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Notice Concerning the Continuation and Partial Amendment of the Performance-linked Stock Compensation Plan

We hereby announce that, at a meeting of the Board of Directors held today, the Company resolved to submit a proposal to the 22nd Ordinary General Meeting of Shareholders to be held on June 26, 2026 (hereinafter referred to as the “General Meeting of Shareholders”). The proposal (hereinafter referred to as the “Proposal”) concerns the partial amendment and continuation of the trust-based stock compensation plan (hereinafter referred to as the “Plan”) that has been in place targeting the Company’s Directors (excluding Outside Directors; the same applies hereinafter).

1. Partial Amendment of the Plan

The Company introduced and has since operated the Plan to further clarify the linkage between Directors’ compensation and the Company’s performance and share value and raise Directors’ awareness of their role in improving medium- to long-term performance and contributing to an increase in corporate value by having Directors share the risks and rewards of share price fluctuations with shareholders (A proposal concerning the latest Plan was approved at the 17th Ordinary General Meeting of Shareholders held on June 29, 2021). Subject to approval at the General Meeting of Shareholders, the Company has decided to partially amend the Plan and continue the amended Plan.

This partial amendment aims to clarify the linkage between Directors’ compensation and the achievement status of goals and other factors set forth in the Company’s Medium-Term Management Plan, and to further incentivize Directors to achieve these goals and enhance corporate value on a continuous basis.

For the three fiscal years from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029—which constitute the target period for the partially amended Plan—the Company intends to adopt consolidated sales, consolidated ROE, ESG-related indicators (CO2 reduction rate and engagement score), and a shareholder-related indicator (relative TSR vs. TOPIX) as performance-linked metrics, in alignment with the new Medium-Term Management Plan covering this period.

In addition, if the partial amendment of the Plan is approved at the General Meeting of Shareholders, the Company intends to extend the same performance-linked stock compensation plan applicable to its Directors to the Directors, Executive Officers, Officers, and Senior Researchers of GS Yuasa International Ltd., a subsidiary of the Company (hereinafter collectively referred to as the “Directors, etc. of GS Yuasa International”).

2. Overview of the Plan

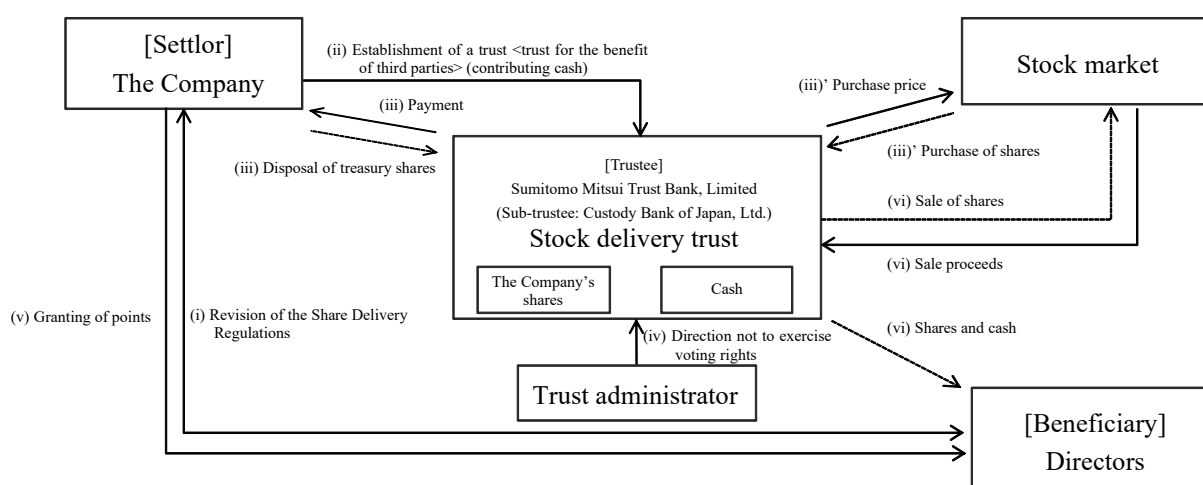
The Company will make partial amendments to the existing Plan in order to continue it.
The overview of the amended Plan is as follows.

(1) Structure of the Plan

The Plan is a stock compensation plan in which a trust the Company sets up by contributing cash (the trust has already been established; hereinafter referred to as the “Trust”) acquires the Company’s shares, and the number of shares corresponding to the number of points the Company grants to each Director is delivered to each Director through the Trust.

In addition, as a general rule, the Company’s shares are delivered to Directors upon their retirement.

<Overview of the structure of the Plan>



- (i) The Company will revise its Share Delivery Regulations for Directors at a meeting of the Board of Directors (with already-established provisions to be revised by resolution of the Board of Directors).
- (ii) In connection with the extension of the applicable period for the Trust, under which Directors meeting certain requirements were designated as beneficiaries on August 22, 2017, the Company will extend the trust term and contribute additional cash (additional trust) in an amount equivalent to the funds for acquiring the Company’s shares necessary for delivery to Directors under the Plan during the extended period (provided that the amount of funds used to acquire shares for delivery to the Company’s Directors shall not exceed the amount approved by the General Meeting of Shareholders).
- (iii) The trustee will acquire, in a lump sum, a sufficient number of the Company’s shares expected to be delivered in the future, using cash within the Trust as the source of funds (including the additional cash contributed by the Company as described in (ii) and any cash remaining in the Trust prior to the additional trust) (Such acquisition shall be conducted through the disposal of treasury shares or via the stock market (including off-market transactions)).
- (iv) A trust administrator (independent of the Company and its officers) who protects the interests of the beneficiaries covered by the Share Delivery Regulations and supervises the trustee during the trust term shall be appointed. With respect to the Company’s shares held in the Trust, the trust administrator shall instruct the trustee not to exercise any voting rights. In accordance with such instructions, the trustee shall refrain from exercising voting rights throughout the trust term.
- (v) The Company will grant points to Directors in accordance with the Share Delivery Regulations.
- (vi) Directors who satisfy the requirements set forth in the Share Delivery Regulations and the trust agreement concerning the Trust shall, as the beneficiaries of the Trust, receive the Company’s shares from the trustee, in accordance with the number of points granted to them. If certain circumstances set forth in the Share Delivery Regulations and the trust agreement in advance are met, a part of the Company’s shares for delivery shall be sold in the stock market and cash will be delivered.

(2) Contribution of Cash to the Trust

Subject to the approval of the Proposal at the General Meeting of Shareholders, the Company will entrust additional funds to the Trust. These funds will be those required for the Trust to acquire the number of the Company's shares reasonably estimated to be necessary for delivery in accordance with (6) below. The Trust shall acquire the Company's shares, using cash within the Trust (including the additional cash contributed by the Company as described above and any cash remaining in the Trust prior to the additional trust) as the source of funds.

In addition, Sumitomo Mitsui Trust Bank, Limited, acting as the trustee under the Plan, will entrust (sub-entrust) the management of the trust assets to Custody Bank of Japan, Ltd.

(3) Applicable Period and Trust Term

Stock compensation under the amended Plan will be provided to Directors holding office during the three fiscal years from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029 (such period is hereinafter referred to as the "Applicable Period").

Furthermore, the trust term of the existing Trust will be extended by approximately three years, to the last day of August, 2029 (scheduled). However, a new Applicable Period may be established or the trust term may be extended as described in (4) below.

(4) Maximum Amount of Cash Contributions to the Trust for Stock Acquisition

The Company will extend the term of the existing Trust and make an additional cash contribution not exceeding 600 million yen in total. These funds will be used to acquire the Company's shares necessary for delivery as stock compensation paid under the Plan to Directors serving during the Applicable Period. The Trust will acquire the Company's shares, using cash contributed by the Company as the source of funds (including the additional cash contributed by the Company as described above and any cash remaining in the Trust prior to the additional trust), through the disposal of treasury shares or via the stock market (including off-market transactions).

Note: The actual amount of additional cash to be contributed by the Company to the Trust shall be the sum of the funds required to acquire the Company's shares as described above, plus estimated necessary expenses such as trust fees and trust administrator fees. Simultaneously, the Company will also contribute additional funds for acquiring the Company's shares required for delivery to the Directors, etc. of GS Yuasa International.

In addition, the Company may, by resolution of the Board of Directors, establish a new Applicable Period every three fiscal years. Accordingly, the Company may further extend the trust term (including the substantial extension of the term by transferring the trust assets to another trust established by the Company with the same purpose as the Trust; the same shall apply hereinafter) to continue the Plan. In this case, the Company will make an additional contribution of up to 600 million yen to the Trust to fund the additional acquisition of the Company's shares necessary for delivery to Directors under the Plan and will continue granting points and delivering the Company's shares as described in (6) below.

Furthermore, even if the Company does not continue granting points as described above, if, at the expiration of the trust term, there is a Director to whom points have already been granted but who has not yet left office, the Company may extend the trust term of the Trust until such Director leaves office and the delivery of the Company's shares to such Director is completed.

(5) Method of Acquisition of the Company's Shares by the Trust, and Other Matters

The acquisition of the Company's shares by the Trust is scheduled to be conducted through the disposal of

treasury shares by the Company or via the stock market, within the maximum amount of funds for share acquisition described in (4) above. The specific details of the acquisition method will be determined and disclosed following approval at the General Meeting of Shareholders.

If, during the trust term, due to an increase in the number of Directors or other reasons, the number of the Company's shares held in the Trust is expected to fall short of the number required to cover the points granted to Directors during the trust term, the Company may contribute additional cash to the Trust and acquire further shares, provided that such amount remains within the maximum amount of trust funds described in (4) above.

(6) Calculation Method and Maximum Number of the Company's Shares to Be Granted to Directors

(i) Method of granting points to Directors, and other matters

In accordance with the Share Delivery Regulations established by the Board of Directors, the Company will grant points to each Director on the point-granting date specified in said Regulations for the trust term. The number of points will be determined based on their position, the degree of achievement of performance targets, and other factors.

However, the number of points granted to Directors shall vary between 0% and 200% depending on the degree of achievement of performance targets and other factors. The total number of points granted by the Company to Directors shall not exceed 600,000 for the Applicable Period consisting of three fiscal years.

(ii) Delivery of the Company's shares according to the number of points granted

Directors will receive the delivery of the Company's shares by following the procedures described in (iii) below, in accordance with the number of points granted as specified in (i) above. However, in the event that a Director resigns for personal reasons or in comparable circumstances, all or a part of the points granted to such Director up to that time shall be forfeited, and no shares of the Company corresponding to the forfeited points shall be delivered to said Director.

In addition, if a Director causes damage to the Group or commits serious misconduct or an unjust act, or in comparable circumstances, the Company shall demand that said Director refund an amount of cash equivalent to the Company's shares, etc. that have been delivered or otherwise provided (Clawback System).

Furthermore, one point shall be regarded as one share of the Company's stock. However, if a share split, share consolidation, or any other event occurs for which an adjustment to the number of the Company's shares to be delivered is deemed reasonable, the number of shares per point shall be adjusted according to the applicable split ratio, consolidation ratio, or other relevant factors.

(iii) Delivery of the Company's shares to Directors

The delivery of the Company's shares to each Director as described in (ii) above shall be conducted from the Trust, provided that, in principle, each Director completes the prescribed procedures for the determination of beneficiaries upon their retirement.

However, a certain portion of the Company's shares may be sold and converted into cash within the Trust in order for the Company to secure the funds for withholding income tax and other related taxes, and such cash may be delivered in lieu of shares. In addition, if the Company's shares within the Trust are converted into cash (such as when such shares are tendered in a tender offer and the transaction is settled), cash may be delivered in lieu of shares.

(7) Exercise of Voting Rights

Voting rights for the Company's shares held in the Trust shall not be exercised in a uniform manner, in

accordance with the instructions of the trust administrator who is independent of the Company and its officers. This approach is intended to ensure the independence of the Company's management from the exercise of voting rights associated with the Company's shares held in the Trust.

(8) Handling of Dividends

Dividends on the Company's shares held in the Trust shall be received by the Trust and applied toward the costs of acquiring the Company's shares, trust fees payable to the trustee of the Trust, and other expenses.

(9) Handling of the Company's Shares and Cash upon Termination of the Trust

The Company's shares remaining in the residual assets of the Trust upon its termination are scheduled to be acquired by the Company without consideration and subsequently retired by resolution of the Board of Directors.

In addition, a certain portion of the cash remaining in the residual assets of the Trust upon its termination is scheduled to be donated to specified public interest promotion corporations that have no conflict of interest with the Company's Directors, in accordance with provisions set forth in advance in the Share Delivery Regulations and the trust agreement.

(Reference) Overview of the trust agreement concerning the Trust

Settlor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Sub-trustee: Custody Bank of Japan, Ltd.)
Beneficiary	The Company's Directors who meet the beneficiary requirements
Trust administrator	A third party independent of the Company and its officers
Exercise of voting rights	No voting rights associated with the shares held in the Trust will be exercised throughout the trust term
Trust type	Trust of money other than money trusts (trust for the benefit of third parties)
Trust agreement date	August 22, 2017
Trust term (after extension)	August 22, 2017 to the end of August, 2029 (planned)
Date of additional cash contribution to the Trust	December 2026 (planned)
Purpose of the Trust	To deliver the Company's shares to the beneficiaries in accordance with the Share Delivery Regulations

End of document

<Reference> Overview of the Revision to the Officer Compensation Plan

The Company will revise the Officer Compensation Plan effective from the fiscal year ending March 31, 2027. This revision aims to further clarify the linkage between officers' compensation and the Company's performance and shareholder value, and to strengthen appropriate incentives for the executive team, thereby achieving the Medium-Term Management Plan (the first plan subject to this revision being the Seventh Medium-Term Management Plan, covering the period from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029) and improving medium- to long-term corporate value.

The key points of the revision are as follows.

(1) Enhancement of the Linkage with Performance

The Company will raise the ratio (*) of performance-linked compensation (annual bonus and stock compensation) to the total officer compensation, thereby strengthening incentives for improving performance.

(2) Review of Evaluation Metrics (KPIs)

For annual bonuses, which are short-term performance-linked compensation, operating profit, ROIC, and other indicators will be used as evaluation metrics. This structure is designed to focus on enhancing core business profitability and improving capital efficiency.

For stock compensation, which is medium- to long-term performance-linked compensation, the Company will adopt, in alignment with the new Medium-Term Management Plan, consolidated sales, consolidated ROE, ESG-related indicators (CO2 reduction rate and engagement score), and a shareholder-related indicator (relative TSR vs. TOPIX) as performance-linked metrics, thereby building a system that drives the enhancement of medium- to long-term corporate value.

(3) Review of the Evaluation Period

For stock compensation, the company will shift to a mechanism that reflects performance evaluations over three consecutive fiscal years that correspond to the Medium-Term Management Plan. This transition aims to ensure greater alignment with the plan.

(4) Enhancement of Governance

If an officer causes damage to the Group or commits serious misconduct or wrongdoing, the Company may demand the refund of all or a part of annual bonuses and stock compensation within three years of vesting.

* In the case of the President, the Company will revise the ratio of performance-linked compensation upon achievement of standard performance targets (payment coefficient: 100%), from the previous 33% to 50%.

← Fixed compensation →	← Performance-linked compensation →	
Base compensation 50%	Annual bonus 30%	Stock compensation 20%