Creating the Future of Energy

Sixth Mid-Term Management Plan Update Briefing




July 9, 2024

GS Yuasa Corporation

Contents

Creating the Future of Energy

Sixth Mid-Term Management Plan Update

1. Policies and Issues of Sixth Mid-Term Management Plan

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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

①Development 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

②Reinforcement 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

③DX / new business

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

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There is no change in the policies and measures of the Sixth Mid-term Management Plan.
The Sixth Mid-term Management Plan is a period for laying the foundation for the realization of the "ideal state of our company" as envisioned in Vision 2035.

There is no change in the three implementation measures.
■The first is the development of batteries for BEVs.
The development of high-capacity, high-power lithium-ion batteries at Honda・GS Yuasa EV Battery R&D, established in August 2023, is positioned as the most important process in preparation for the production and supply of batteries for BEVs and ESS.

■The second is to strengthen the profitability of existing businesses.
・Strengthening further profitability of the lead-acid battery business in the automotive and industrial battery and power supply businesses in Japan and overseas.
・In the automotive battery business, we will streamline and rationalize our domestic production system and strengthen our supply system to ensure a high market share.
・In the industrial battery and power supply business, the Company will promote "*Monozukuri and Kotozukuri*" against the backdrop of its high market share. We will promote further strengthening of our earnings base by increasing opportunities to receive orders for projects.
・The reconsideration of the China business is progressing as planned. Regarding the structure of overseas sites, we will allocate management resources based on selection and concentration.

■The third point is DX/New Business.
・In addition to DX promotion, labor saving, and streamlining that will enable business structure transformation, we are also working to improve the work process.
・The Company is taking on the Biz Challenge, creating new businesses that contribute to solving social issues.

2. Reasons for Sixth Mid-Term Management Plan Update

Changes in the market environment

- Rising costs such as raw material prices due to the weaker yen and labor costs due to labor shortages
- Changing trends of conversion to EVs, reevaluation of HEVs mainly in the U.S. and Europe
- Expansion of national carbon neutral policies (subsidies for ESS and BEVs, etc.)
- Restructuring of the supply chain in the lithium-ion battery field and the growth of large competitors

Changes in GS Yuasa

- Strengthen "earning power" of existing businesses mainly in Automotive Batteries and Industrial batteries and Power Supplies
- Reconsideration of business portfolio as part of the selection and concentration (transfer of business in China, etc.)
- Execution of strategies in growth areas with a focus on BEV business (establishment of Honda･GS Yuasa EV Battery R&D and land acquisition, etc.)

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I will explain the reasons for updating the Sixth Mid-term Management Plan.

■ The first is changes in the external environment.

・Higher-than-expected impact of exchange rates on raw material prices, including lead prices, and higher costs associated with labor costs and various types of inflation due to a shortage of human resources

・Change in the trend toward EVs, particularly in Europe, North America, and ASEAN countries, and the forecast revision

・Expansion of carbon neutral policies in various countries

・The emergence of supply chain issues in the lithium-ion battery field and the growing size and complexity of competitors

■ The second is changes in the internal environment.

・Further strengthen earning power in the lead-acid battery business, particularly in the automotive batteries and industrial batteries and power supplies businesses

・Reconsideration of the business portfolio through selection and concentration, including a reconstruction of the China business

・Review the profit structure of the lithium-ion battery business for HEVs and strengthen the production system

・Execution of strategies and establishment of a revenue base in growth areas centered on the BEV and ESS businesses

3. Management Target Update

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Sixth Mid-Term Management Targets (FY2025 target)

		FY2023 Actual	FY2024 Forecast	Sixth Mid-Term Management Plan FY2025 Target		Change ((B)-(A))
				Initial target (Apr. 2023) (A)	Revised target (Jul. 2024) (B)	
Net Sales		562.9 billion yen	590.0 billion yen	610.0 billion yen or more	**600.0 billion yen or more**	-10.0 billion yen
Operating income before amortization of goodwill		42.2 billion yen	44.5 billion yen	41.0 billion yen or more	**46.0 billion yen or more**	+5.0 billion yen
(Operating income ratio)		7.5 %	7.5 %	6.7 % or more	**7.7 % or more**	+1.0 P
[Reference] Operating income before amortization of goodwill (before application of hyperinflationary accounting)		44.9 billion yen	47.1 billion yen	-	**48.6 billion yen or more**	-
Return on equity (ROE)		11.6 %	8 %	8 % or more	**8 % or more**	-
Return on invested capital (ROIC)		13.7 %	12.5 %	10 % or more	**10 % or more**	-
Total return ratio		20.6 %	26.5 %	30 % or more	**30 % or more**	-
Prerequisites	Domestic lead price quote	¥373,400 /t	¥372,000 /t	¥342,000 /t	**¥372,000 /t**	+¥30,000 /t
	LME	2,121 US$/t	2,200 US$/t	2,000 US$/t	**2,100 US$/t**	+100 US$/t
	Exchange rate	¥145.31 /US$	¥145.0 /US$	¥140.0 /US$	**¥145.0 /US$**	+¥5.0 /US$

Notes: 1. The above indicators are based on profit before amortization of goodwill.
2. ROIC is calculated as follows: Invested capital (fixed assets [excl. goodwill amortization] + working capital) / Operating income before amortization of goodwill. Invested capital is the average of amount at beginning and end of term.
3. The amount of application of hyperinflationary accounting shown for reference is included in the FY2024 forecast and the FY2025 revised target for operating income as the same level as in FY2023.

Forecast

- The performance will remain strong due to significant price corrections mainly in Automotive Batteries, Industrial Batteries and Power Supplies
- Domestic lead prices will remain high due to the impact of yen depreciation

This section provides an update on the management target figures.

Regarding targets for the final year (FY2025) of the Mid-Term Management Plan, net sales were set at 600 billion yen or more (down 10 billion yen from the initial plan).
I will explain by segment later, sales will decrease in the industrial batteries and power supplies business and automotive lithium-ion-ion batteries business.
The initial plan did not include the transfer of the two sites in China, so we have also made adjustments for this.

Operating income before amortization of goodwill and other items is expected to be more than 46 billion yen (+5 billion yen compared to the initial plan).
Because the hyperinflation accounting method is applied from FY2023, the total profit target would be 48.6 billion yen, excluding the impact of this accounting method, which is approximately 2.6 billion yen.

I would like to explain the overall outlook for the medium-term management plan.
Due to efforts to correct selling prices in FY2023, mainly for automotive batteries and industrial batteries and power supplies, the results of this effort were successful.
Demand for both businesses is firm and is expected to remain firm in the future. Since there is a delicate balance between price correction and order opportunities and order volume, and since the effect of price correction is not directly related to operating income in some areas, we will continue to operate our business while maintaining a good balance.

The lithium-ion battery business for HEVs will be affected by a temporary adjustment phase due to lower selling prices caused by a decline in lithium raw materials and lower product volumes caused by customers, but we do not expect this to be prolonged.

In addition, the ongoing depreciation of the yen continues to be a risk factor affecting earnings as the price of key raw materials for batteries and power supplies remains high.

4. Update by Segments

(Billion yen)

		FY2023 Actual		FY2024 Forecast		Sixth Mid-Term Management Plan FY2025 Target: Initial target (Apr. 2023) (A)		Sixth Mid-Term Management Plan FY2025 Target: Revised target (Jul. 2024) (B)		Change ((B)-(A))		[Reference] FY2025 Revised Target (before application of hyperinflationary accounting)	
		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: pp)	Net sales	Operating income (Op. income ratio: pp)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	94.0	8.1 (8.6)	100.0	8.0 (8.0)	100.0	7.0 (7.0)	**100.0**	**9.0 (9.0)**	±0.0	+2.0 (+2.0)	**100.0**	**9.0 (9.0)**
	Overseas	252.9	15.1 (6.0)	259.0	16.5 (6.4)	240.0	17.0 (7.1)	**260.0**	**17.0 (6.5)**	+20.0	±0.0 (-0.6)	**260.0**	**19.6 (7.5)**
Industrial Batteries and Power Supplies		109.7	13.2 (12.0)	120.0	13.0 (10.8)	140.0	11.0 (7.9)	**120.0**	**13.0 (10.8)**	-20.0	+2.0 (+2.9)	**120.0**	**13.0 (10.8)**
Automotive Lithium-ion Batteries		84.8	2.6 (3.1)	90.0	4.0 (4.4)	110.0	6.0 (5.5)	**100.0**	**5.0 (5.0)**	-10.0	-1.0 (-0.5)	**100.0**	**5.0 (5.0)**
Specialized Batteries and Others		21.5	3.2 (7.7)	21.0	3.0 (14.3)	20.0	0.0 (-)	**20.0**	**2.0 (10.0)**	±0.0	+2.0 (+10.0)	**20.0**	**2.0 (10.0)**
Total		562.9	42.2 (7.5)	590.0	44.5 (7.5)	610.0	41.0 (6.7)	**600.0**	**46.0 (7.7)**	-10.0	+5.0 (+1.0)	**600.0**	**48.6 (8.1)**

Main reasons for profit forecast revision

- Automotive Batteries and Industrial Batteries and Power Supplies reflects the impact of price revision
- Automotive Batteries (Overseas) considers the impact of hyperinflationary accounting in Turkey
- Industrial Batteries and Power Supplies considers strong performance in the regular field
- Specialized Batteries and Others reflects revision of administrative expenses

<Prerequisites>	FY2023 Actual	FY2024 Forecast	FY2025 Initial target (A)	FY2025 Revised Target (B)	Change ((B)-(A))
Domestic lead price quote (¥10,000/t)	37.34	37.2	34.2	**37.2**	+3.0
LME (US$/t)	2,121	2,200	2,000	**2,100**	+100
Exchange rate (¥/US$)	145.31	145.00	140.00	**145.00**	+5.00

Notes:
1. Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.
2. The inflation adjustment amount shown in Automotive Batteries (overseas) segment for reference is included in the FY2025 revised target for operating income as the same level as in FY2023.

I will explain by segment.
Net sales of automotive batteries (Japan) are 100 billion yen (± 0.0 billion yen from the initial forecast), and operating income is 9 billion yen (+2.0 billion yen from the initial forecast).
This reflects the effect of selling price correction mainly for new automobiles and increased sales in the replacement batteries.
Net sales for automotive batteries (overseas) are 260 billion yen (+20 billion yen from the initial forecast), and operating income is 17 billion yen (±0 billion yen from the initial forecast).
This reflects the impact of increased sales volume and progress in correcting selling prices in the European, Australian, and ASEAN markets.
Although operating income does not appear to have increased, before hyperinflation accounting adjustments, it increased to 19.6 billion yen.

Net sales of 120 billion yen (down 20 billion yen from the initial forecast) and operating income of 13 billion yen (up 2 billion yen from the initial forecast) for the industrial battery and power supply business.
The decrease in net sales reflects a review of the sales volume of forklift batteries sold by overseas sites and a review of the number of orders received in the domestic regular use market.
On the other hand, operating income increased as a result of the price correction in the domestic emergency battery and power supply business and improved profitability in the regular field.
Unlike the automotive, the industrial batteries and power supplies business is a business of individually ordered products, and net sales estimates fluctuate greatly depending on the volume of bidding projects and the availability of large projects, so we are forced to set somewhat conservative figures.

Net sales of automotive lithium-ion batteries are 100 billion yen (down 10 billion yen from the initial forecast), and operating income is 5 billion yen (down 1 billion yen from the initial forecast).
Net sales are expected to decrease due to lower selling prices resulting from the decline in lithium raw material prices. The purchase scheme for raw materials agreed upon in the past has also been a factor pushing down earnings.
Another factor for the decline in sales is a decrease in the volume of products due to the impact of delays in new car manufacturer’s projects for new automobiles for which orders were received.

Net sales for specialized batteries and others are 20 billion yen (± 0.0 billion yen from the initial forecast), and operating income is 2 billion yen (+2.0 billion yen from the initial forecast).
The Company expects to see an increase in profit due to firm business in the aircraft and government sectors and an appropriate profit level.

4. Update by Segments (Automotive Batteries (Japan))

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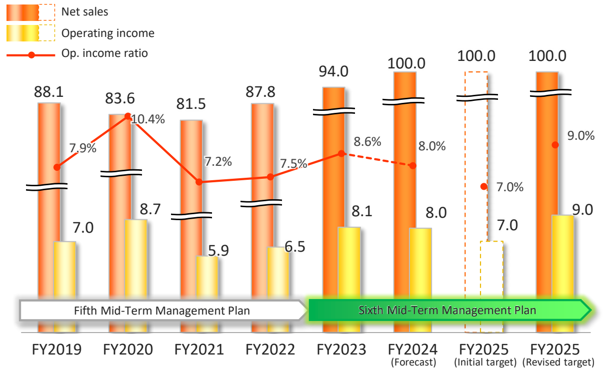
Automotive Batteries (Japan)

Net sales, Operating income and Op. ratio

(Billion yen)



Factors for Target Revision (Sixth Mid-Term Management Plan)

- Effects of establishing appropriate prices for new automobiles, reflecting the impact of soaring raw material prices and other costs
- Strengthen sales by restructuring marketing strategies for replacement

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

Upcoming Initiatives

- **[Production]**
  Building an optimal production system and stable supply system in response to BCP
- **[Sales]**
  Continuing efforts to further strengthen profitability for both new automotive and replacement batteries

Automotive batteries (Japan).

As explained earlier, operating income is expected to increase by 2 billion yen from the initial target.

The revision factors are as follows:
・Effect of selling price correction for new automobiles exceeding raw material price hikes (from red to white to black)
・Increase sales through measures to expand sales in the replacement business and reduce expenses through consolidation of sales sites and other measures.

Future initiatives are as follows:
・We have production sites in East Japan, Central Japan, and West Japan. We will establish a system to produce and supply the same type of batteries at any of our sites.
・Promote an efficient manufacturing and sales system by balancing appropriate selling prices, sales volume, and production volume.

4. Update by Segments (Automotive Batteries (Overseas))

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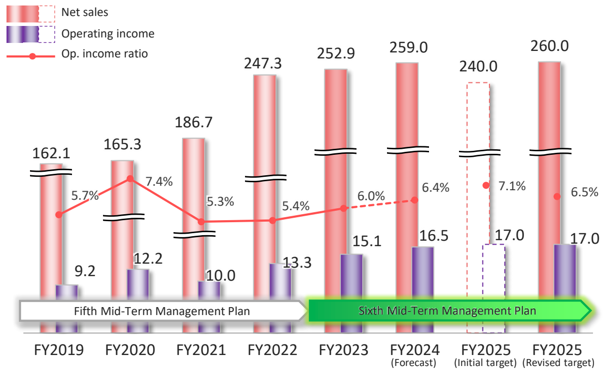
Automotive Batteries (Overseas)

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



Factors for Target Revision (Sixth Mid-Term Management Plan)

- Effects of price revision mainly in Europe and Australia
- Impact of the hyper-inflationary accounting in Turkey after FY2023

Upcoming Initiatives

- **[Strategic sites (Southeast Asia, Europe and Australia)]**
  Strengthening management base and further improving profitability by concentrating resources
- **[Other sites]**
  Promoting strategies based on selection and concentration following the conversion of the China site to an equity-method affiliate company

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

Automotive batteries (Overseas) business.

Net sales are +20.0 billion yen compared to the initial target, and operating income, before inflation accounting adjustments, is 19.6 billion yen, an increase over the initial target.

The revision factors are as follows:
・Improvement of sales volume and price correction in Europe, Australia, and ASEAN markets
・Operating income in FY2023 is expected to decrease by about 2.6 billion yen due to the impact of hyperinflation accounting in Turkey. The same amount is expected to be recorded in the FY2024 forecast and the revised target for FY2025.

Future initiatives are as follows:
・As for the strategic sites (Thailand, Indonesia, Vietnam, Europe, and Australia), we will strengthen our earnings base and further expand the scale and scope of our business by concentrating resources.
・We will promote regional strategies based on selection and concentration (automotive lead-acid batteries, industrial lead-acid batteries).

4. Update by Segments (Automotive Batteries)

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Strategies of Automotive Batteries Business

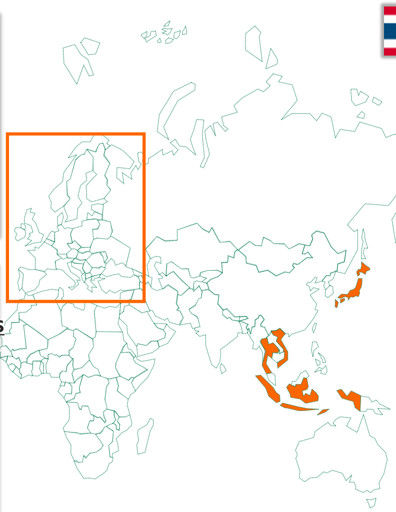
Europe

Turkey
Forming a product mix centered on high value-added products
Expanding sales as an export site to Europe and other neighboring regions against the backdrop of the weak Turkish lira

Japan

Improving business for new automobiles
Improve profitability by realizing adequate price for new automotive batteries

Developing an optimal production and stable supply system in response to BCP
Reconsidering domestic production sites to build a mutually complementary system



Southeast Asia

Thailand
Expanding sales of high value-added products by leveraging our brand and product strength as a core site for automotive batteries

Thailand — Production volume: FY2023 5.0 million units / year ▷ Establish a production system 6.0 million units / year

Indonesia
Promoting improvement of profit rate by strengthening sales expansion of replacement and export batteries as a core site for motorcycle batteries

Vietnam
Increasing sales by improving productivity through the introduction of labor-saving equipment and by restructuring the sales system

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This is about the strategy for the automotive battery business.

■ Japan
・We will continue to improve the business for new automobiles (secure appropriate profits).
・We will promote optimal production and stable supply system (+GS Yuasa Energy)
(production system based on BCP)

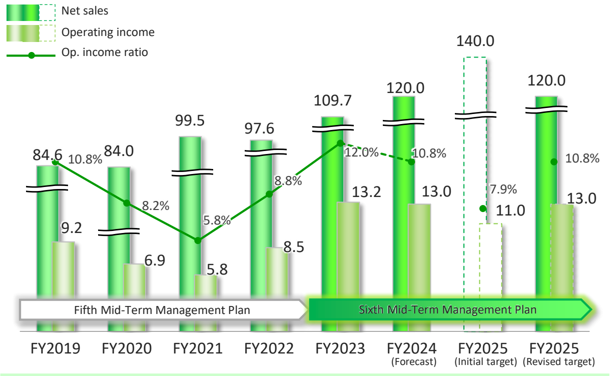
■ Europe (Turkey)
Expanding sales as an export site to Europe and other neighboring regions against the backdrop of the depreciation of the Turkish lira.
(automotive batteries and forklift batteries)

■ Southeast Asia
We will promote manpower saving and production rationalization efforts.
・In Thailand, we have taken another step forward from its current annual production system of 5 million units and we are looking at an annual production system of 6 million units.
As a core site for automobiles, we will also expand sales of high value-added products in the Mekong Economic Zone, including Cambodia and Laos. In particular, we will expand sales of automotive lead-acid batteries for replacement.
・In Indonesia, market activity was stagnant in FY2023 due to the presidential election and other factors. In the current fiscal year, there are signs of market revitalization, and we expect to expand domestic sales and exports to Europe and the United States.
・In Vietnam, we will reduce costs by reducing manpower in the production process and improve productivity of motorcycle batteries. In addition, we will strengthen our sales channel structure to maintain the top share in the motorcycle battery market.
In Vietnam, we have 65% share of the motorcycle battery market, we intend to further expand this share.

4. Update by Segments (Industrial Batteries and Power Supplies)

Industrial Batteries and Power Supplies

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



Factors for Target Revision (Sixth Mid-Term Management Plan)

- Effects of the price pass-through in the emergency field
- Increased profitability in the regular field due to demand for carbon neutrality and subsidies

Upcoming Initiatives

- **[Emergency Field (Japan)]**
  Improving profitability by reflecting raw material prices and inflation effects on selling prices
- **[Regular Field (Japan)]**
  Securing production capacity to meet strong demand and expanding sales by ESS with PCS
- **[For Forklifts (Global)]**
  Establishing of efficient production system by starting operation of new forklift plant in Kyoto area

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 fiscal 2022 were restated according to the modified segments.

Industrial batteries and power supplies.

Net sales are 120 billion yen, down 20 billion yen from the initial target, but operating income is 13 billion yen, up 2 billion yen from the initial target.

The revision factors are as follows:
・Effects of the price correction in the area of emergency field
・Increasing demand for regular use power supply systems and improving profitability based on carbon neutral demand, economic security, and energy security

Future initiatives are as follows:
・In emergency field (domestic), we will continue to correct selling prices and improve profitability.
・In regular field (domestic), we will secure production capacity to meet strong demand (1.3 million cells per year from 1.0 million cells per year) and promote sales expansion through PCS-combined ESS.
・We will improve productivity and cope with the burden of depreciation by operating a new plant for forklifts (Nishioji, Kyoto). In addition, we will promote measures to respond to the shift to LIB in the ASEAN market and to expand sales channels in the European market.

4. Update by Segments (Industrial Batteries and Power Supplies)

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Strategies of Regular Field

Conceptional image of Yatogo Energy Storage Station
(Kumagaya City, Saitama Pref.)

- Project owner : Sub-subsidiary of Mizuho Leasing Company
- Operation : February 2025
- Capacity : 7.46MWh

The performance of regular field will remain strong in FY2024

Conceptional image of Tsunokobaru Power Storage Station
(Oita City)

Created by Chiyoda Corporation
(using Google Maps and map data from the Geospatial Information Authority of Japan)

- Project owner : Nijio Co., Ltd.
- Operation : FY2026 (Plan)
- Capacity : 50MWh

Expanding production of lithium-ion batteries for regular use

・Expanding the production capacity of the former LEJ (current GS Yuasa) in FY2023
・BEV production capacity at the new plant, which will start operation in FY2027, will also be utilized in the regular field, where demand is strong.

Production for regular field (Sales volume expansion)

FY2023 Approx. 1.0 million cells → FY2024 Supply approx. **1.3 million cells** (Plan) → FY2027- Utilizing **production capacity of lithium-ion batteries for BEVs** and expand production

Development and sales expansion of lithium-ion batteries for renewable energies

The 1st Generation (LEPS-1) → **The 2nd Generation (LEPS-2)**: Increasing production capacity to meet growing demand, starting with delivery to one of the world's largest storage batteries facilities

The 3rd Generation (FY2027-): Leveraging R&D results with Honda **to meet growing demand for carbon neutrality**

Delivery for a world-class storage battery facility (Toyotomi-cho, Hokkaido)

Source: North Hokkaido Wind Energy Transmission Corporation (https://www.hokubusouden.com/progress/869/#contents)

Received the order from ENEOS for Japan's largest storage battery system for power grid applications

ENEOS Muroran Plant (construction phase)

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

Strategy for regular use areas.

In terms of expanding production of lithium-ion batteries for regular use, we will increase the annual supply from 1 million cells in FY2023 to 1.3 million cells in FY2024, and from FY2027 we will use the new BEV battery plant we are currently working on to meet demand.

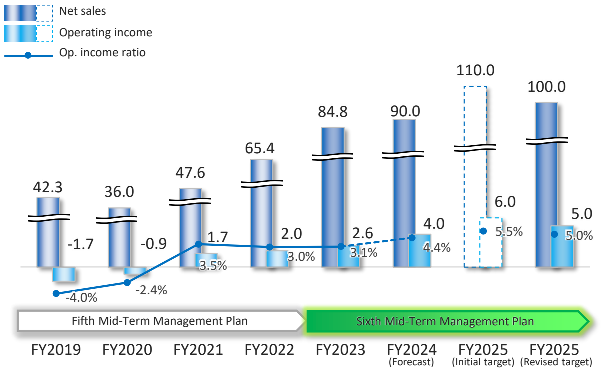
There are three categories of regular use markets.
(1) For the grid (ENEOS, etc.), (2) For installation alongside renewable energy (North Hokkaido Wind Energy Transmission, etc.), and (3) For demand side (Honda Kumamoto, etc.),
Demand for grid storage batteries is expected to reach the 4.5GWh-5GWh level (per year) by 2030, and the regular field in Japan will be an important growth area for the industrial battery and power supply business.

In the development of lithium-ion batteries for regular use, we will improve the performance and cost competitiveness of the batteries to improve their profitability.

4. Update by Segments (Automotive Lithium-ion Batteries)

Automotive Lithium-ion Batteries

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



Factors for Target Revisions (Sixth Mid-Term Management Plan)

- Decrease in selling price due to significant decline in raw material prices
- Decrease in volume due to delivery delay from the additional car manufacturer

Upcoming Initiatives

- **[HEV]**
  - Revising selling prices according to the situation such as raw material price hikes and inflation
  - Promoting stable operation of facilities and improving yield in line with production capacity
- **[PHEV / ESS]**
  Responding to demand by expanding production capacity
- **[BEV]**
  Preparation for new plant start-up in FY2027

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Automotive lithium-ion batteries business.

Net sales are 100 billion yen, down 10 billion yen from the initial target, and operating income is 5 billion yen, down 1 billion yen from the initial target.

The revision factors are as follows:
・Sales are expected to decrease due to a drop in selling prices following a decline in lithium raw material prices.
・In addition, a decrease in the volume of new OEM orders for new automobiles due to the postponement of the order period and other factors are also contributing to the decline in sales and profit.
・The purchase scheme for raw materials agreed upon in the past has also been a factor pushing down earnings, and the outlook is for a slight struggle.
Therefore, the automotive lithium-ion batteries business will temporarily enter an adjustment phase, but we will step on the accelerator to increase production capacity in response to inquiries from existing customers and to strengthen our earnings base as an existing business.

Future initiatives are as follows:
・In the case of HEVs, review of selling price fluctuation settings according to the situation such as raw material price hikes and inflation. (currently on a partially sliding scale)
We will promote facility renewal and further yield improvement.
While maintaining a balance between production capacity and existing customers, we will increase annual production capacity from 50 million cells to 70 million cells.
・For PHEV/ESS, the annual production capacity of the former LEJ will be expanded from 6 million cells to 8 million cells and we will meet increasing demand from customers for PHEVs and ESSs.
・Preparations are underway for the start of BEV battery operations at the plant in FY2027.

4. Update by Segments (Automotive Lithium-ion Batteries)

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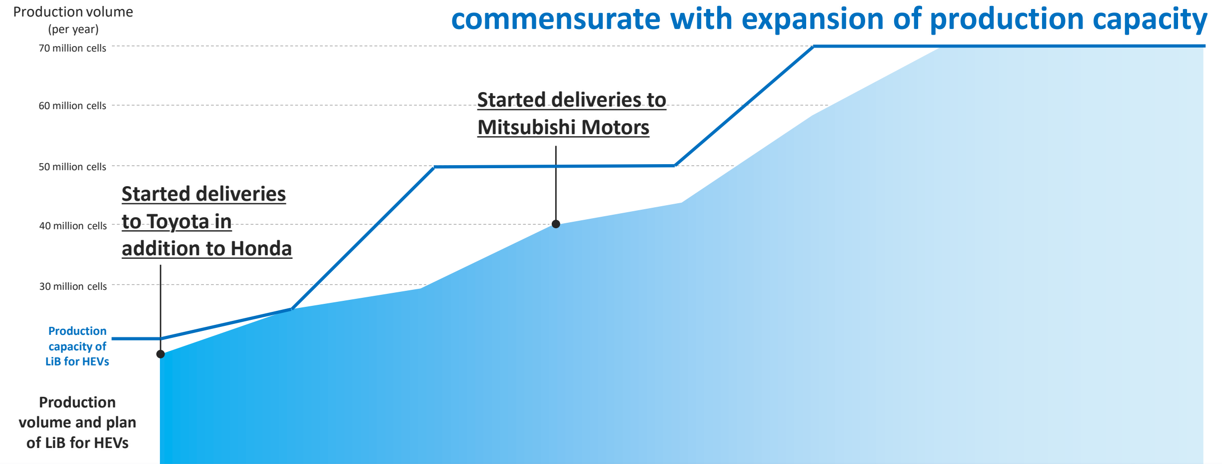
Strategy of batteries for HEVs

Responding to inquiries from existing business partners commensurate with expansion of production capacity



	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028-
Production capacity (per year)	20 million cells	⇒	50 million cells	⇒	⇒	70 million cells	⇒	⇒	⇒

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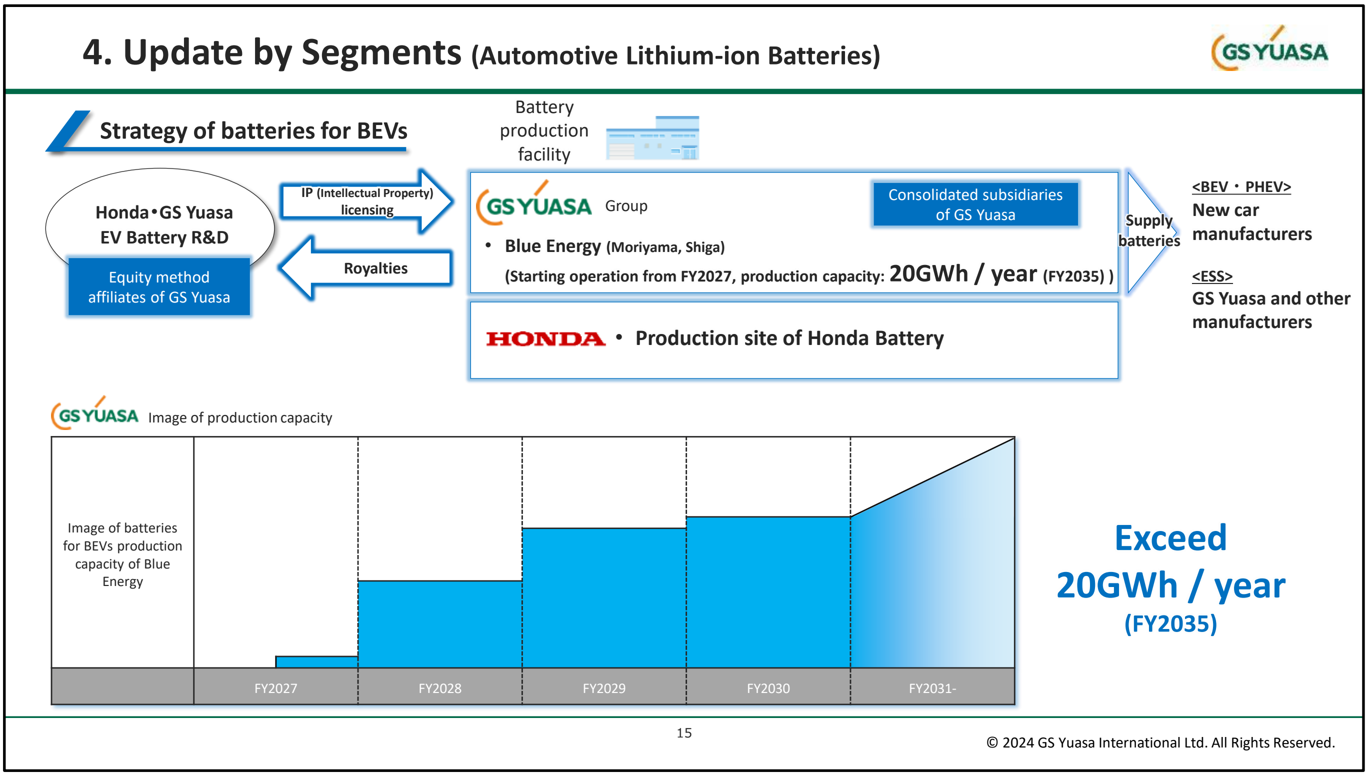
This is a response to the expansion of production capacity of lithium-ion batteries for HEVs.

In FY2020, we began delivering to Toyota in addition to Honda.
We are building a production system for 50 million cells in FY2022.
We will expand our production capacity to 70 million cells in FY2025 and respond to inquiries from existing customers commensurate with the expansion of production capacity.



Strategies of batteries for BEVs.

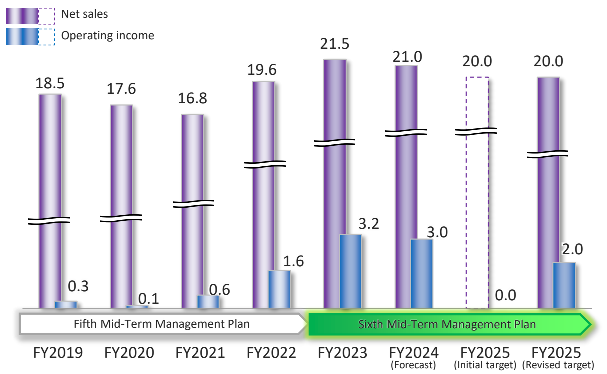
This is the scheme of Honda・GS Yuasa EV Battery R&D (HGYB).
We will promote the business based on HGYB, a 50-50 equity method affiliates with Honda. Under this scheme, HGYB grants battery and production technologies researched and developed by HGYB to "BEC" and "Honda" as IP, and the production companies pay royalties to HGYB as compensation.

The image of GS Yuasa Group's production capacity expansion is that operations will start in the second half of FY2027, but production volume will be limited immediately after the start of mass production.
Therefore, the profitability of the BEV business will be very difficult from FY2027 to early FY2028 due to the accelerated depreciation, but profitability is expected to improve from the latter half of FY2028 as the production volume expands.
We plan to increase production capacity significantly in FY2028 and FY2029.
We will continue to increase production capacity after FY2030, and by FY2035, we will have a production capacity of over 20 GWh/year.

4. Update by Segments (Specialized Batteries and Others)

Specialized Batteries and Others

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



Factors for Target Revisions (Sixth Mid-Term Management Plan)

- Effect of the price pass-through of lithium-ion batteries for submarines
- Revision of administrative expenses

Upcoming Initiatives

- **[Lithium-ion Batteries for Submarines]**
  Securing appropriate profit and preparing for the demand of replacement batteries
- **[Other Specialized Batteries]**
  Expansion of production capacity in response to enhancing defense capabilities

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 fiscal 2022 were restated according to the modified segments.

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Specialized Batteries and Others.

Net sales are 20 billion yen, ± 0.0 billion yen from the initial target, and operating income is 2 billion yen, +2.0 billion yen from the initial target.

The revision factors are as follows:
・Effects of the revision of supply contracts for the government (defense applications) business to correct selling prices
・Reflects the effect of improved profitability in the aircraft and specialized battery businesses

Future initiatives are as follows:
・Securing appropriate profits in the business for government agencies (defense applications) and preparing for production response to increase the volume of goods
・In other specialized batteries, we will increase production to meet rising demand in Japan and overseas.

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.

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Reference

Reference. About Hyperinflation Accounting

IAS 29, Financial Reporting in Hyperinflationary Economies

➢In hyperinflationary economies, the three-year cumulative inflation rate is close to or exceeds 100%.

1.**Assets and liabilities (BS items)** and **income and expense items (PL items)** must be **converted at the closing rate when** converted to Japanese yen.

	Conventional	IAS 29
Assets and liabilities (BS items)	Closing date rate	Closing date rate
Income and expense (PL items)	Average rate for the period	

2.**Changes in the price index (CPI)** must be **reflected in the financial statements**

■**Impact on the Balance Sheet**

•Non-monetary items such as inventories, tangible fixed assets, and intangible fixed assets **are restated from the date of acquisition/transaction, and capital is restated from the date of investment,** according to price changes up to the end of the period.

・Retained earnings are restated to reflect the cumulative effect up to the end of the period.

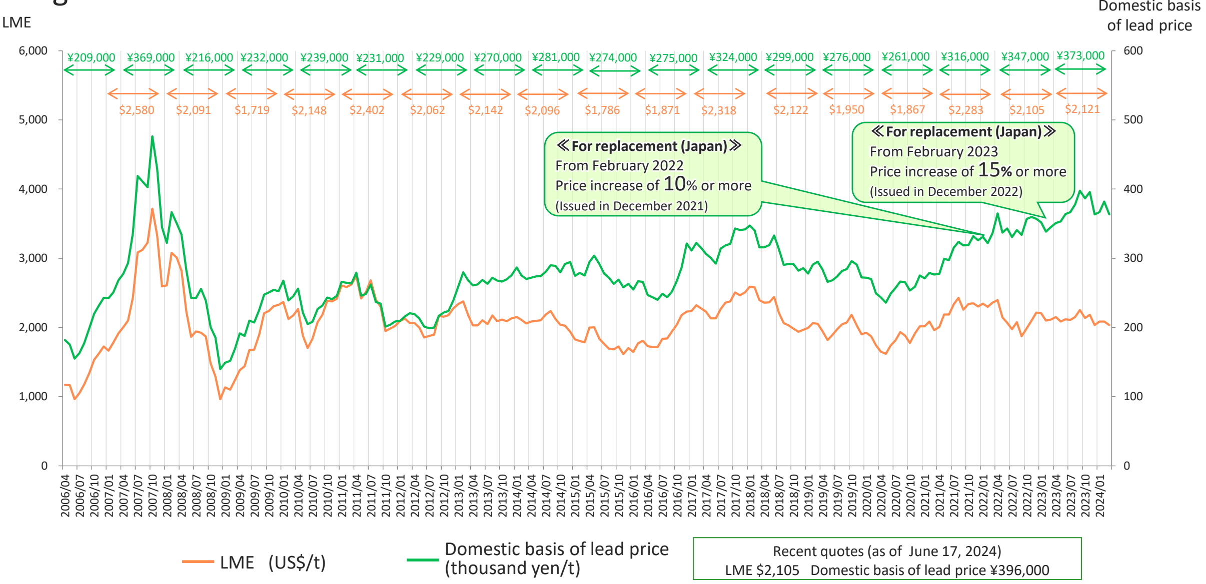
■**Impact on the income statement**

・All items are restated for price changes from the time of the transaction to the end of the period

⇨ Difference due to inflation impact is recorded in non-operating income/loss **"Net gain/loss on monetary assets".**

Reference

Changes in Raw Materials Prices



Recent quotes (as of June 17, 2024)
LME $2,105 Domestic basis of lead price ¥396,000