries (Japan)

Net Sales, Operating income, Op. income ratio (Billion yen)



Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

Sales and profit increased

FY2023 2Q Sales Overview (Apr. - Sep.)

- [For new automobiles] ↗
Sales volume increased because production of new automakers recovered due to mitigation of semiconductor shortage and revision of selling prices progressed
- [For replacement] ↘
Sales remained at the same level as the previous year, mainly due to the revision of selling prices although sales volume declined due to recovery in demand for new automobiles

Profit Change Factors (Apr. - Sep.)

Quantity, composition change	-0.2	Decrease due to change of sales composition of products
Raw material prices, sales price	+0.8	Increase due to revision of selling prices
Expenses, etc.	-0.2	

I will now be going over the details for each segment, starting with the Automotive Battery segment in Japan.

Sales and profits increased in this segment.

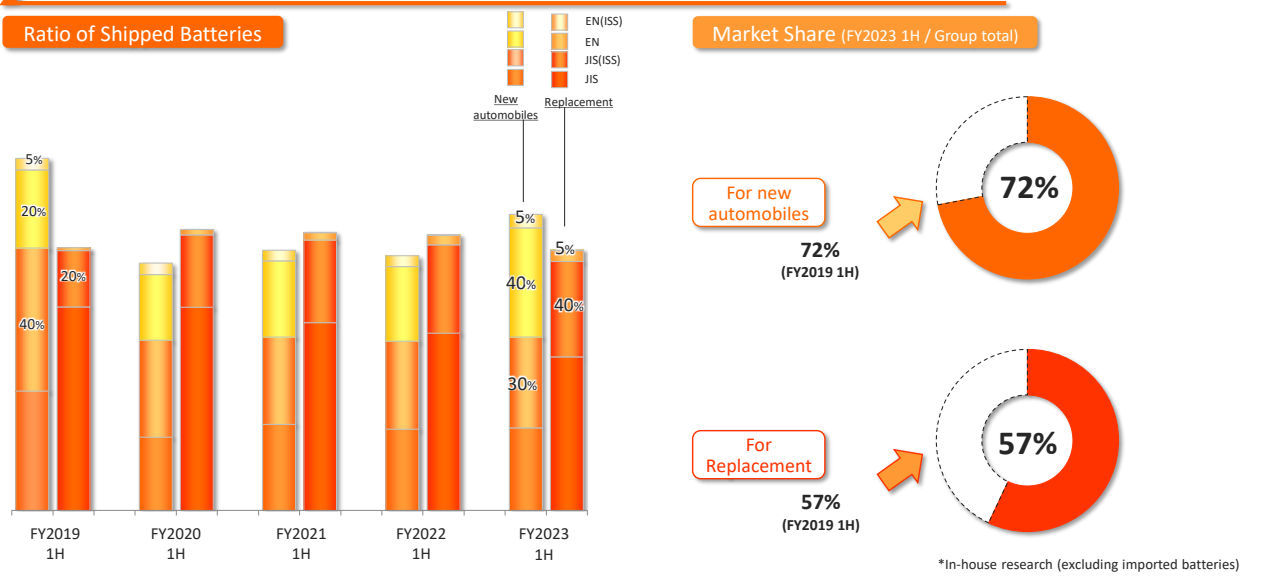
Sales volume of batteries for new automobiles increased as the mitigation of the semiconductor shortage made possible a recovery in production levels on the part of automakers, and also thanks to progress in the revision of selling prices.

While sales volume of batteries for replacement declined slightly, progress in the revision of selling prices allowed us to maintain sales at the same level as in the previous year.

In terms of operating income, sales quantity and composition change led to a worsening of the product mix and an increase in expenses, but this was offset by a profit increase thanks to progress in the revision of selling prices.

2. Segment Results (Automotive Batteries (Japan))

Ratio of Shipped Batteries for New Automobiles and Replacement / Market share



Next is GS Yuasa’s ratio of shipped batteries in Japan for new automobiles and for replacement, and its market share.

We registered a significant year-on-year recovery in the ratio of shipped batteries for new automobiles compared to the period between fiscal years 2020 and 2022, which was marked by the negative impact of COVID-19 and the semiconductor shortage.

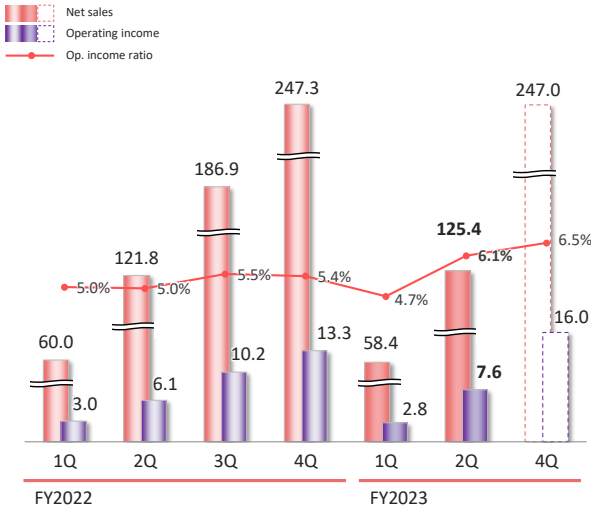
In the market of replacement batteries, the share of batteries for start and stop vehicles - which are high value-added batteries - continues a steady climb, and at the same time, we are also gradually seeing an increase in replacement demand for European Standard-compliant (abbreviated as "EN") batteries.

Our market share in batteries remains unchanged from fiscal year 2019 levels - pre-COVID-19 - at 72% for new automobiles and 57% for replacement.

2. Segment Results (Automotive Batteries (Overseas))

Automotive Batteries (Overseas)

Net Sales, Operating income, Op. income ratio (Billion yen)



Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

Sales and profit increased

FY2023 2Q Sales Overview (Apr. - Sep.)

- [Southeast Asia] 📉 Sales volume of batteries for automobiles and motorcycles decreased
- [Europe and Australia] 📈 Net sales increased due to steady sales volume of automotive batteries and revision of selling prices
- [China] 📉 Sales volume for new automobiles decreased

Profit Change Factors (Apr. - Sep.)

Quantity, composition change	-4.0	Decrease in sales volume primarily in China and Indonesia
Raw material prices, sales price	+7.6	Increase due to reflection of selling price of rising cost
Expenses, etc.	-1.3	Increase in expenses due to the impact of inflation
Exchange	-0.8	Impact of the depreciation of the Turkish lira

Next is the Overseas Automotive Battery segment, which registered an increase in sales and profits.

In Southeast Asia, especially in Indonesia, we had seen rush demand preceding price hikes in the previous period.

While this extra demand was absent in the first quarter, leading to a decrease in sales quantity, we started seeing a recovery in the second quarter, with the rate of decrease being less and less pronounced over time.

In China, sales volume for new automobiles decreased significantly, especially on account of a poor performance by Japanese automakers in this market.

We also faced headwinds here in terms of profits, as well.

As announced in July, Leoch Battery was set to acquire controlling stakes in GS Yuasa's two consolidated subsidiaries in China, and this transaction was completed on October 31st.

Net sales is on a rising trend in European and Australian markets, on account of the revision of selling prices.

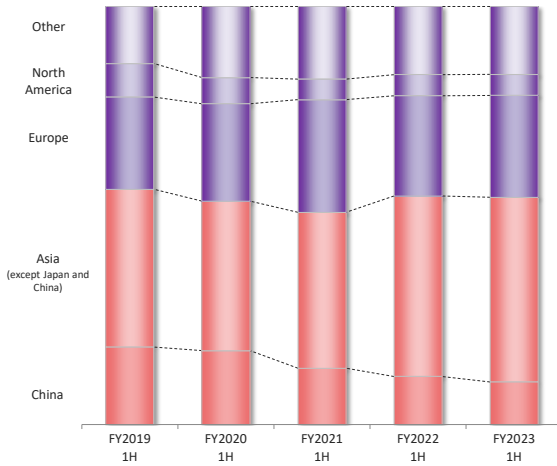
While we registered a decrease in sales quantity in China and Southeast Asia, some success in price revisions in markets such as Europe and Australia allowed us to post an increase in segment profits.

Despite a weaker yen, depreciation of the Turkish lira negatively affected the foreign exchange rate, which weighed down on operating income.

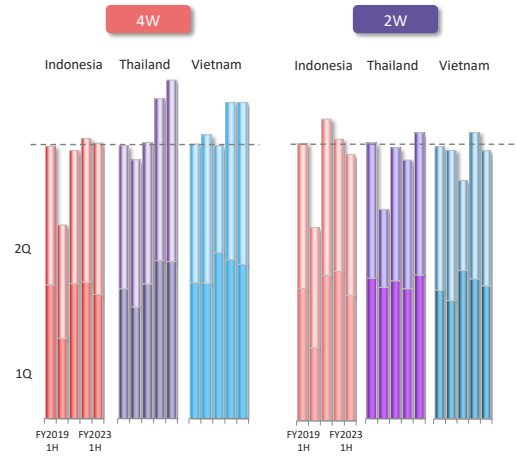
2. Segment Results (Automotive Batteries (Overseas))

Sales / Market share by region

Sales by Region (Automotive Batteries (Overseas))



Ratio of Shipped Batteries in Indonesia, Thailand, Vietnam



*Including equity method affiliates

Page 11 discusses sales and market share by region globally, in the Overseas Automotive Battery segment, as well as the ratio of shipped batteries in ASEAN - where GS Yuasa has a significant presence.

As you can see, globally, the sales share for the ASEAN region continues on an upward trend, growing with each passing year.

GS Yuasa aims to maintain a high market share in ASEAN, while at the same time working toward further profitability improvements through the introduction of new products and optimal production systems.

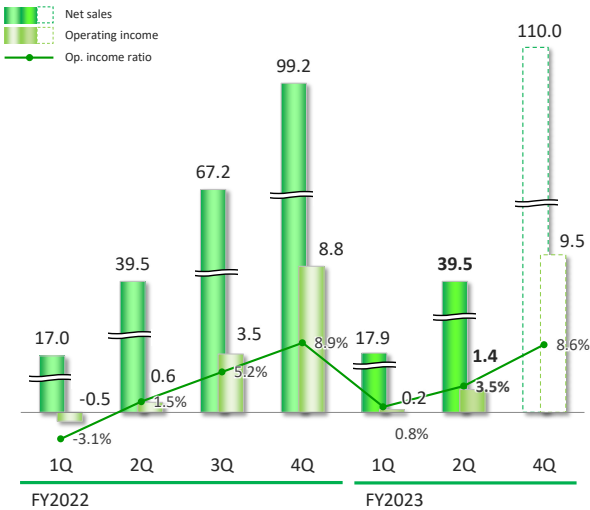
We based Vision 2035 on a worst-case scenario premised on the gradual phasing out of lead-acid batteries for automobiles.

With that being said, global vehicle ownership numbers are on the rise, especially in ASEAN, so we believe there will continue to be robust demand for lead-acid batteries over the foreseeable future.

2. Segment Results (Industrial Batteries and Power Supplies)

Industrial Batteries and Power Supplies

Net Sales, Operating income, Op. income ratio (Billion yen)



FY2022

FY2023

Note: Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 2nd quarter of fiscal 2022 were restated according to the modified segments.

Sales and profit increased

FY2023 2Q Sales Overview (Apr. - Sep.)

- [Regular field (Japan)] Sales of energy storage systems launched in the second half of FY2022 increased
- [Emergency field (Japan)] Sales of backup batteries and power supplies remained steady due to the impact of the selling price revision, etc.
- [For forklifts (Global)] Sales volume in Japan decreased, but net sales increased due to the revision of selling prices, etc.

Profit Change Factors (Apr. - Sep.)

Quantity, composition change	-0.2	
Raw material prices	+1.2	Increase due to revision of selling price
Expenses, etc.	-0.2	

The Industrial Battery and Power Supply segment, too, registered an increase in sales and profits.

Sales increased in the regular field, which is a field that is expected to see growth going forward.

Sales of backup batteries and power supplies remained steady thanks to the execution of selling price revisions, etc.

In terms of batteries for forklifts, as well, while sales volume decreased slightly in Japan, net sales increased thanks to the execution of selling price revisions, etc.

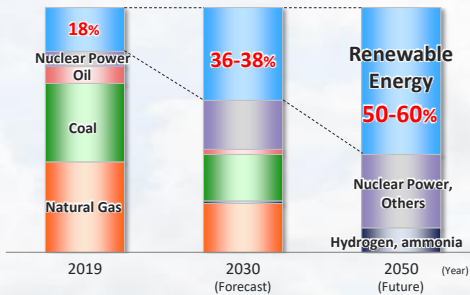
In fiscal year 2022, GS Yuasa announced price revisions to offset soaring raw material prices.

These efforts have borne fruit, allowing us to grow operating income.

2. Segment Results (Industrial Batteries and Power Supplies)

Strategies of Regular Field

Power Supply Composition Forecast in Japan



Source: Agency for Natural Resources and Energy, "Considerations for Achieving Carbon Neutrality in 2050" and "The Sixth Energy Basic Plan"

FY2023 Estimated Budget for Renewable Energies

- Project to accelerate the introduction of renewable energy through the introduction of grid storage batteries, etc. and rationalization of the power distribution network, etc. **Budget request 10.0 billion yen**
- Subsidy to promote demand-side-led introduction of solar power generation **16.5 billion yen**

Growing importance of storage batteries

For achieving carbon neutrality in 2050, the importance of energy storage systems (ESS) is increasing.

Subsidies related to renewable energies are expanding on the demand-side, grid connection, etc.

Utilize expanding opportunities

Regular field

Increase capacity approx. **3 times**
(compared to FY2022)
(Capacity target approx. 300MWh)

Sixth Mid-term Management Plan Period (FY2023-25)



Strengthen competitive ability and improve customer satisfaction

Promote development of PCS with large capacity

Container-integrated ESS (Energy Storage Systems)

Establish all-in-one business

Storage batteries
+ Remote monitoring service (STARELINK Service)

All-in-one business by using storage batteries + remote monitoring service
+ PCS with large capacity

I would now like to discuss our strategy in the regular field, which we intend to grow to become a core pillar in this segment.

The Japanese Government's Green Growth Strategy calls for a drastic shift in the power supply composition in order to achieve carbon neutrality by 2050, with renewable energy accounting for 50% to 60%.

Additionally, an expansion in subsidies related to renewable energies is expected going forward, within the scope of efforts toward carbon neutrality.

Against this backdrop, there has been an increase in the importance of storage battery systems utilizing lithium-ion batteries, deployed to prevent output fluctuations and match supply and demand.

Within storage batteries and systems, GS Yuasa will be strengthening its presence in the renewable energy market by offering all-in-one solutions for maintenance leveraging PCS and remote monitoring services.

We are currently developing a new battery, and once this process is complete and this new battery makes it to market, this will allow us to improve our competitiveness and further enhance our presence in the market for batteries in the regular field.

2. Segment Results (Industrial Batteries and Power Supplies)

Example of Major ESS Projects

Continue to contribute to the utilization of renewable energies by stabilizing the power grid

Kita Toyotomi Substation
(Toyotomi-cho, Teshio-gun, Hokkaido)



- Project owner : North Hokkaido Wind Energy Transmission Corporation
- Delivery : FY2020-2021
- Operation : March 2023
- Capacity : 720 MWh

Overall view of the storage battery facility
(Source: Chiyoda Corporation)

ENEOS Muroran Plant
(Muroran City, Hokkaido)



ENEOS Muroran Plant
(construction phase)

- Delivery : FY2022
- Operation : FY2023 (Plan)
- Capacity : 88 MWh

Chiba Refinery of Osaka International Refining Company, which is part of the ENEOS Group
(Ichihara City, Chiba Prefecture)



Chiba Refinery of Osaka International Refining Company
(conceptual image of completed site)

- Delivery : FY2023, 2024 (Plan)
- Operation : FY2025 (Plan)
- Capacity : 202 MWh

Honda's Kumamoto Factory
(Otsu Town, Kikuchi-gun, Kumamoto Prefecture)



How system will appear when installed

- Project owner : Tokyo Gas Engineering Solutions Corporation
- Delivery : FY2023
- Operation : April 2024 (Plan)
- Capacity : 20 MWh

Tagawa Energy Storage Plant
(Kawara Town, Tagawa-gun, Fukuoka Prefecture)



Lithium-ion storage battery facility

- Project owner : NTT Anode Energy Corporation, Kyushu Electric Power Company Incorporated, and Mitsubishi Corporation
- Delivery : FY2022
- Operation : July 2023
- Capacity : 4.2 MWh

Shown here are some examples of major ESS projects secured and delivered by GS Yuasa.

Between fiscal years 2020 and 2021, we carried out delivery of an interconnected system of large wind power generation in Hokkaido.

This is the largest lithium-ion storage battery facility in the world, with a capacity of 720 MWh.

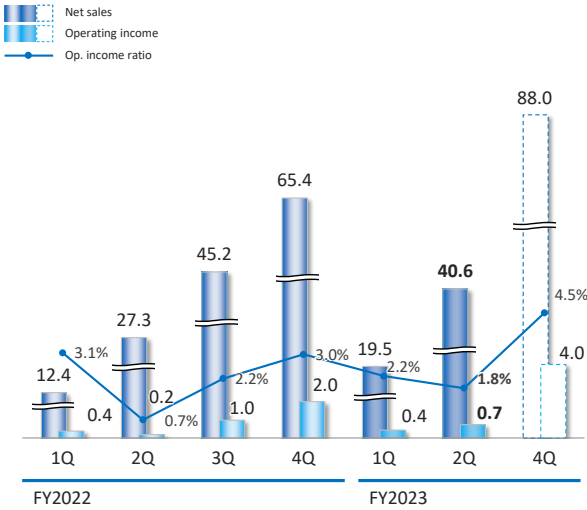
This has been followed by further demand for interconnected storage battery systems, as GS Yuasa continues delivering similar projects, such as Honda's Kumamoto Factory and the ENEOS Muroran Plant.

Going forward, GS Yuasa will continue contributing to the further use of renewable energies by promoting stability in the electrical grid.

2. Segment Results (Automotive Lithium-ion Batteries)

Automotive Lithium-ion Batteries

Net Sales, Operating income, Op. income ratio (Billion yen)



Sales and profit increased

FY2023 2Q Sales Overview (Apr. - Sep.)

- [For HEVs] Sales volume increased due to recovery in production by new car manufacturers as a result of mitigation of semiconductor shortage and strengthening of BEC's production system
- [For PHEVs] Sales volume of equipped models slightly decreased
- [12V Lithium-ion batteries] Sales volume increased due to higher sales of equipped models

Profit Change Factors (Apr. - Sep.)

Quantity, composition change	+2.9	Increase in sales of lithium-ion batteries for HEVs
Raw material prices, sales price	-0.0	
Expenses, etc.	-2.4	Increase in cost accompanied with operation of BEC No.2 plant and increase in production volume, and R&D cost of batteries for BEVs

Next are the results in the Automotive Lithium-ion battery segment.

This segment registered a significant increase in net sales, accompanied by an increase in profits.

Sales volume of lithium-ion batteries for hybrid vehicles increased significantly, thanks to a recovery in production by new car manufacturers.

We are making progress in enhancing its production structure, in order to meet demand from new car manufacturers for lithium-ion batteries for HEVs.

Among these initiatives, Blue Energy No.2 Plant started operations in fiscal year 2022.

Additionally, sales of 12V lithium-ion batteries increased due to higher sales of car models equipped with our batteries.

On the other hand, while an increase in sales quantity and price revisions had a positive effect on operating income, the start of operations at Blue Energy's No.2 Plant, higher costs resulting from an increase in sales volume, and soaring raw material prices offset this to a significant extent, meaning the increase in operating income was somewhat limited.

2. Segment Results (Automotive Lithium-ion Batteries)

Efforts of BEC and LEJ



Blue Energy

Manufacture and sales of automotive batteries (For HEVs)



FY2022 2nd half
Production capacity **50 million cells /year**

FY2025
70 million cells /year

Responding to expanding demand for HEVs from Japanese automakers until mid-2030s

FY2023
Expand sales to manufacturers other than Honda and Toyota

Lithium Energy Japan

Manufacture and sales of automotive batteries (For EVs/PHEVs)

Manufacture industrial batteries (ESS)



<Lithium-ion batteries for EVs and PHEVs>



Begin mass production of new lithium-ion batteries for Mitsubishi Motors "Minicab-MiEV"



Expansion of the number of PHEV models equipped with our lithium-ion batteries for PHEVs

<Industrial lithium-ion batteries>

- Develop new batteries (Third generation)
 - Develop all-in-one business (Container-integrated ESS and PCS with large capacity)
- * Cooperation with Industrial Batteries and Power Supplies Business Unit

Next are initiatives by Blue Energy and Lithium Energy Japan.

We expect growing demand for batteries for HEVs, especially from Japanese automakers, until the mid-2030s.

Against this backdrop, in fiscal year 2011, we started supplying Honda Motor with lithium-ion batteries for HEVs, and also Toyota Motor, starting in fiscal year 2020.

In fiscal year 2023, we have plans to expand sales to other automakers, as well.

Blue Energy's No.2 Plant started operations in the second half of fiscal year 2022 with an annual production capacity of 50 million cells.

We have plans to expand this production capacity and are aiming for an annual capacity of 70 million cells by fiscal year 2025.

Lithium Energy Japan is starting mass production of new lithium-ion batteries for Mitsubishi Motors's "Minicab-MiEV" and will expand the number of PHEV models equipped with our lithium-ion batteries.

2. Segment Results (Automotive Lithium-ion Batteries)

Strategies and Sites of Lithium-ion Batteries for BEVs

Honda • GS Yuasa EV Battery R&D

Research & development of automotive batteries (For BEVs)

At Kyoto office
Start of business on August 1st, 2023



Going beyond a mere supplier-automaker relationship, engineers from Honda and GS Yuasa will search for optimal solutions for batteries and vehicles to promote development

Key technologies that create new added value

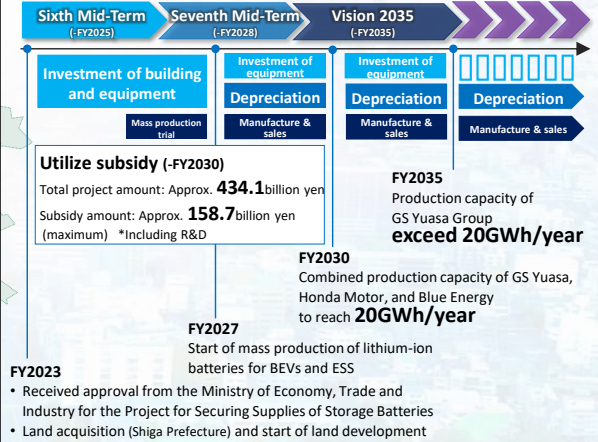
- "Battery cell technology" (GS Yuasa)
- "In-vehicle pack technology" (Honda)
- "Production technology" (GS Yuasa / Honda)

Accelerate innovation by integrating technologies

Business of batteries for BEVs

Manufacture and sales of automotive batteries (For BEVs)
*Including for ESS

<Image of timetable>



I would now like to discuss our strategies for lithium-ion batteries for BEVs, which is an area we seek to deliver a significant leap in.

First, we have Honda • GS Yuasa EV Battery R&D, which is a joint venture between Honda Motor and GS Yuasa.

Within this scope, the idea is to go beyond a mere supplier-automaker relationship, with engineers from both Honda Motor and GS Yuasa searching for optimal solutions for batteries and vehicles to promote development.

We position GS Yuasa's battery cell technology, Honda Motor's in-vehicle pack technology, and both companies' production technology as key technologies for creating new added value in batteries for BEVs.

As such, we aim to accelerate innovation by integrating these technologies.

The right-hand side of the page shows the timetable for the business of BEV batteries.

We will be utilizing 158.7 billion yen in subsidies from the Ministry of Economy, Trade and Industry, and achieve a production capacity for the three companies of GS Yuasa, Honda Motor, and Blue Energy exceeding 20 GWh per year by 2030.

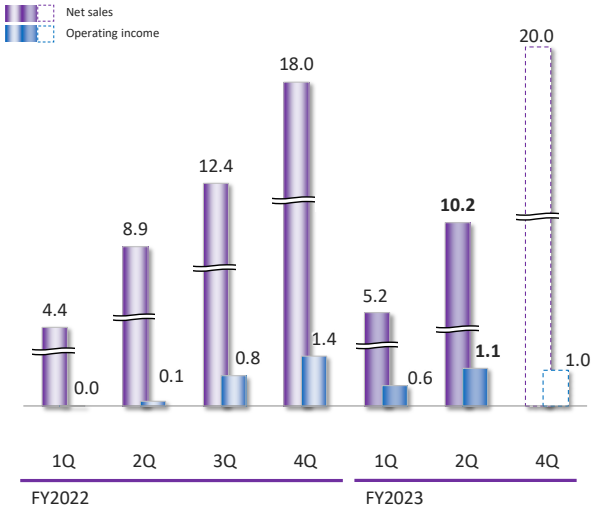
Additionally, we will work to build up the GS Yuasa Group's production capacity to exceed 20 GWh per year by 2035.

2. Segment Results (Specialized Batteries and Others)

Specialized Batteries and Others

Net Sales, Operating income

(Billion yen)



Sales and profit increased

FY2023 2Q Sales Overview (Apr. - Sep.)

- [Lithium-ion batteries for aircraft] Sales volume of batteries for airlines (for replacement) primarily increased
- [Membrane Business] The business was transferred from Industrial Batteries and Power Supplies segment from fiscal 2023

Profit Change Factors (Apr. - Sep.)

Profit increased due to increase in sales of batteries for airlines (for replacement) and decrease in expenses

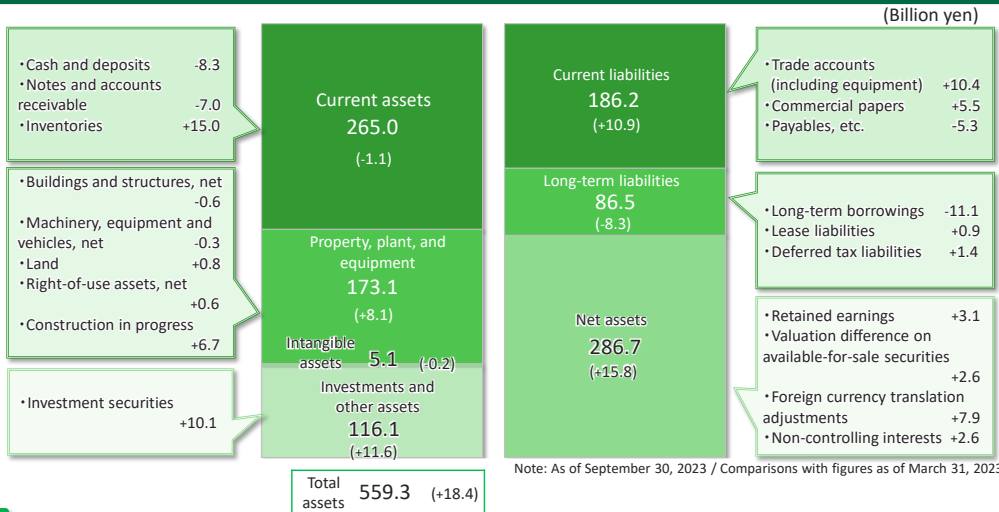
Note: Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 2nd quarter of fiscal 2022 were restated according to the modified segments.

The segment of Specialized Batteries and Others, too, registered an increase in sales and profit.

In terms of lithium-ion batteries for aircraft, sales volume of batteries for airlines - for replacement - increased.

In addition, we also reduced expenses in administrative divisions, and were able to deliver an increase in profits.

3. Balance Sheet



- Points**
- Increase in inventories in Industrial Batteries and Power Supplies for the demand period
 - Increase in construction in progress due to investment in increased production at Blue Energy No. 2 plant
 - Increase in investment securities due to the impact of rising stock prices
 - Increase in foreign currency translation adjustments due to yen depreciation

	3/31/2023	9/30/2023
Equity ratio	42.6%	43.6%
Total borrowings	¥103.7bn	¥97.4bn

I would now like to discuss the balance sheet statement as of September 30th, 2023.

Total assets stood at 559.3 billion yen, an increase of 18.4 billion yen from March 31st, 2023 figures.

Despite an increase in inventories of 15 billion yen, improvements in other areas allowed us to limit the increase in working capital to 2 billion yen.

Non-current assets increased by 19.5 billion yen, on account of the rebuilding of the plant, the purchase of shares of subsidiaries and associates, and an increase in unrealized gains on securities.

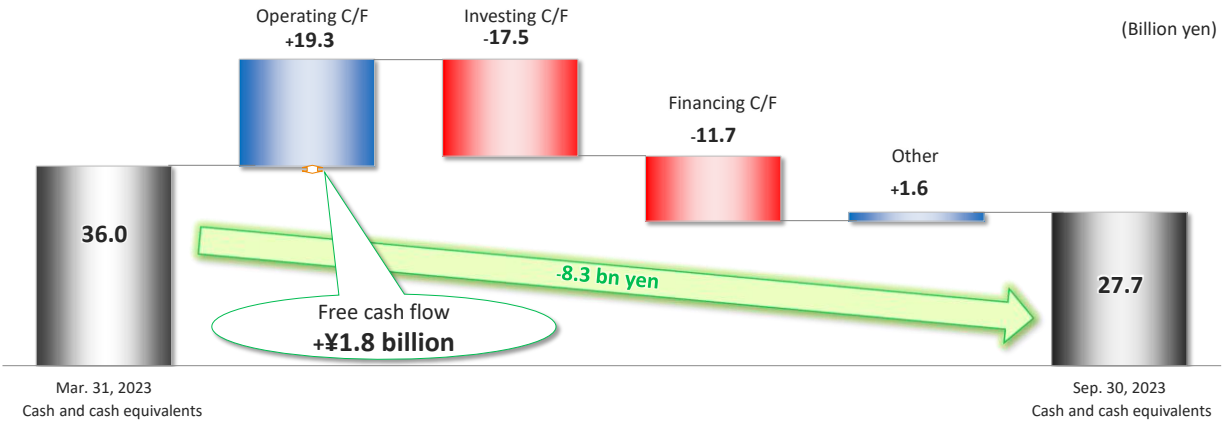
Net assets were up by 15.8 billion yen, thanks to an increase in profits and unrealized gains resulting from rising stock prices and a weaker yen.

We taped cash and deposits, reducing total borrowings by 6.2 billion yen.

While total borrowings have now fallen below the 100 billion yen mark, we believe current levels to be rather elevated.

Ultimately, the equity ratio improved slightly, to 43.6%.

4. Cash Flow Statements



Points

- Operating cash flow; Increased significantly from ¥1.9 billion in the previous fiscal year because of ensuring ¥11.7 billion profit before income taxes and improvement of working capital
- Investing cash flow; Capital investment for BEC No.2 plant, etc.
- Financing cash flow; Repaid long-term debt along with free cash flow of +¥1.8 billion and cash and cash equivalents

Next is the cash flow statement for the second quarter of fiscal year 2023.

As of September 30th, 2023, cash and cash equivalents stood at 27.7 billion yen, a year-on-year decrease of 8.3 billion yen.

Operating cash flow increased significantly on a year-on-year basis, from 1.9 billion yen last fiscal year to 19.3 billion yen, as GS Yuasa was able to secure 11.7 billion yen in profit before income taxes and carry out improvements in working capital.

Investing cash flow came to negative 17.5 billion yen, due to capital investment for Blue Energy's No.2 plant, etc.

These factors resulted in free cash flows of 1.8 billion yen, which, together with cash and cash equivalents, the company used to repay long-term debt, maintaining financial discipline.

5. Capital Investment, Depreciation, R&D Costs

(Billion yen)

	FY2022 Apr. - Sep.	FY2023 Apr. - Sep.	FY2022 Full year	FY2023 Full year(Forecast)
Capital Investment	13.9	15.2	32.8	51.0
Automotive Batteries	Japan	0.9	2.8	4.0
	Overseas	2.7	11.0	6.5
Industrial Batteries and Power Supplies	1.9	0.6	4.3	2.5
Automotive Lithium-ion Batteries	4.7	5.0	7.2	17.0
Specialized Batteries and Others	3.7	4.9	7.7	21.0
Depreciation	9.3	10.8	21.0	22.0
Automotive Lithium-ion Batteries	1.8	2.2	4.1	4.5
R&D Costs	6.4	5.8	12.6	14.0
(Ratio of R&D expenses to net sales)	2.7%	2.3%	2.4%	2.5%

Major capital investment projects

- Renovation of Kyoto Plant
- Investment to expand production capacity at Blue Energy No.2 plant
- Acquisition and development of land for BEV batteries production

We carried out 15.2 billion yen in capital investment, for a year-on-year increase of 1.3 billion yen.

The main capital investment item was in Blue Energy's No.2 plant, in the Automotive Lithium-ion battery segment.

We are also carrying out the renovation of the Kyoto plant and the acquisition and development of land for BEV battery production: as a result, capital investment is also up in the segment of Specialized Batteries and Others.

Depreciation increased as a result of the start of operations at Blue Energy's No.2 Plant.

We have also enhanced R&D related to lithium-ion batteries, pertaining to research into batteries for BEVs and all-solid-state batteries.

6. Revision to Segment Results Forecast



(Billion yen)

		FY2022 Actual		FY2023 Initial Forecast (A)		FY2023 Revised Forecast (B)		Change ((B)-(A))	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	87.8	6.5 (7.5)	94.0	5.5 (5.9)	95.0	7.0 (7.4)	+1.0	+1.5 (+1.5)
	Overseas	247.3	13.3 (5.4)	252.0	15.0 (6.0)	247.0	16.0 (6.5)	-5.0	+1.0 (+0.5)
Industrial Batteries and Power Supplies		99.2	8.8 (8.9)	111.0	9.0 (8.1)	110.0	9.5 (8.6)	-1.0	+5.5 (+0.5)
Automotive Lithium-ion Batteries		65.4	2.0 (3.0)	103.0	4.0 (3.9)	88.0	4.0 (4.5)	-15.0	- (+0.6)
Specialized Batteries and Others		18.0	1.4 (7.7)	20.0	0.5 (2.5)	20.0	1.0 (5.0)	-	+0.5 (+2.5)
Total		517.7	32.1 (6.2)	580.0	34.0 (5.9)	560.0	37.5 (6.7)	-20.0	+3.5 (+0.8)

Main Factors of Revision to Forecast

- Net sales reflect the impact of transformation of business in China and the postponement of new deliveries in the Automotive Lithium-ion Battery business
- Operating income reflects the impact of the revision of selling prices in the Automotive Battery Business and Industrial Battery and Power Supply business
- Operating income reflects strong performance of lithium-ion batteries for aircraft in Specialized Battery and Other business and cost reductions of administrative divisions

Note: Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.

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I would now like to discuss the revision to the full-year results forecast for fiscal year 2023.

The main revision item pertains to the Overseas Automotive Battery segment, where we transferred our stake in GS Yuasa's two consolidated subsidiaries in China.

As a result of this transfer, we have lowered the fiscal year 2023 net sales forecast by 5 billion yen, while raising the operating income forecast by 1 billion yen.

Additionally, we have lowered the net sales forecast for the Automotive Lithium-ion battery segment by 15 billion yen, primarily on account of the postponement into next fiscal year of deliveries to a new automaker client.

We have reflected the impact of the revision of selling prices in the Automotive Battery and Industrial Battery and Power Supply segments, as we raised the operating income forecast for these segments.

Additionally, we raised the operating income forecast for Specialized Batteries and Others, on account of a strong performance of lithium-ion batteries for aircraft and cost reductions in administrative divisions.

Taking all of these factors into account, GS Yuasa ultimately expects to realize 560 billion yen in net sales, which represents a decrease of 20 billion yen compared to the initial forecast.

Conversely, we expect 37.5 billion yen in operating income, which represents an increase of 3.5 billion yen compared to the initial forecast.

6. Revision to Segment Results Forecast



(Billion yen)					
	FY2022 Actual	FY2023 Initial Forecast (A)	FY2023 Revised Forecast (B)	Change ((B)-(A))	
Net sales	517.7	580.0	560.0	-20.0	
Operating income	31.5	33.0	37.0	+4.0	
(Operating income ratio)	6.1%	5.7%	6.6%	+0.9P	
Operating income before amortization of goodwill	32.1	34.0	37.5	+3.5	
(Operating income ratio before amortization of goodwill)	6.2%	5.9%	6.7%	+0.8P	
Ordinary income	24.2	27.0	32.0	+5.0	
Profit attributable to owners of parent	13.9	14.0	16.0	+2.0	
(Net profit ratio)	2.7%	2.4%	2.9%	+0.5P	
Profit attributable to owners of parent before amortization of goodwill	14.4	15.0	16.5	+1.5	
(Net profit ratio before amortization of goodwill)	2.8%	2.6%	2.9%	+0.3P	
Conditions	Domestic lead price quote	¥346,600/t	¥346,000/t	¥381,000/t	+¥35,000/t
	LME	2,105US\$/t	2,100US\$/t	2,200US\$/t	+100US\$/t
	Exchange rate	¥136.0/US\$	¥135.0/US\$	¥145.0/US\$	+¥10.0/US\$

Together with this revision to the results forecast, we have also revised the forecast conditions, namely the price of lead and the exchange rate forecast.

We expect to break new record highs in fiscal year 2023, for net sales as well as all other income line items.

Although this document has been prepared with information believed to be correct, GS Yuasa Corporation does not guarantee the accuracy or the completeness of such information. Also, the information herein contains forward-looking statements regarding the Company's plans, outlooks, strategies and results for the future. All the forward-looking statements are based on judgments derived from information available to the Company at the time of release. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented herein.



Reference

External ratings of Sustainability activities

Sustainability evaluations

(As of September 30, 2023)

	ESG rating by MSCI (U.S.) ^{*1}	ESG rating by FTSE (English) ^{*2}	CSR assessment by Toyo Keizai Inc. ^{*3}				CDP (English) assessments ^{*4}
			HR utilization	Environment	Corporate governance	Sociality	
2023	BBB	3.8	AAA	AAA	AA	AAA	A-
2022	BBB	3.6	AA	AAA	AA	AA	A-
2021	A	3.6	AAA	AAA	AA	AA	B
2020	A	3.4	AA	AAA	AA	AA	B
2019	A	3.2	AA	AA	AA	AA	B

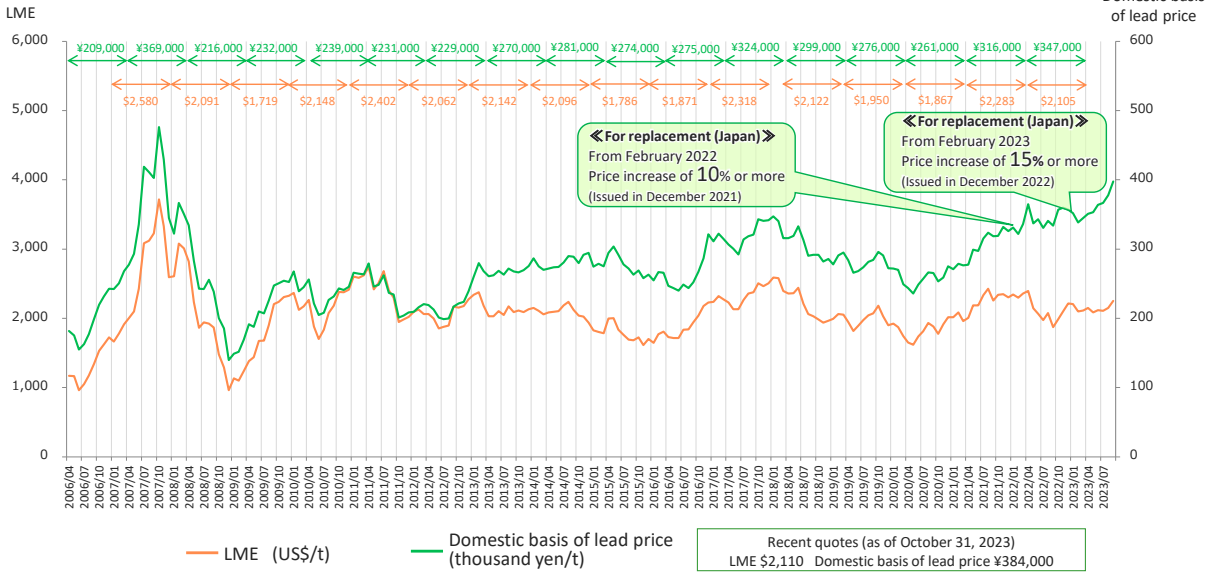
*1: ESG rating of MSCI (U.S.) is done by Japan ESG Select Leaders Index and is seven-grade evaluation of AAA, AA, A, BBB, BB, B and CCC. (Rating Update : around June)

*2: ESG rating of FTSE (English) is five-grade evaluation of 1, 2, 3, 4, 5. (Rating Update : around June)

*3: Toyo Keizai Inc.'s CSR assessment is five-grade evaluation of AAA, AA, A, B and C. (Rating Update : around November)

*4: CDP (English) is eight-grade evaluation of A, A-, B, B-, C, C-, D, D-. (Rating Update : around September)

Raw Materials Prices



Quarterly Results by Segment

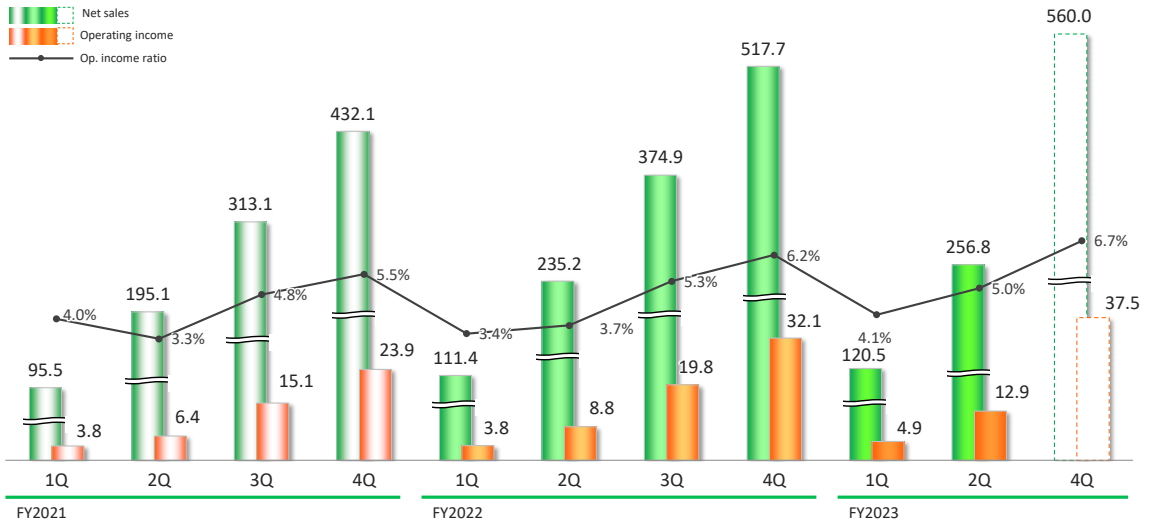
(Billion yen)

		FY2022									FY2023												
		1Q (Apr-Jun)		2Q (Jul-Sep)		3Q (Oct-Dec)		4Q (Jan-Mar)		Full (Apr-Mar)			1Q (Apr-Jun)		2Q (Jul-Sep)		3Q (Oct-Dec)		4Q (Jan-Mar)		Full (Apr-Mar)		
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	EBITDA (EBITDA Margin: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	EBITDA (EBITDA Margin: %)
Auto motive Batter ies	Japan	17.7	1.0 (5.4)	20.0	0.8 (4.0)	25.5	2.5 (9.7)	24.7	2.3 (9.4)	87.8	6.5 (7.5)	9.2 (10.5)	19.6	1.0 (5.2)	21.5	1.1 (5.3)	-	-	-	-	95.0	7.0 (7.4)	-
	Over seas	60.0	3.0 (5.0)	61.9	3.1 (5.0)	65.1	4.1 (6.3)	60.4	3.1 (5.2)	247.3	13.3 (5.4)	20.1 (8.1)	58.4	2.8 (4.7)	67.1	4.8 (7.2)	-	-	-	-	247.0	16.0 (6.5)	-
Industrial Batteries and Power Supplies		17.0	-0.5 (-3.1)	22.5	1.1 (5.1)	26.8	2.7 (10.2)	32.1	5.3 (16.5)	99.2	8.8 (8.9)	10.6 (10.6)	17.9	0.2 (0.8)	21.6	1.2 (5.6)	-	-	-	-	110.0	9.5 (8.6)	-
Automotive Lithium-ion Batteries		12.4	0.4 (3.1)	15.0	-0.2 (Δ1.3)	17.9	0.8 (4.4)	20.1	1.0 (5.0)	65.4	2.0 (3.0)	6.1 (9.3)	19.5	0.4 (2.2)	21.1	0.3 (1.4)	-	-	-	-	88.0	4.0 (4.5)	-
Specialized Batteries and Others		4.4	0.0 (0.2)	4.5	0.1 (2.9)	4.4	0.9 (19.9)	5.6	0.5 (9.6)	18.0	1.4 (7.7)	7.1 (39.4)	5.2	0.6 (10.9)	5.0	0.5 (9.7)	-	-	-	-	20.0	1.0 (5.0)	-
Total		111.4	3.8 (3.4)	123.8	4.9 (4.0)	139.7	11.0 (7.9)	142.9	12.3 (8.6)	517.7	32.1 (6.2)	53.0 (10.2)	120.5	4.9 (4.1)	136.3	8.0 (5.9)	-	-	-	-	560.0	37.5 (6.7)	59.5 (10.6)

Note 1 : Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill. EBITDA is operating income before amortization of goodwill + depreciation.
 2 : Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 2nd quarter of fiscal 2022 were restated according to the modified segments.

Net Sales, Operating Income, Op. Income Ratio

(Billion yen)



Note: Operating income is operating income before amortization of goodwill and op. income ratio is op. income ratio before amortization of goodwill.