

Vision 2035

(Briefing on Long-Term Vision and Sixth Mid-Term Management Plan)



April 6, 2023

GS Yuasa Corporation

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Business Environment

1. Mega Trend toward 2050



Economic and social transformation due to resource and environmental constraints



Transition to a digital economy through the Fourth Industrial Revolution



Rising geopolitical risks



Growing importance of resilience



Slowdown in global population growth rate

Source: Prepared by the Company based on "Industrial Technology Vision 2020," Ministry of Economy, Trade and Industry

Shown here are a number of mega trends toward the year 2050. Of these, economic and social transformation due to resource and environmental constraints is a trend that is intrinsically connected to our Company.

2. Business Environment surrounding GS Yuasa

Environment surrounding GS Yuasa

Mobility

- Acceleration of electrification toward zero emissions
- Advancing levels of self-driving cars
- Acceleration of shift from ownership to use (e.g., car sharing)

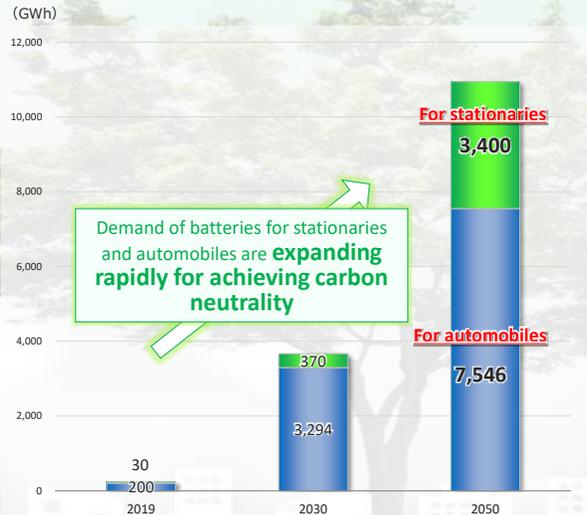
Public Infrastructure

- As the introduction of renewable energy expands, the importance of storage batteries to control fluctuations and adjust supply and demand also expands. Demand for energy management is also expanding
- Increasing importance of backup for electric power, information, and communication infrastructure, etc.

Specialized Batteries

- Expanding space utilization
- Expanding marine resource exploration

Forecast of storage batteries installation (Global)



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Against this backdrop, I would like to discuss the environment surrounding GS Yuasa.

Within mobility, the world will continue seeing an acceleration of electrification toward zero emissions, advancing levels of self-driving cars, and an acceleration of the shift from ownership to use.

Regarding public infrastructure, as the introduction of renewable energy expands, the importance of storage batteries to control fluctuations and adjust supply and demand also expands.

Demand for energy management is also expanding.

Additionally, we also forecast the increasing importance of backup for electric power, information, and communication infrastructure, etc.

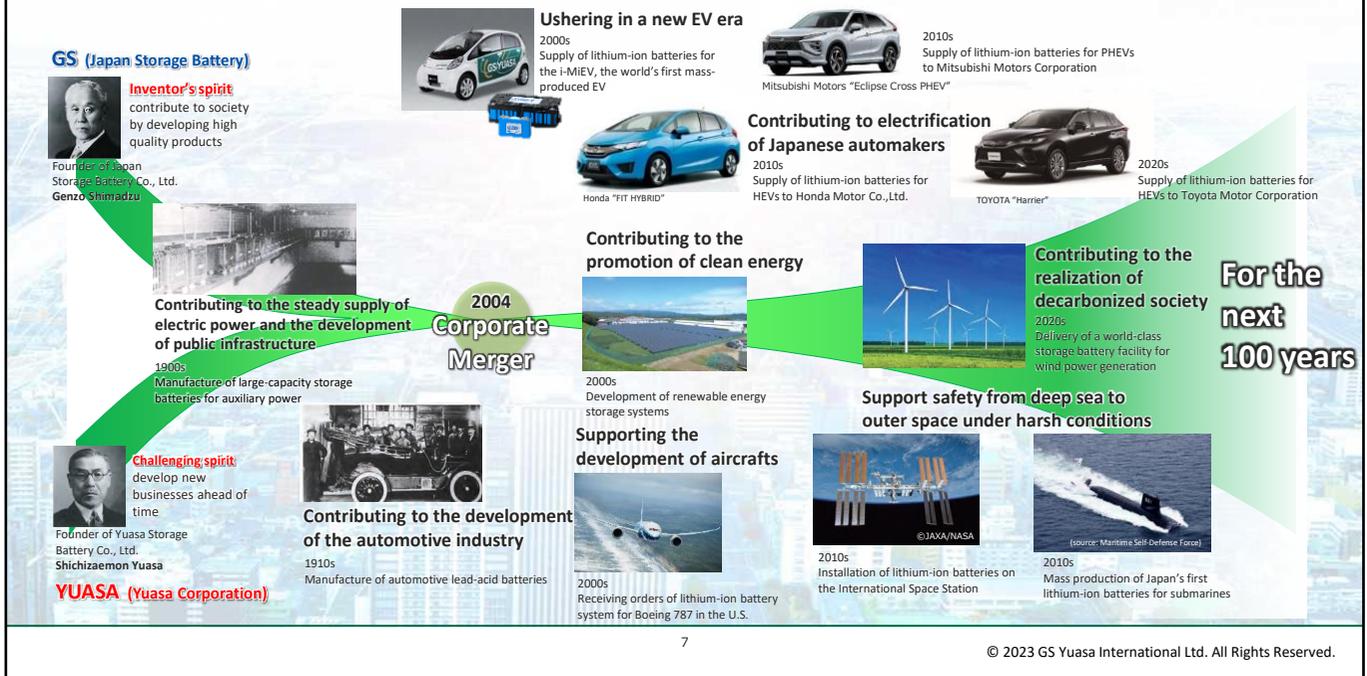
In the domain of specialized batteries, we expect expanding space utilization and marine resource exploration.

We also expect a rapid expansion in global demand for storage batteries, too, from 230 GWh in 2019 to over 10,000 GWh in 2050, as the world works to achieve carbon neutrality.

We formulated Vision 2035 taking into account the market trends I just discussed.

Vision 2035 (Long-Term Vision)

1. History of GS Yuasa



To start off our discussion of Vision 2035, I would like to go over the history of GS Yuasa's business.

In 1895, Genzo Shimadzu pioneered the manufacture of lead-acid batteries in Japan, later founding Japan Storage Battery Co., Ltd. in 1917.

The following year, in 1918, Shichizaemon Yuasa founded Yuasa Storage Battery Co., Ltd.

After this, both companies developed a number of innovative products for various uses, eventually carrying out a corporate merger in 2004 - toward the further development of storage batteries.

Following the merger, in addition to enhancing profitability in the lead-acid battery business, the company has also focused on its new Lithium-ion Battery Business.

In 2007, the Company founded Lithium Energy Japan as a joint venture with Mitsubishi Corporation and Mitsubishi Motors Corporation, for the manufacture and sale of batteries for use in EVs and plug-in hybrid vehicles.

Additionally, in 2009, we established Blue Energy as a joint venture with Honda Motor Co., Ltd., for the manufacture and sale of batteries for use in hybrid vehicles.

As such, through our energy devices, such as lead-acid batteries and lithium-ion batteries, we have been delivering comfort and security to customers around the globe.

Vision 2035 therefore represents GS Yuasa's commitment to transforming and expanding its business foundations, with an eye toward the next 100 years.

Philosophy

Innovation and Growth

We are committed to people, society and the global environment through innovation and growth of our employees and business entities.

Policy on Sustainability Management

We are committed to utilizing advanced technologies developed in the field of stored energy solutions to deliver security and comfort to our customers around the globe, to make a real contribution to the global effort toward sustainability, and to grow corporate value.

1. We will strive to help address the challenges to sustainability and seek lasting growth together with the community.
2. We will pursue fair and healthy business practices, and maintain steadfast business foundations able to support sustained growth.
3. We will strive to earn the understanding and trust of a diverse range of stakeholders through dialogue.

We have reviewed and revised our pre-existing management philosophy and policy, newly formulating a policy on sustainability management.

The world is seeing efforts toward making a reality a more global and sustainable society, characterized by, for example, carbon neutrality.

Against this backdrop, we believe that by leveraging GS Yuasa's energy technology - which we have honed over the years - we can both help achieve a sustainable society and realize sustainable growth for our Company.

As such, we have incorporated this into our management policy, which reads as follows: "We are committed to utilizing advanced technologies developed in the field of stored energy solutions to deliver security and comfort to our customers around the globe, to make a real contribution to the global effort toward sustainability, and to grow corporate value."

3. Vision 2035

Vision of GS Yuasa in 2035

Based on the “Four Re’s” formula, we strive for innovation in energy technology, endeavor to address the challenges facing society through the development of mobility and other public infrastructures, and seek to create comfortable living environments and play our part in the global effort toward sustainability.



I would now like to discuss Vision 2035, which is the Company’s long-term vision.

Based on the “Four Re’s” formula, we strive for innovation in energy technology, endeavor to address the challenges facing society through the development of mobility and other public infrastructures, and seek to create comfortable living environments and play our part in the global effort toward sustainability.

The first “Re” stands for “Reborn.”

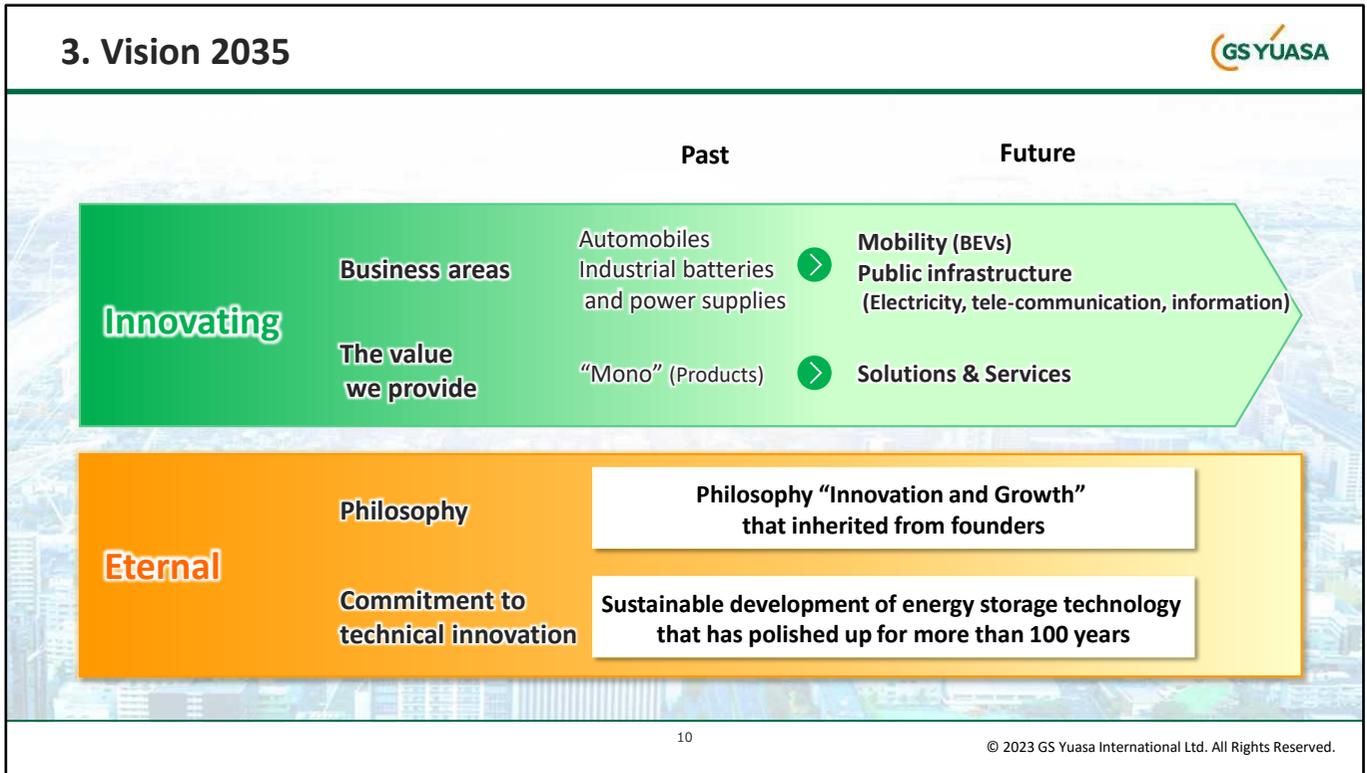
Even a century after its founding, we are still inspired anew every day by the GS Yuasa founding spirit.

Second is “Renewable,” which stands for making a genuine contribution to carbon neutrality.

Third is “Reliable,” representing a commitment to technical innovation and delivering solid, reliable energy.

Last is “Respect,” representing our efforts to earn the respect of the world through solid action toward achieving the SDGs.

3. Vision 2035



Achieving Vision 2035 requires two elements, some innovating and some eternal.

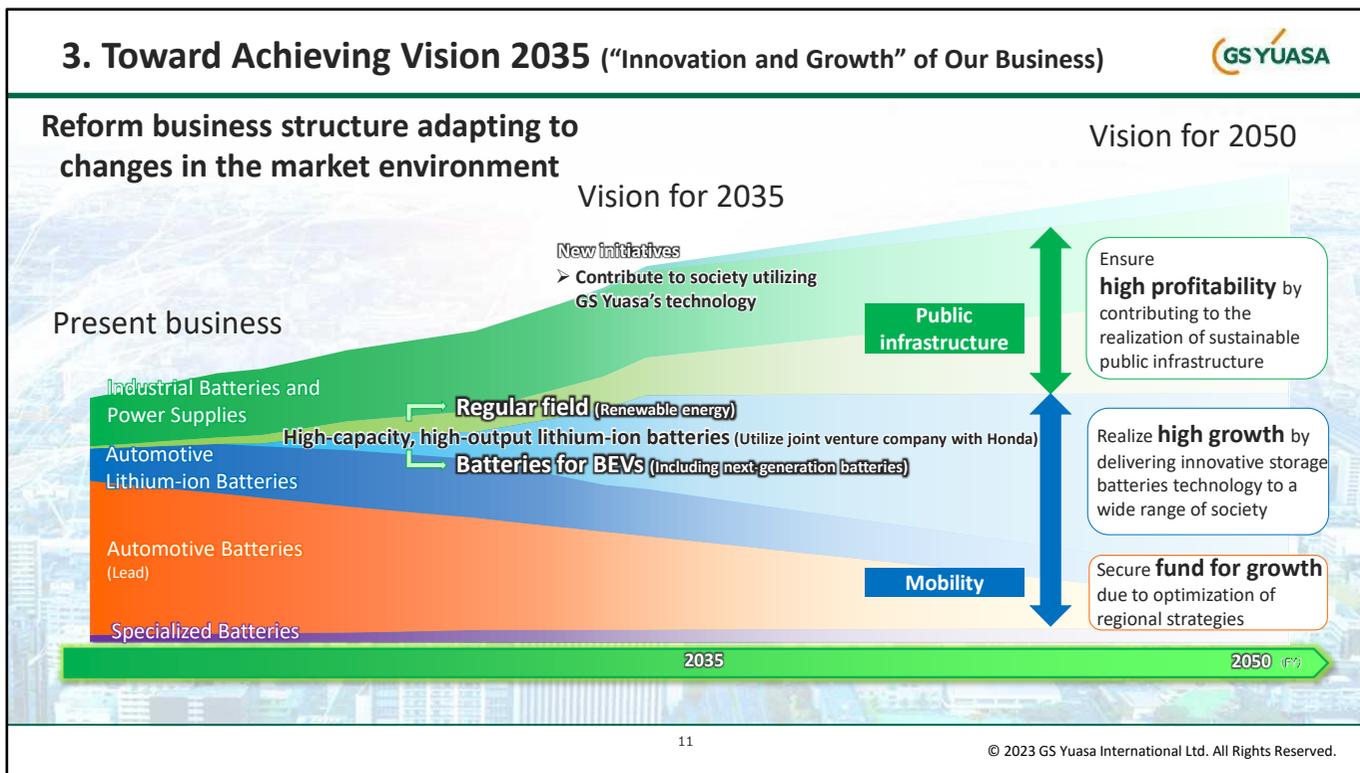
In terms of elements that should not be changed are our philosophy of “Innovation and Growth” inherited from the Company’s founders, as well as a commitment to technical innovation, namely the sustainable development of energy storage technology that has been polished up for more than 100 years.

Conversely, we seek to innovate in business areas and in the value we provide.

In the past, we have offered “mono,” that is “products” to customers, in the form of lead-acid batteries, lithium-ion batteries, power supply systems, etc.

Going forward, in addition to products, we also want to offer solutions and services in the domains of mobility and public infrastructure, and aim to become a comprehensive device company.

3. Toward Achieving Vision 2035 (“Innovation and Growth” of Our Business)



Here is a diagram showing the innovation and growth of our business toward achieving Vision 2035.

In light of the shift toward electrification on a global scale, the Automotive Battery segment - shown here in orange and currently centered around lead-acid starter batteries - is expected to undergo a gradual decline over time.

However, we will be further improving profit margins, securing profits which we intend to use as investment capital for the growth domains of mobility and public infrastructure.

Regarding the Automotive Lithium-ion battery segment, shown in blue, sales of lithium-ion batteries for use in hybrid vehicles are expected to increase through to around 2035, after which they will see a gradual decline.

We believe there is and will continue to be strong demand in the Industrial Battery and Power Supply segment, centered around backup batteries and power supplies, as these play a role in the maintenance of public infrastructure.

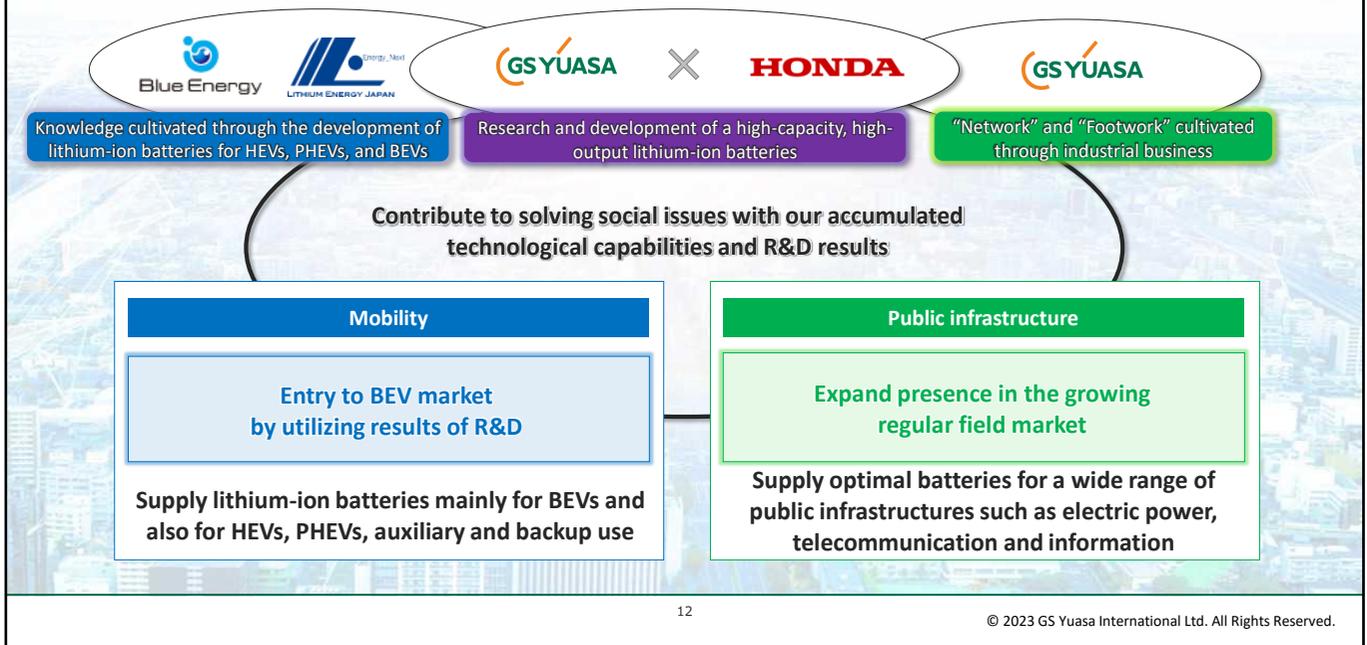
Toward 2035 and 2050, high-capacity, high-output lithium-ion batteries are expected to deliver significant growth.

We will be utilizing our joint venture with Honda, which we announced on January 23rd, to significantly grow batteries for BEVs and the regular field, centered around batteries for ESS. By providing automotive lithium-ion batteries for hybrid vehicles and plug-in hybrid vehicles, and batteries for BEVs, we seek to realize high growth by delivering innovative storage battery technology to a wide range of society.

Through our efforts in the field of industrial batteries and power supplies and the regular field, we will ensure high profitability by contributing to the realization of sustainable public infrastructure.

In terms of new initiatives, shown in the top portion of the graph, starting around 2035, we would like to nurture a new business contributing to society, and utilizing GS Yuasa's technology and expertise acquired over the years.

3. Toward Achieving Vision 2035 (Point of “Innovation of Growth”)



As shown on the previous page, allow me to go over the strategy in order to promote mobility and public infrastructure to the status of business pillars.

We will be leveraging the knowledge cultivated through the development of lithium-ion batteries for hybrid vehicles, plug-in hybrid vehicles, and EVs at Blue Energy and Lithium Energy Japan, as well as the technology cultivated in the Industrial Battery and Power Supply segment, and our “network” and “footwork” delivering safety and peace of mind through maintenance and service.

Additionally, another strength is the research and development of high-capacity, high-output lithium-ion batteries carried out within our joint venture with Honda Motor.

We will leverage this expertise and technological capabilities and R&D results to contribute to solving social issues through the offering of mobility and public infrastructure.

We will be utilizing the results of R&D and supplying lithium-ion batteries mainly for BEVs, making a contribution in the field of mobility.

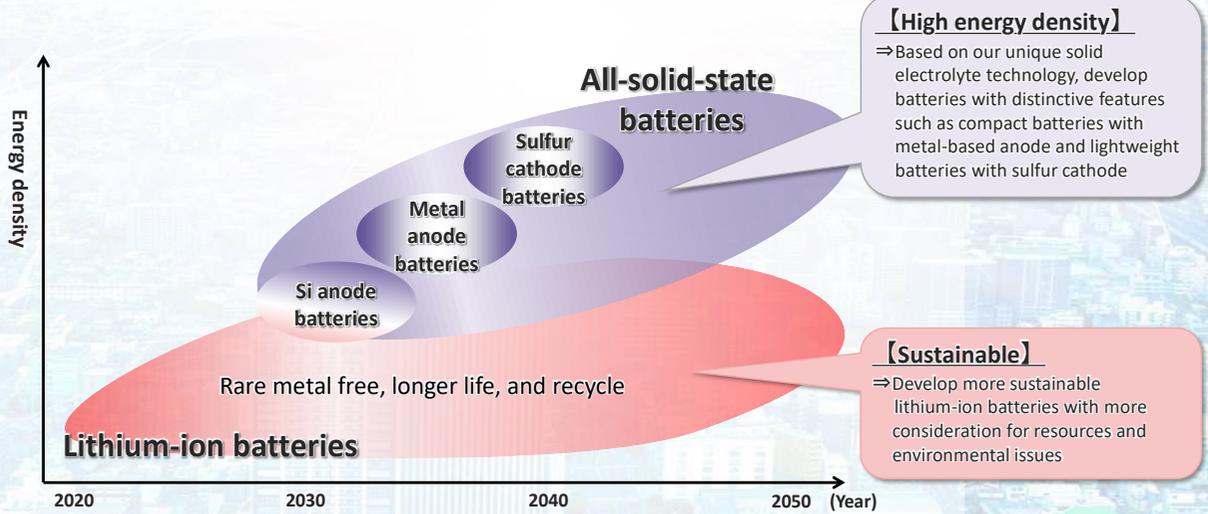
In terms of public infrastructure, by utilizing our supply capabilities which we have honed with batteries for BEVs, we will seek to expand our presence in the growing regular field market.

Against this backdrop, we will be supplying optimal batteries for a wide range of public infrastructures such as electric power and telecommunication.

Through this, we want to support and maintain public infrastructure offering safety and peace of mind.

3. Toward Achieving Vision 2035 (Road map of Research and Development)

Contribute to the realization of carbon neutrality through research, development and commercialization of next-generation batteries



Shown here is the R&D roadmap envisioned by the Company.

Liquid electrolyte lithium-ion batteries as they currently exist will evolve into batteries free from the use of rare metals, possessing longer lives, and capable of being recycled.

As such, we will continue to develop more sustainable batteries with more consideration for resources and environmental issues.

Regarding all-solid-state batteries, we are aiming to achieve higher energy density, and will be developing batteries with distinctive features, based on our unique solid electrolyte technology.

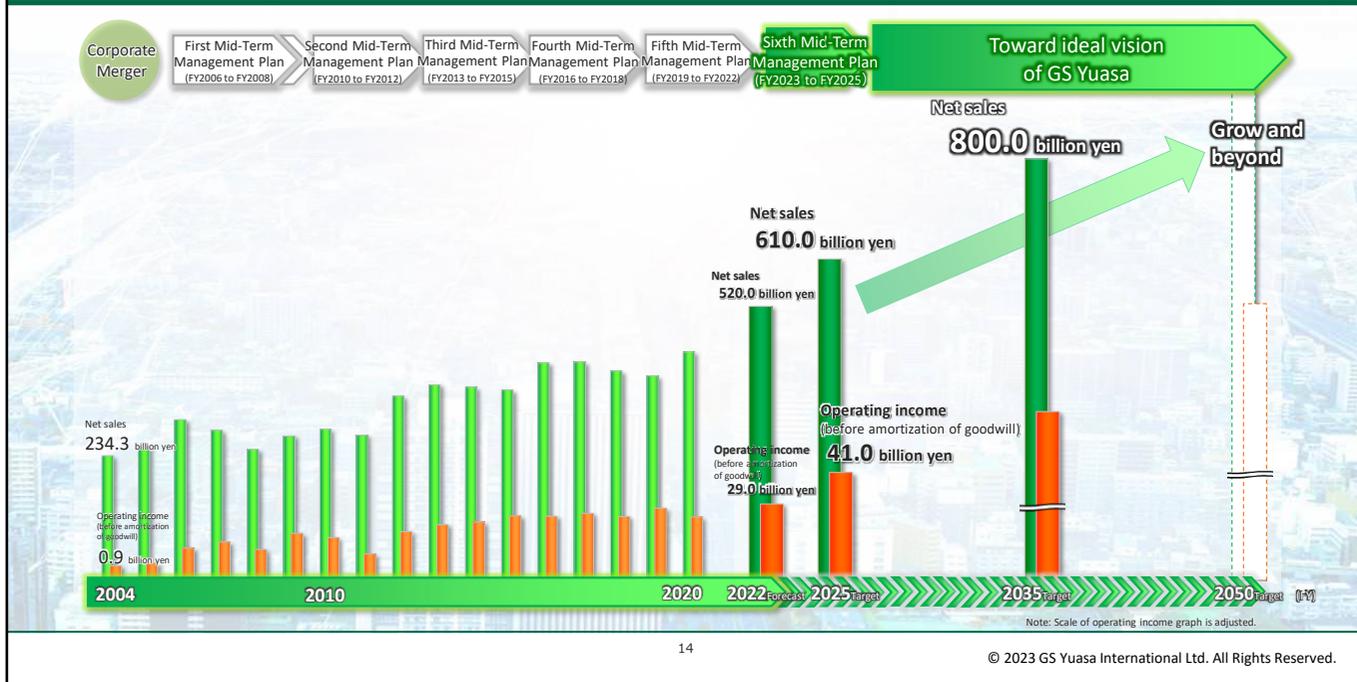
We will be carrying out the development of silicon-based anodes, as opposed to carbon-based anodes as they currently exist, and furthermore, through the development of metal anode batteries, we will aim to achieve higher energy densities

In terms of cathode technology, sulphur presents several advantages, such as allowing for high-performance batteries.

Reserves of this resource are also plentiful, and it's also a low-cost material.

We therefore seek to contribute to the realization of carbon neutrality by commercializing the fruits of our research and development.

3. Toward Achieving Vision 2035 (Growth Story of Our Business)



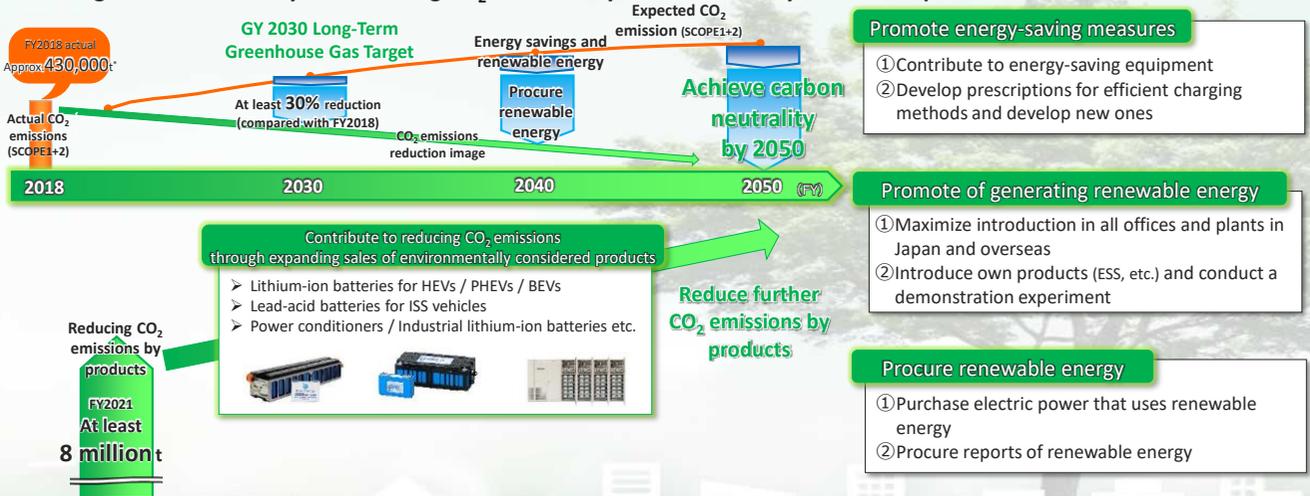
This graph illustrates the planned growth in terms of the scale of our business.

By fiscal year 2025, which is the final year of the Sixth Mid-Term Management Plan, we will be aiming for 610 billion yen in net sales and 41 billion yen in operating income.

The target within the scope of Vision 2035 is to expand sales to 800 billion yen by fiscal year 2035.

4. GY 2050 Carbon Neutrality Target

We are committed to people, society and the global environment through achieving Carbon Neutrality and reducing CO₂ emission by environmentally considered products



* GS Yuasa Group's CO₂ emissions aggregation standards have been changed, and in FY2018, we are undergoing third-party verification again.
 1) Recalculated using the 2018 emission coefficient obtained from the Ministry of the Environment and IEA
 2) Adopted the control standard as the calculation standard, and consolidated subsidiaries that can be directly influenced are included in the scope of calculation.

GS Yuasa has announced its commitment to achieving carbon neutrality by fiscal year 2050 in terms of scope 1 and scope 2 emissions.

Adding to the GS Yuasa 2030 Long-Term Greenhouse Gas Target, which was announced in fiscal year 2021, we will be enacting further energy savings and the use of renewable energy, as well as initiatives within the procurement of renewable energy.

Through these, we will be achieving carbon neutrality.

Additionally, the products we supply make a contribution to the reduction of CO₂ emissions.

In fiscal year 2021, through the sale of environmentally considered products like the ones shown here, we made a contribution to reducing CO₂ emissions by at least 8 million tons.

Going forward, we believe GS Yuasa products will play a rather important role in achieving carbon neutrality.

By achieving carbon neutrality for GS Yuasa's operations and through the expansion of the sale of environmentally considered products, we will seek to realize a reduction of CO₂ emissions, in turn, contributing to the well-being of our planet and of society.

Sixth Mid-Term Management Plan (FY2023-2025)

I would now like to discuss the Sixth Mid-Term Management Plan, covering the period between fiscal years 2023 and 2025, which correspond to the first three years toward achieving Vision 2035.

Fifth Mid-Term Management Policy

Based on the *Mono-Koto Zukuri* (product and service creation) concept, GS Yuasa will engage in strategic activities that lead to sustainable growth of both the lead-acid battery and lithium-ion battery businesses through creation of new value.

Achievements and Issues of Efforts

① Automotive Battery Business	
Achievements	<ul style="list-style-type: none"> ➢ Creating synergistic effect with GS Yuasa Energy ➢ Converting Turkish site into a consolidated subsidiary
Issues	<ul style="list-style-type: none"> ➢ Intensifying competition in China ➢ Revise sales price due to soaring raw material price etc.
② Industrial Battery and Power Supply Business	
Achievements	<ul style="list-style-type: none"> ➢ Delivery of lithium-ion batteries for wind power generation in Hokkaido ➢ Acquisition of the social infrastructure systems business from Sanken Electric Co., Ltd. ➢ Starting “Koto-zukuri business” such as STARELINK service
Issues	<ul style="list-style-type: none"> ➢ Delivery delay due to shortage of components and materials ➢ Secure profits in regular field business
③ Automotive Lithium-ion Battery Business	
Achievements	<ul style="list-style-type: none"> ➢ Start of operation of Blue Energy No.2 plant ➢ Production ability : FY2019 20million cells/year⇒FY2022 50million cells/year ➢ Start of supply lithium-ion batteries for HEVs for Toyota Motor Corporation ➢ Establishment of the BEV Battery Development Department ➢ Signing of basic agreement toward collaboration with Honda
Issues	<ul style="list-style-type: none"> ➢ Response to entry into EV market

First is a review of the Fifth Mid-Term Management Plan, which had fiscal year 2022 as its final year.

During the Fifth Mid-Term Management Plan, based on the “Mono-koto Zukuri,” product and service creation concept, GS Yuasa engaged in activities that led to sustainable growth of both the lead-acid battery and lithium-ion battery businesses through creation of new value.

The achievements and issues of efforts can be summarized into three categories, the first being the Automotive Battery Business.

Here, in terms of achievements, we created a synergistic effect with GS Yuasa Energy and converted the site in Turkey into a consolidated subsidiary.

In terms of issues, we have intensifying competition in China, as well as the need to revise sales prices due to soaring raw material prices.

Next is the Industrial Battery and Power Supply Business.

Here, in terms of achievements, we have the delivery of lithium-ion batteries for wind power generation in Hokkaido; the acquisition of the social infrastructure systems business from Sanken Electric Co., Ltd., and lastly, the start of “Koto-Zukuri,” that is, service creation businesses, such as our STARELINK service.

In terms of issues, we have delivery delays of our products due to a shortage of electronic components and materials, and difficulty in securing profits in the regular field business.

Third, we have the Automotive Lithium-ion Battery Business.

In terms of achievements, we have the start of operations of Blue Energy’s No. 2 plant.

We had a production capacity of 20 million cells in fiscal year 2019, but this number had increased to 50 million cells per year in fiscal year 2022.

Second, we started the supply of lithium-ion batteries for hybrid electric vehicles for Toyota Motor.

Third, we established the BEV Battery Development Department, and lastly, we signed a basic agreement toward collaboration with Honda Motor.

1. Review of Fifth Mid-Term Management Plan (Management Results)

Management Results

	FY2022 (Apr. 2022 - Mar. 2023)		Achievement rate
	Mid-Term Management Target (Initial)	Forecast (As of 3Q)	
Net sales	¥460.0 bn or more	¥520.0 bn	+13.0 %
Operating income	¥28.0 bn or more	¥29.0 bn	+3.6 %
ROE (Return on equity)	8 % or more	-	-
Total return ratio	30 % or more	-	-

Note: The above indices are based on income before amortization of goodwill (operating income and profit).

Segment Results

(Billion yen)

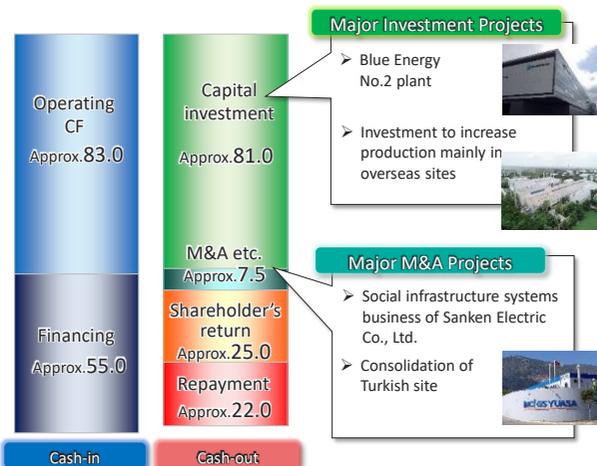
	FY2022 Target (Initial)		FY2022 Forecast (As of 3Q)		Change		
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	
Automotive Batteries	Japan	85.0	7.0	88.0	5.0	+3.0	-2.0
	Overseas	200.0	13.0	240.0	14.0	+40.0	+1.0
Industrial Batteries and Power Supplies		100.0	8.0	108.0	9.0	+8.0	+1.0
Automotive Lithium-ion Batteries		55.0	1.0	69.0	1.0	+14.0	±0.0
Specialized Batteries and Others		20.0	-1.0	15.0	0.0	-5.0	+1.0
Total		460.0	28.0	520.0	29.0	+60.0	+1.0

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

Capital Allocation (Apr. 2019 – Sep. 2022)

(Billion yen)

Note: Figures for FY2022 are based on figures as of 2Q



I would now like to review the management results.

We believe we will be able to achieve the initial Mid-Term Management Targets of 460 billion yen in net sales and 28 billion yen in operating income.

In terms of segment results, as well, generally speaking, we have also achieved the targets.

During the period corresponding to the Fifth Mid-Term Management Plan, we carried out capital expenditures, mainly centered around Blue Energy.

Sales of batteries for hybrid vehicles are expected to continue expanding until around 2035, centered primarily around Japanese automakers.

We seek to reap the results of the investment carried out during the Fifth Mid-Term Management Plan, and carry out investment in the business of batteries for BEVs, which we position as our next business pillar.

Additionally, we will work to unlock synergies from the social infrastructure systems business from Sanken Electric Co., Ltd. and our consolidated subsidiary in Turkey, which we acquired through M&A.

We will simultaneously work to expand the scale of these businesses.

Sixth Mid-Term Management Policy

Positioning this period as one for laying the foundation for reform to realize the vision envisioned in Vision 2035, we will implement a variety of measures to reform our business structure.

Implementation Measures

① Development of batteries for BEVs

Measures

- Development of a high-capacity, high-output lithium-ion batteries by utilizing joint venture company with Honda
- Establishment of production and supply systems of batteries for BEVs to expand mobility and public infrastructure business

② Reinforcement of earning capacity in existing business

Measures

- Thorough value-added creation and improvement in profitability
- Maximization of profits due to unparalleled superiority in Industrial Batteries and Power Supplies Business in Japan
- Transformation of regional strategy including review of business in China, maximization of profits by concentrating resources at main sites

③ DX / new business

Measures

- DX promotion to enable business structure transformation
- Creation of new business that contribute to solving social issues

In broad strokes, we have three implementation measures toward laying the foundation for achieving our Vision 2035.

The first is making preparations to realize significant growth in mobility and public infrastructure, within Vision 2035.

In terms of measures, we will be developing high-capacity, high-output lithium-ion batteries by utilizing a joint venture company with Honda Motor.

Additionally, we will be establishing production and supply systems of batteries for BEVs to expand mobility and the public infrastructure business.

The second implementation measure is the reinforcement of earnings capacity in existing business.

Within this, we will carry out thorough value-added creation and improvement in profitability.

Next, we will maximize profits due to unparalleled superiority in our Industrial Batteries and Power Supplies Business in Japan.

Last is the transformation of regional strategy including a review of business in China, and the maximization of profits by concentrating resources at main sites.

The third implementation measure is enhancing DX and new businesses.

We will be carrying out DX promotion to enable business structure transformation, as well as create new businesses that contribute to solving social issues.

GS Yuasa therefore wants to make this three-year period one in which we execute these measures to lay out a strong foundation toward achieving Vision 2035.

3. Management Target

Management Plan Period

Three years from April 2023 to March 2026

Mid-Term Management Targets (targets for FY2025)

	Fifth Mid-Term Management Final Target (FY2022 Forecast)	Sixth Mid-Term Management Target (FY2025 Target)	Difference
Net sales	520.0 billion yen	610.0 billion yen	+17.3 %
Operating income	29.0 billion yen	41.0 billion yen	+41.4 %
ROE (Return on equity)	-	8 % or more	-
ROIC (Return on invested capital)	-	10 % or more	-
Total return ratio	-	30 % or more	-
Domestic lead price quote	341,000 yen/t	342,000 yen/t	-
LME	2,300 US\$/t	2,000 US\$/t	-
Exchange rate	120 yen/US\$	140 yen/US\$	-

Notes: 1. ROE is based on net income before the amortization of goodwill, and ROIC is relative to operating income before the amortization of goodwill.

2. ROIC is calculated as operating income before amortization of goodwill, etc. ÷ invested capital (fixed assets (excluding goodwill, etc.) + working capital). Invested capital is the average of the beginning and end of the period.

The management targets for the Sixth Mid-Term Management Plan are as follows.

By fiscal year 2025 - the final year - we seek to achieve net sales of at least 610 billion yen, and at least 41 billion yen in operating income.

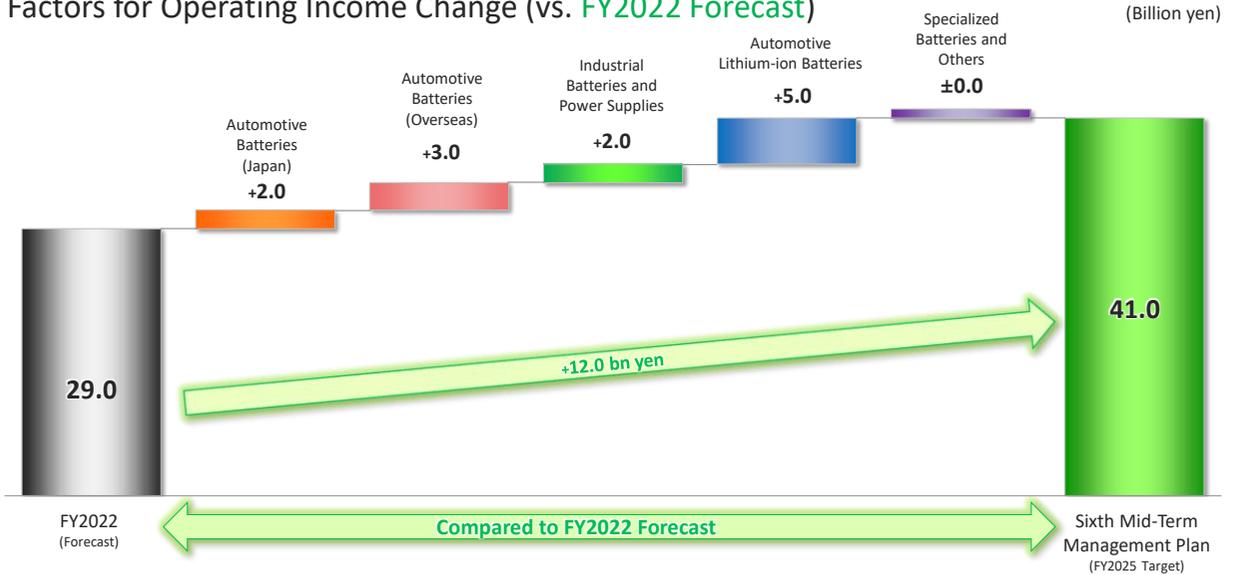
Additionally, the ROE target is 8% or more and 30% or more for the total return ratio.

Furthermore, starting with the Sixth Mid-Term Management Plan, we have newly established a target for ROIC, which is an indicator of interest to shareholders.

On a corporate basis, we are aiming for a ROIC of 10% or more.

4. Changes of FY2022 Target and Sixth Mid-Term Management Plan Target

Factors for Operating Income Change (vs. FY2022 Forecast)



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

Next is a comparison with the operating income forecast for fiscal year 2022.

Shown here is the fiscal year 2022 forecast of 29 billion yen and the Sixth Mid-Term Management Plan of 41 billion yen for fiscal year 2025, with a breakdown of increases or decreases for each segment.

We expect growth across all segments, with this growth being most pronounced in the Automotive Lithium-ion battery segment.

5. Segment Targets



(Billion yen)

		FY2022 Forecast		FY2025 Target		Change	
		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	88.0	5.0 (5.7)	100.0	7.0 (7.0)	+12.0	+2.0 (+1.3)
	Overseas	240.0	14.0 (5.8)	240.0	17.0 (7.1)	±0.0	+3.0 (+1.3)
Industrial Batteries and Power Supplies		108.0	9.0 (8.3)	140.0	11.0 (7.9)	+32.0	+2.0 (-0.4)
Automotive Lithium-ion Batteries		69.0	1.0 (1.4)	110.0	6.0 (5.5)	+41.0	+5.0 (+4.1)
Specialized Batteries and Others		15.0	0.0 (-)	20.0	0.0 (-)	+5.0	±0.0 (-)
Total		520.0	29.0 (5.6)	610.0	41.0 (6.7)	+90.0	+12.0 (+1.1)

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

In total, we expect sales to have grown by 90 billion yen compared to the fiscal year 2022 forecast, and operating income by 12 billion yen.

I will now be discussing each segment individually.

5. Segment Targets and Strategies (Automotive Batteries (Japan))

Automotive Batteries (Japan)

Business Policy

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

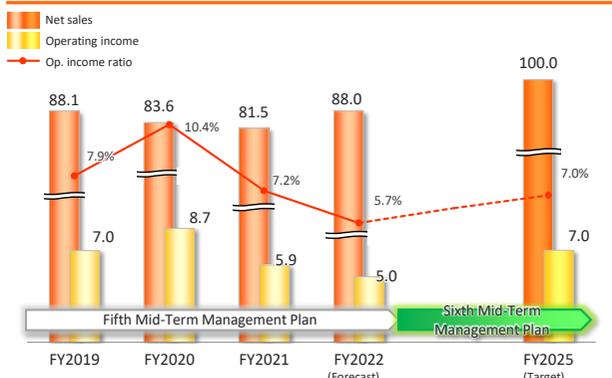
Strategies and Important Tasks

- [Production]
 - Establish supply system that enables both rapid response to demand fluctuations and inventory reduction
- [Sales - For new automobiles]
 - Improve profit ratio due to optimal price revision such as raw material prices
- [Sales - For replacement]
 - Rebuild marketing strategies and maintain high market share
 - Improve efficiency utilizing IoT and DX

SWOT

Strengths <ul style="list-style-type: none"> • Technology and quality cultivated by response to new automobiles • Brand (domestic No.1 share) 	Weaknesses <ul style="list-style-type: none"> • Impact on production due to change in volume of new vehicles
Opportunities <ul style="list-style-type: none"> • Expand market of high value-added products 	Threats <ul style="list-style-type: none"> • Cost competition due to commoditization • Rising costs due to response to environment

Net sales, Operating income and Op. ratio (Billion yen)



Factors for Operating Income Change (Sixth Mid-Term Management Plan)



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

I would now like to discuss the strategy for each segment, starting with the Automotive Battery segment in Japan.

The business policy within the Sixth Mid-Term Management Plan is to build an optimal supply system in response to changes in the business environment and improve the profit rate.

The main strategies and important tasks toward achieving 100 billion yen in net sales and 7 billion yen in operating income are as follows.

In terms of sales of batteries for new automobiles, we will be improving the profit ratio due to optimal price revisions reflecting soaring raw material prices.

During the course of the Sixth Mid-Term Management Plan, we expect a recovery in demand for new automobiles and our ability to carry out cost pass-throughs to reflect soaring raw material prices.

As such, we expect an expansion in sales and operating income of batteries for new vehicles, and results unchanged from current levels for batteries for replacement.

5. Segment Targets and Strategies (Automotive Batteries (Overseas))

Automotive Batteries (Overseas)

Business Policy

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

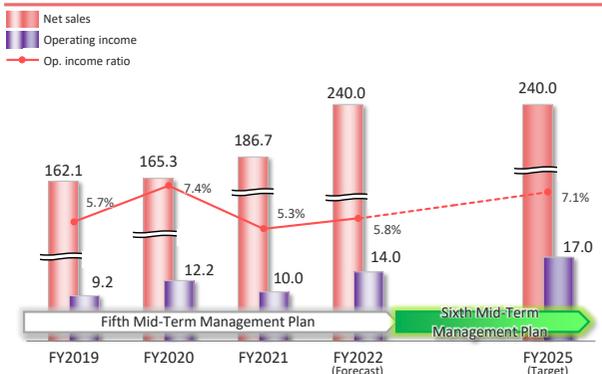
Strategies and Important Tasks

- [Southeast Asia]
 - Maximize profit by strengthening sales in ASEAN area
- [China] • Promote fundamental review of business
- [Europe] • Supply steadily to Europe utilizing Turkish site and expand sales to the Middle and Near East or North Africa
- [Other (Australia)] • Strengthen production base and expand market share of replacement batteries

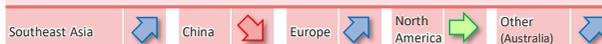
SWOT

Strengths	<ul style="list-style-type: none"> • High technology and quality • No.1 share in ASEAN and brand 	Weaknesses	<ul style="list-style-type: none"> • Decentralization of resources • Sales ability in area without sites
Opportunities	<ul style="list-style-type: none"> • Progress of motorization in emerging countries • Expansion of auxiliary batteries market 	Threats	<ul style="list-style-type: none"> • Decrease in starting batteries due to electrification

Net sales, Operating income and Op. ratio (Billion yen)



Factors for Operating Income Change (Sixth Mid-Term Management Plan)



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

The business policy within the Sixth Mid-Term Management Plan for the Overseas Automotive Battery segment is to reform management structure for the future by selection and concentration, and strengthen profitability.

The main strategies and important tasks toward achieving 240 billion yen in net sales and 17 billion yen in operating income are as follows.

In Southeast Asia - where we have a strong presence and competitive advantage - we will seek to maximize profit by strengthening our bases.

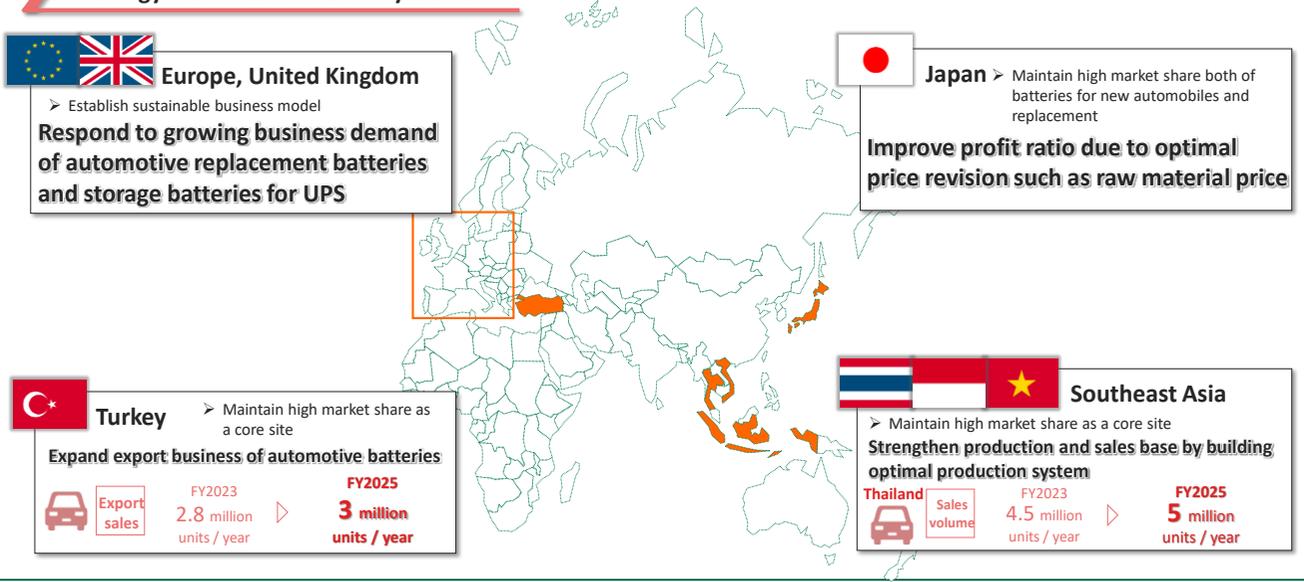
In China, where we continue to struggle, we will be promoting a fundamental review of business.

Regarding Europe, we will be utilizing the site in Turkey, which entered the scope of consolidation in fiscal year 2022, to carry out steady supply to Europe and expand sales to the Middle and Near East and North Africa, which are regions we are still in the process of making inroads into.

During the course of the Sixth Mid-Term Management Plan, we will be concentrating resources in Southeast Asia, Europe, and Australia - regions which we expect will see growth.

5. Segment Targets and Strategies (Automotive Batteries)

Strategy of Automotive Battery Business



Next are the strategies by region, in the Automotive Battery segment.

In Japan, we will be improving the profit ratio due to optimal price revision reflecting soaring raw material prices.

In Southeast Asia, we will be enhancing our manufacturing and sales systems, with Thailand as our core base.

Additionally, as I mentioned earlier, we plan to utilize our site in Turkey as an export base toward Europe, the Middle and Near East, and North Africa.

To this end, we will be further expanding this business.

Regarding Europe, we will be addressing a recovery in demand following the end of COVID-19, responding to growing business demand for automotive replacement batteries and storage batteries for UPS.

5. Segment Targets and Strategies (Industrial Batteries and Power Supplies)

Industrial Batteries and Power Supplies

Business Policy

Building a business foundation to capture the growth of the next generation

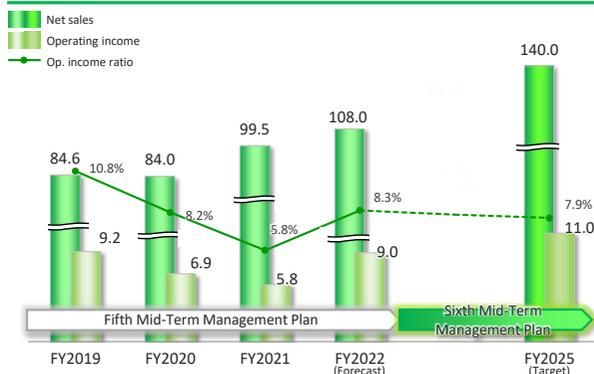
Strategies and Important Tasks

- [Emergency field (Japan)]
 - Expand our remote monitoring services
 - Maximize profit by utilizing unparalleled superiority
- [Regular field (Japan)]
 - Setting the stage for a second pillar of business
- [Emergency field (Overseas)]
 - Strengthen competitive ability by expanding product lineup

SWOT

Strengths	• High presence in Japan	Weaknesses	• Low market share in overseas
Opportunities	• Expansion of renewable energy market	Threats	• Entering renewable energy market by global competitors

Net sales, Operating income and Op. ratio (Billion yen)



Factors for Operating Income Change (Sixth Mid-Term Management Plan)



The business policy within the Sixth Mid-Term Management Plan for the Industrial Battery and Power Supply segment is building a business foundation to capture the growth of the next generation. The main strategies and important tasks toward achieving 140 billion yen in net sales and 11 billion yen in operating income are as follows.

In the emergency field, we will expand our remote monitoring services and maximize profit by utilizing our unparalleled superiority.

In the regular field, we would like to set the stage for a second pillar of business.

As shown in the SWOT analysis on page 26, one of our strengths is our high presence in Japan, and we will be leveraging this strength to maximize profit margins.

We will be setting the stage for business growth in the regular field, allowing us to address the growing market for renewable energy.

During the course of the Sixth Mid-Term Management Plan, in addition to the expansion of the market for renewable energy, we also expect the regular field in Japan to grow significantly.

Compared to existing batteries for the emergency field, profit margins are lower, so, toward 2025, we expect a slight decrease in profit margins.

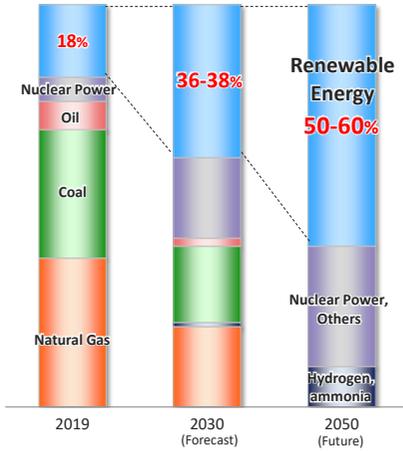
However, thanks to the expansion of the replacement and maintenance business, we intend to raise profit margins over the medium-to-long term.

In terms of batteries for forklifts and for emergency use, as well, we expect sales for these to expand, primarily in the overseas market.

5. Segment Targets and Strategies (Industrial Batteries and Power Supplies)

Strategy of Regular Field

Power Supply Composition Forecast in Japan



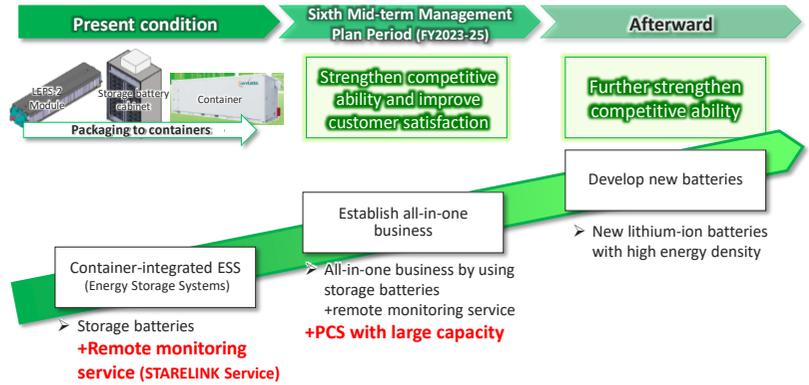
Source: Agency for Natural Resources and Energy, "Considerations for Achieving Carbon Neutrality in 2050" and "The Sixth Energy Basic Plan"

Growing importance of storage batteries

With the expansion of renewable energy introduction, the importance of storage systems (ESS) to control fluctuations and adjust supply and demand is increasing.

Increase the value we provide to customers by adding high value **with all-in-one business**

Enhance presence in regular field market



Here is the strategy for the Regular Field, which we seek to make a pillar for our business within the scope of Vision 2035.

Within the Japanese Government's Green Growth Strategy, toward achieving carbon neutrality by 2050, it predicts and promotes drastic changes to the breakdown of power supply, with renewable energies growing to account for between 50% to 60%.

Against this backdrop, the demand for storage systems using lithium-ion batteries to control fluctuations and adjust supply and demand is expected to increase.

Within storage batteries and storage systems, GS Yuasa will be offering power conditioners and replacement and maintenance leveraging remote monitoring systems as all-in-one solutions, increasing our presence in the market for renewable energy.

We are currently developing next-generation batteries and, by bringing these to market, we will be further enhancing our competitiveness and growing our presence in the regular field.

5. Segment Targets and Strategies (Automotive Lithium-ion Batteries)

Automotive Lithium-ion Batteries

Business Policy

Achieve sustainable growth in the lithium-ion battery business by taking carbon neutrality and government targets as opportunities

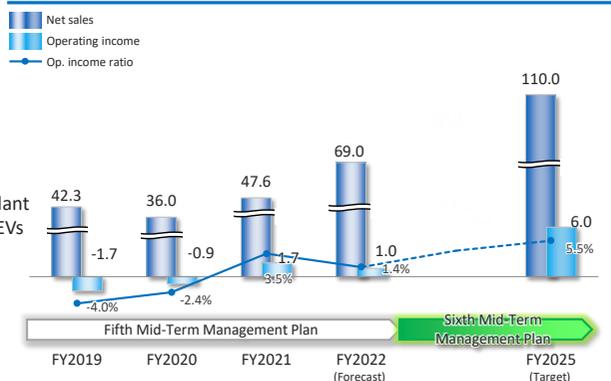
Strategies and Important Tasks

- [HEV, PHEV]
 - Improve yield rate and plant utilization rate
 - Establish further increasing production system of Blue Energy No.2 plant
 - Strengthen development and production systems of batteries for PHEVs
- [BEV]
 - Strengthen development systems of batteries for BEVs
 - Prepare for entering market of batteries for BEVs
- [Auxiliary and backup use]
 - Development of products / preparation of production

SWOT

Strengths <ul style="list-style-type: none"> • Connection with automakers in Japan • High utilization rate of BEC and LEJ 	Weaknesses <ul style="list-style-type: none"> • Corporate scale compared to manufacturers in China and Korea • Concentration of production sites in Japan
Opportunities <ul style="list-style-type: none"> • Expand demand for HEVs by automakers in Japan • Expand demand for BEV batteries 	Threats <ul style="list-style-type: none"> • Concerns about stable procurement of raw materials • Legal regulation • High market share by foreign manufacturers

Net sales, Operating income and Op. ratio (Billion yen)



Factors for Operating Income Change (Sixth Mid-Term Management Plan)

HEV, PHEV	↔	BEV, Auxiliary and backup use	—
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The business policy within the Sixth Mid-Term Management Plan for the Automotive Lithium-ion battery segment is achieving sustainable growth in the lithium-ion battery business by taking carbon neutrality and government targets as opportunities.

The main strategies and important tasks toward achieving 110 billion yen in net sales and 6 billion yen in operating income are as follows.

Regarding hybrid vehicles and plug-in hybrid vehicles, we will be improving the yield rate and plant utilization rate, allowing us to enhance profitability.

At Blue Energy's No.2 plant, we will be increasing production capacity to 70 million cells per year.

For batteries for plug-in hybrid vehicles, as well, we will be strengthening production systems.

Regarding battery EVs, during the Sixth Mid-Term Management Plan and toward achieving Vision 2035, we will be strengthening development systems and setting the stage for growth going forward.

As shown in the SWOT analysis, one of our strengths is our strong connection with automakers in Japan, which we will maintain, going forward.

At the same time, we will be addressing an expansion in the demand for batteries for hybrid vehicles and BEVs, which represents an opportunity for us.

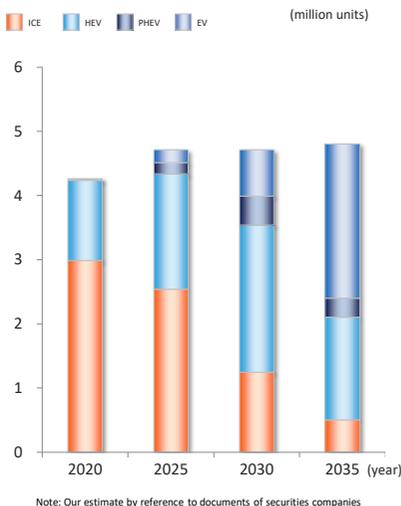
During the Sixth Mid-Term Management Plan, we will greatly expand sales of batteries for hybrid vehicles.

The Sixth Mid-Term Management Plan will be a period for us to set the stage toward achieving Vision 2035, so we expect batteries for BEVs to make a contribution in utmost starting in the Seventh Mid-Term Management Plan.

5. Segment Targets and Strategies (Automotive Lithium-ion Batteries)

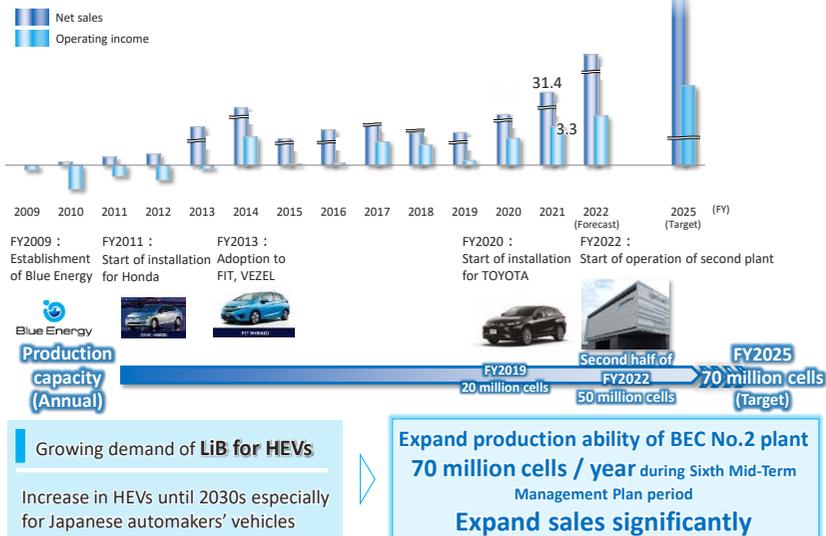
Strategy of batteries for HEVs

Forecast of sales of new vehicles in Japan



Change in net sales and operating profit of Blue Energy

(Billion yen)



Next is the strategy for batteries for hybrid electric vehicles, sales of which we expect to expand considerably in the Sixth Mid-Term Management Plan.

We believe demand for batteries for hybrid vehicles will remain through to around 2035, primarily from Japanese automakers.

As recently reported, Europe will allow internal combustion engine vehicles to use synthetic fuel.

In light of this, we believe there is the possibility of changes going forward in the trend toward electrification, on a per-region basis, as well as in terms of the timeline.

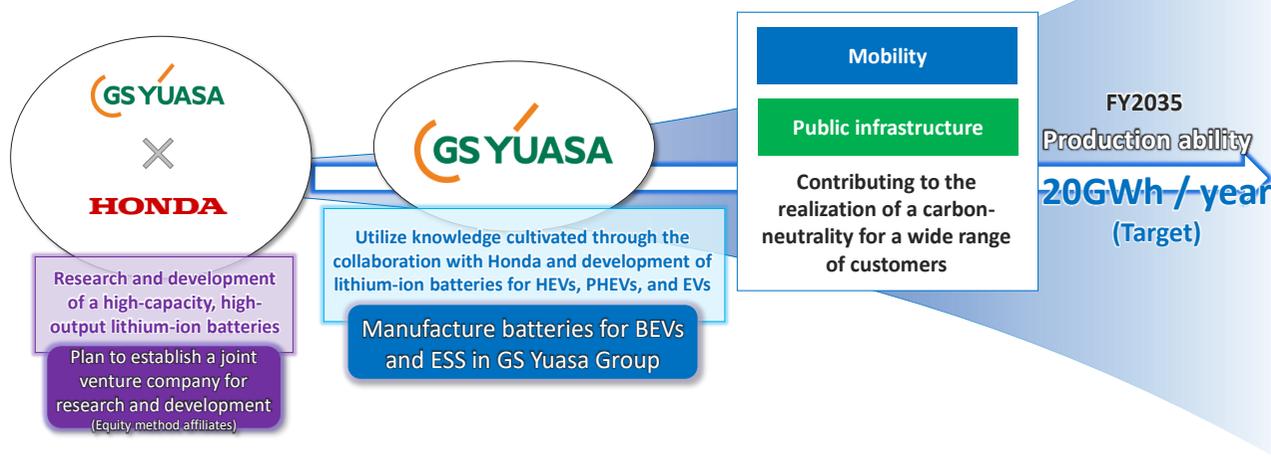
Against this backdrop, in fiscal year 2011 we started the supply to Honda Motor of lithium-ion batteries for hybrid vehicles, and also to Toyota Motor, starting in fiscal year 2020.

Starting in the second half of fiscal year 2022, we started the expansion of the production capacity at Blue Energy's No.2 plant, which currently has a production output of 50 million cells per year.

We are aiming for a production capacity of 70 million cells per year by fiscal year 2025.

5. Segment Targets and Strategies (Automotive Lithium-ion Batteries)

Strategy of batteries for BEVs



Next is the strategy of batteries for BEVs, which play an important role in achieving Vision 2035.

We plan to establish a joint venture company with Honda Motor, as an equity method affiliate, for the research and development of high-capacity, high-output lithium-ion batteries.

We will be utilizing the R&D results derived from this joint venture and leverage our expertise pertaining to lithium-ion batteries we acquired through our operations at Blue Energy and Lithium Energy Japan in the manufacture of batteries for BEVs and ESS in GS Yuasa Group.

By supplying these batteries to a variety of clients in both the domains of mobility and public infrastructure, we will make a contribution to achieving a carbon neutral society.

The production capacity target for fiscal year 2035 is over 20 GWh per year.

Going forward, we will be reporting trends related to this business during the company's financial results briefing, etc.

5. Segment Targets and Strategies (Specialized Batteries and Others)

Specialized Batteries and Others

Business Policy

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

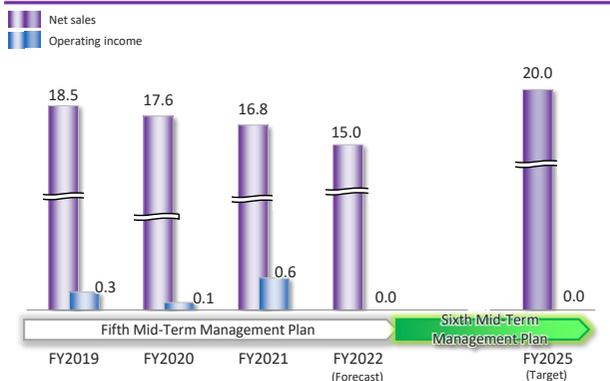
Strategies and Important Tasks

- [Specialized batteries business]
 - Improve profitability due to efforts to strengthen the foundation of the defense industry
 - Development of next-generation LiB for submarines
 - Response to expand sales of LiB for aircrafts
 - Expand sales of LiB for satellites
- [Others]
 - Increase in environmental response costs
 - Increase in costs for DX and creation of new business

SWOT

Strengths <ul style="list-style-type: none"> • The only one specialized batteries manufacturers in Japan • High technology and reliability 	Weaknesses <ul style="list-style-type: none"> • Delay in digitalization • Aging equipment
Opportunities <ul style="list-style-type: none"> • Formulation of the Three Principles on Defense Equipment Transfer • Expansion of new market such as for space use 	Threats <ul style="list-style-type: none"> • Higher costs due to increased development difficulty • Increased social responsibility

Net sales, Operating income and Op. ratio (Billion yen)



Factors for Operating Income Change (Sixth Mid-Term Management Plan)

LiB for submarines	➡	LiB for aircrafts	➡
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The business policy within the Sixth Mid-Term Management Plan for the segment of Specialized Batteries and Others is to contribute to the building of new public infrastructure through batteries with the highest level of performance and quality.

The main strategies and important tasks toward achieving 20 billion yen in net sales are as follows.

In the Specialized batteries business, we expect improved profitability due to efforts to strengthen the foundation of the defense industry.

Second, we will be developing next-generation lithium-ion batteries for submarines, and additionally, we will expand sales of lithium-ion batteries for aircraft.

During the Sixth Mid-Term Management Plan, we forecast a sales increase, primarily for lithium-ion batteries for aircraft.

6. Financial Policy and Capital Policy

Financial Policy

- Maintain a shareholders' equity ratio of 40% or more while investing in growth in mobility and public infrastructure
- Target of total return ratio before amortization of goodwill, etc. is 30% or more (achieve both investment in growth and stable dividends to shareholders)

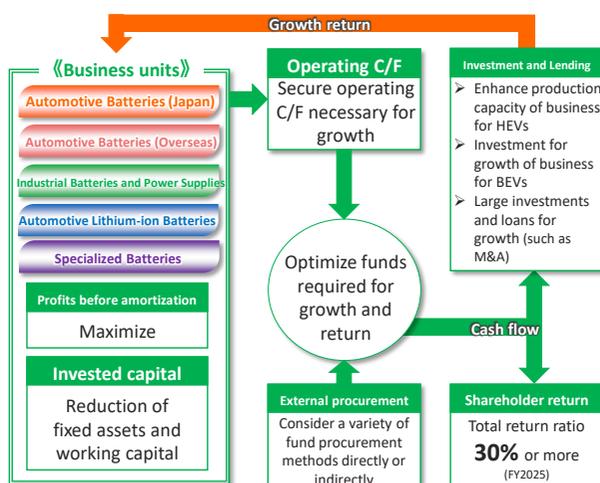
	FY2025 targets (Apr. 2025 – Mar. 2026)
Interest-bearing debt to operating cash flow ratio*1	Approx. 3 years
Total return ratio*2	30 % or more
Equity ratio	maintain 40 % or more

*1 Interest-bearing debts (including lease obligations) / operating cash flow
 *2 The total return ratio for FY2025 is before goodwill amortization

	Sixth Mid-Term Management Plan 3-year total
Operating cash flow	¥140.0 bn
Investing cash flow	-¥190.0 bn
Free cash flow	-¥50.0 bn

Capital Policy

- Achieve both investment in growth and shareholder returns by maximizing profits through ROIC management and utilizing optimal financing



Note: The total return ratio is before goodwill amortization

Next is a discussion of the financial policy and capital policy within the scope of the Sixth Mid-Term Management Plan.

In terms of the financial policy, we will seek to maintain a shareholders' equity ratio of 40% or more while investing in growth in mobility and public infrastructure, and aim for a total return ratio of 30% or more.

We will be prioritizing upfront investment in the three years that comprise the Sixth Mid-Term Management Plan.

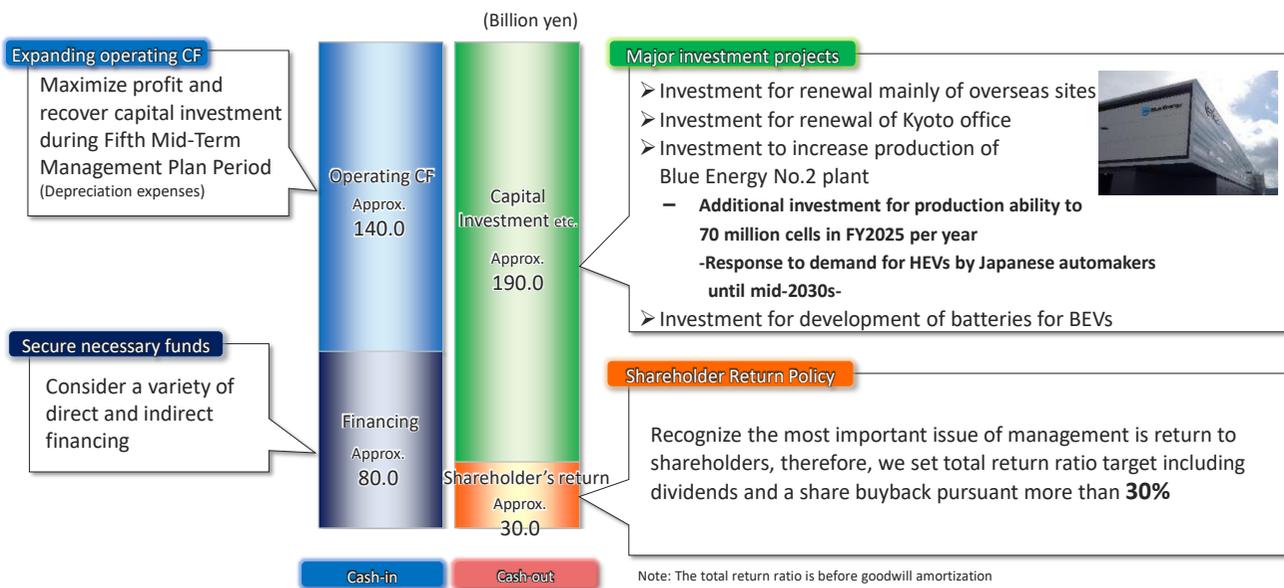
As such, while we usually aim for two years in terms of the interest-bearing debt to operating cash flow ratio, this time, it will be approximately three years.

In terms of three-year cumulative cash flows, we expect 140 billion yen in cash inflows from operating activities, and 190 billion yen in outflows from investing activities.

As such, we expect negative 50 billion yen in free cash flow.

However, we will work toward maximizing income before the amortization of goodwill and ensuring the efficiency of invested capital, while at the same time balancing this with growth investment and shareholder returns - through a flexible approach toward the external procurement of funds.

7. Capital Allocation (FY2023-2025)



Page 33 discusses capital allocation.

There will be a significant increase in capital expenditures, as we will be carrying out additional investment for production capacity at Blue Energy's No.2 plant, and investment toward a re-entry into the BEV battery business.

We will be dedicating significant investment to the mobility field, which is expected to grow considerably going forward, centered primarily around BEVs, and to the public infrastructure field, centered around renewable energy.

In light of this, there is a possibility that operating cash flow might not be enough to carry out this investment, so we will be considering a variety of options in procuring funds, both direct and indirect, allowing us to deliver growth.

Against this backdrop, we will be returning value to shareholders, while at the same time aiming to deliver business growth.

8. Capital Investment, Depreciation, R&D Costs



	Fifth Mid-Term Management Plan (FY2019-2022)	Sixth Mid-Term Management Plan (FY2023-2025)	(Billion yen)
	Actual (4years total)	Plan (3years total)	Change
Capital Investment	102.0	190.0	+88.0
Automotive Batteries	12.4	12.0	-0.4
Industrial Batteries and Power Supplies	22.8	20.0	-2.8
Automotive Lithium-ion Batteries	8.5	16.0	+7.5
Others	29.6	105.0	+75.4
	28.6	37.0	+8.4
Depreciation	67.0	65.0	-2.0
Automotive Lithium-ion Batteries	14.1	24.0	+9.9
R&D Costs	46.6	60.0*	+13.4
(Ratio of R&D expenses to net sales)	2.7%	3.3%	+0.6P

Note: Figures for FY2022 are based on figures as of 2Q
*R&D costs in equity method affiliates are included

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Next is capital investment, depreciation, and R&D costs during the Sixth Mid-Term Management Plan.

As I mentioned earlier, capital expenditures will increase considerably in the Automotive Lithium-ion battery segment.

Against this backdrop, we will be carrying out capital expenditures necessary for growth, while also making use of subsidies.

Expenses associated with research and development, too, will increase, in order to accelerate R&D at our joint venture with Honda Motor.

We will be utilizing subsidies within the scope of the Green Innovation Fund, and continue carrying out R&D in order for our competitive advantage as a technological company to bring forth results.

9. Medium-term Environmental Target (FY2023-2025)

Accelerate the reduction of environmental impact from our business activities and
expand our contribution to the circular economy

Reduction of CO₂ emissions **15% or more** (compared with FY2018)

- Implementation of energy conservation measures through energy visualization
- In-house consumption of renewable energies through the introduction of solar power generation equipment
- Replacement of old equipment with energy-saving equipment



Reducing water use

15% or more
(compared with FY2018)

Percentage of environmentally considered products in total sales

45% or more

Increasing usage rate of recycled lead

70% or more

Next are the environmental targets within the Sixth Mid-Term Management Plan.

We are aiming for a reduction in CO₂ emissions of 15% or more compared with fiscal year 2018 levels.

To this end, we will be implementing energy conservation measures through energy visualization, carrying out the in-house consumption of renewable energies through the introduction of solar power generation equipment, and replacing old equipment with energy-saving equipment.

We are aiming to reduce water use by 15% or more compared with fiscal year 2018 levels, and have environmentally considered products - which contribute toward achieving carbon neutrality - account for 45% or more of total sales.

Lastly, we will be increasing usage rates of recycled lead to 70% or more.

We believe GS Yuasa products play an important role in achieving carbon neutrality.

Through contribution from our products, the reduction of CO₂ emissions associated with our activities, and the reduction of the use of water resources, we aim to further reduce our environmental footprint and contribute to a sustainable society.

10. Initiatives for Sustainability (Materiality)

Materiality	Major Activities and targets
<p>E</p> <p>➢ Environment – Contribute to sustainability of the global environment as an energy device company</p> <ul style="list-style-type: none"> ➢ Developing and popularizing environmentally considered products ➢ Promoting environmental protection 	<ul style="list-style-type: none"> ➢ Ratio of reduction of CO₂ emissions 15% or more (compared with FY2018) ➢ Ratio of reduction of water use 15% or more (compared with FY2018) ➢ Ratio of recycled lead used 70% or more ➢ Percentage of environmentally considered products in total sales 45% or more
<p>S</p> <p>➢ Social – Respect for human rights and contribution to society</p> <ul style="list-style-type: none"> ➢ Respect for individuality ➢ Respect for diversity ➢ Human resources development ➢ Enhancement of work environments and occupational health and safety ➢ Provision of high-quality products ➢ Responsible procurement promotion 	<ul style="list-style-type: none"> ➢ Promotion of human rights education and thorough management of human rights risks ➢ Promotion of diversity & inclusion ➢ Promotion of work-life balance and health management ➢ Promotion of human resource development programs ➢ Promotion of occupational health and safety risk management ➢ Strengthening of product safety management, promotion of quality improvement and strengthening of quality communication ➢ Responses to responsible mineral procurement and managing CSR risks in the supply chain
<p>G</p> <p>➢ Governance – Promotion of fair, transparent, and swift group-wide governance</p> <ul style="list-style-type: none"> ➢ Thoroughly fulfilling our CSR and ensuring compliance ➢ Protection of intellectual property ➢ Thorough management of confidential information 	<ul style="list-style-type: none"> ➢ Promotion of compliance education, provision and thorough of legal information ➢ Thorough avoidance of infringement and elimination of counterfeit products ➢ Promotion of security measures and information security training

Next are the initiatives for sustainability within the Sixth Mid-Term Management Plan.

We have formulated materialities in the respective categories of Environment, Social, and Governance, as well as major activities and targets for each.

Against the backdrop of greater importance being placed on human capital, we are committed to the promotion of diversity and inclusion, of work-life balance, and of health management.

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