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GS Yuasa Corporation
Summary of Q&A Session at Financial Results Briefing of the Fiscal Year Ending March 31, 2025

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<Outline of financial results briefing>
Date: May 13, 2025, 16:00-17:00
Contents: Financial results for the fiscal year ended March 31, 2025
Financial forecasts for the fiscal year ended March 31, 2026
Explanator: Takashi Abe, President
Hiroaki Matsushima, Director and CFO

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

*Abbreviations and terminology in the text
■Company Name
BEC: Blue Energy Co., Ltd.
LEJ: Former Lithium Energy Japan, Inc.
HGYB: Honda･GS Yuasa EV Battery R&D
■Others
BEV: Battery EV
EV: Electric Vehicle
PHEV: Plug-in hybrid vehicle
HEV: Hybrid Electric Vehicle
ESS : Energy Storage Systems
Emergency Field : Used for emergency backup in data centers and communications base stations and other facilities
Regular Field : Used for continuous charging and discharging in renewable energy, energy management, etc.

[Question 1]
I think the FY2024 results were very good. I had the impression that the previous forecasts had been conservative, however, I get the feeling that the forecast for FY2025 also incorporates risks such as the impact of tariffs, and the forecast is solid. What risks and opportunities have been factored in with respect to this forecast? Since North America only accounts for a small portion, we believe the impact of tariffs will be small, but please provide us with specific amounts.

[Answer 1]
I think the impact of tariffs in North America is limited. Sales, mainly Industrial Batteries and Power Supplies, are affected because sales in U.S. sales companies consist entirely of imports. In addition, we consider the downturn in the economies of ASEAN countries to be a risk. We are still assessing each site to determine the extent to which the economies of Thailand, Vietnam, Indonesia, Australia, and other countries will be affected by the economic downturn. However, we consider that the volume will decrease due to the effects of fluctuations in selling prices and demand, and we have factored in a certain degree of risk. As a result, we expect sales and profits of Automotive Batteries in Overseas markets to decline. On the other hand, we recognize that Industrial Batteries and Power Supplies in Japan are not significantly affected by tariffs, so the business can provide opportunities for earnings growth. Therefore, we expect conditions to remain firm due to replacement demand for public infrastructure and rising demand for stationary batteries.

[Question 2]
Please tell us about the business performance of Automotive Lithium-ion Batteries in FY2024 and the forecast for FY2025. 2.5 billion yen in operating income in the 4Q of FY2024 was very good. Can you give us some color on this front; for example, as it pertains to one-time factors? Also, the forecast of 2 billion yen in operating income for FY2025 seems like a small amount of profit compared to the increase in volume, so what are the factors?

[Answer 2]
Although there was an increase in volume, a major factor was the one-time correction of selling prices through price negotiations with customers, which led to a temporary increase in profit in 4Q FY2024. In fiscal 2025, although the volume of LiBs for HEVs is expected to increase, with a significant increase in the volume for Honda, the supply to other manufacturers will be shifted from around May to the second half of the year. Consequently, the decrease in volume from the first half of the year is expected to have a significant impact. We also expect an increase in the volume of LiBs for PHEVs, however, it is expected to fall short of the initial plan. In addition, the depreciation of BEC's second plant will begin, so the profit growth is slowing compared to sales growth.

[Question 3]
I believe that there was an impact of the worsening spread between selling prices and raw materials in FY2024 due to the decline in lithium prices. What is the progress regarding the review of spread contracts?

[Answer 3]
We are continuing negotiations with car manufacturers and raw material manufacturers. Although some of the counterparties have accepted our terms, there are still many contracts that have not yet been agreed upon. We hope to reach a point by the end of the Sixth Mid-Term Management Plan period and continue to negotiate.

[Question 4]
Regarding investment in LiBs for BEVs, the business environment is changing due to the slowing tide for BEVs. I believe GS Yuasa is conducting R&D on LiBs for BEVs in collaboration with Honda, but could you give us an update on the status of investment and development, if any? Are capital investments in factories progressing smoothly?

[Answer 4]
Although the trend for BEVs is changing, we expect that electrification

will continue to progress. Construction of a LiB plant for BEVs is proceeding as planned. Also, battery development in collaboration with Honda at HGYB is progressing as planned, and we are working diligently to develop better batteries by testing various recipes. The development is progressing according to the original SOP. We have been in conversation with Honda regarding changes in the BEV trend, and will consider how to proceed in the future while keeping an eye on actual demand.

[Question 5]
What is the impact of the Trump tariffs? Does this mean that there will be no direct exports in the Automotive Batteries and Automotive Lithium-ion Batteries? Also, what is the export amount to North America of Industrial Batteries and Power Supplies?

[Answer 5]
In Automotive Batteries, direct exports are negligible, and with respect to lead-acid batteries, there are no direct exports. We export some motorcycle batteries from ASEAN to the U.S., but the impact is small. In Industrial Batteries and Power Supplies, we export about 7.5 billion yen-worth to North America, meaning there is a certain impact.

[Question 6]
Please tell us about the operating income plan of 2 billion yen for Automotive Lithium-ion Batteries in FY2025. The revised Sixth Medium-Term Management Plan targets were net sales of 100 billion yen and operating income of 5 billion yen, while the newly announced target is operating income of 2 billion yen. Also, the profit margin is low at 5.0% in the revised Sixth Medium-Term Management Plan targets, but I believe that this business should have a profit margin of just short of 10%. What is management's view on the low profitability of this business? Do you expect operating income will rise in FY2026 and beyond, or has profitability become low due to unexpected factors this time around? Is the low capacity utilization of production lines having an impact on sales growth?

[Answer 6]
We are not satisfied with the decision to lower our operating income target for FY2025 from 5 billion yen to 2 billion yen. We believe that the difference of 3 billion yen is a major issue. In this business, the volume has a large impact on business performance. For example, at the Ritto Plant, which manufactures LiBs for PHEVs, capacity utilization dropped to 60% in the first half of FY2024. This had a significant impact on capacity utilization. In BEC, production for Toyota declined significantly, while production for Honda increased, resulting in a deterioration in operations. In FY2025, the relationship between volume and capacity utilization will have a significant impact, although this is unavoidable due to the depreciation of BEC's second plant. In addition, we are working to negotiate better selling price contracts through firm negotiations with car manufacturers and to resolve the problem within the Sixth Mid-term Management Plan period. Therefore, operating income of 2 billion yen is not where we should be.

[Question 7]
Regarding LiBs for BEVs, you have said that R&D and plant construction have not been delayed and that you are in firm dialogue with Honda. We are concerned about the risk of having excess capacity in operation if there is no more demand for BEVs in the future. Are there any measures to deal with this, such as negotiating with car manufacturers to get compensation? We would like to receive information that will provide us with reassurance about the risk.

[Answer 7]
We will produce not only LiBs for BEVs but also for PHEVs in the plant being built in Shiga Prefecture. If demand for PHEVs increases significantly, or if there is a change in demand, we plan to respond by producing mainly LiBs for PHEVs. We can produce batteries both for BEVs and PHEVs, so we will make decisions based on the balance of volume and demand.

[Question 8]
It has been more than 10 years since GS Yuasa started the Automotive

Lithium-ion Battery business, but I believe you're still not reaching the returns expected by shareholders. For example, the Company posted impairment losses in FY2024. What profit margin do you think is necessary for this business? What is the time frame and path to improving the profit margin?

[Answer 8]
Although net sales are growing, we believe that stagnation in terms of profits is a major issue. We would like to aim for an operating profit margin of 10%, but this is difficult to achieve under the current circumstances. After identifying and addressing issues during the Sixth Medium-Term Management Plan period, we would like to aim for a profit margin of at least 5%. As a time frame, we would like to achieve a profit margin of 10% during the Seventh Medium-term Management Plan period. We are negotiating with customers on quantity, costs, and selling prices, and we hope to report our results by the end of the Seventh Medium-term Management Plan period after taking firm steps.

[Question 9]
I believe you are supplying batteries for submarines, but I think GS Yuasa's exposure to the current expansion of demand, such as the expansion of defense-related budgets, is low. What is the profit margin in the defense-related business, and how much room for growth do you see through to around 2027, along with the prospects for expanding production capacity?

[Answer 9]
The business performance has been growing significantly due in part to the increase in defense expenditures. The submarine battery business is expected to grow steadily, as more and more submarines are equipped with LiBs instead of lead-acid batteries, and replacement demand for these batteries is expected to come in. The profit margin exceeds 10%. In addition to batteries for submarines, demand for special batteries for satellites and thermal batteries for defense applications will also increase, and we intend to report on specific initiatives during the Seventh Mid-Term Management Plan period.

[Question 10]
I believe that Specialized Batteries and Others have net sales of around 20 billion yen per year. Do you believe this business has enough potential to grow net sales by 50% in the future?

[Answer 10]
I think that growth level is to be expected.

[Question 11]
The plan for interest-bearing debt for FY2025 has been reduced to 90 billion yen. On the other hand, it appears that GS Yuasa can afford to raise debt, but I believe that cash and deposits are getting low, so please let us know if you have any plans or directions for future fundraising. Also, please provide any updates on the status of sales of cross-shareholdings.

[Answer 11]
We expect to generate a solid operating cash flow in FY2025 as well. On the other hand, we expect to make a certain amount of investment in LiBs for BEVs, and will use the funds on hand from the public offering made in FY2023. In addition, we expect to use the cash generated mainly from existing businesses for investment in growth and shareholder returns.
We have been gradually selling cross-shareholdings every fiscal year, and in FY2024 we sold deemed shares. Since there is still room for further sales, we will continue to discuss and advance sales through management.

[Question 12]
What is the timeline for BEC to reach full production capacity of 70 million cells per year? There was a discussion that the volume of LiBs for HEVs is lower than expected and that deliveries for some customers have been delayed for FY2025 as well. It is conceivable that export models from Japan will decrease due to tariffs. Please tell us about the customer and regional segments and the status of inquiries for the

future expansion of LiBs for HEVs.
[Answer 12]
Currently, we supply batteries for HEVs to three companies, and we expect to fill our annual production capacity of 70 million cells by FY2027. Currently, we supply to domestic manufacturers, and some new car manufacturers export overseas, but basically we supply mostly to domestic customers.