

Summary of Questions and Answers at the 20th Annual General Meeting of Shareholders

This document contains a summary of the questions received and answers given at the Company's 20th Annual General Meeting of Shareholders held on Thursday, June 27, 2024.

Q1	Impact of automakers' fraud on our business results
A	At this stage, there is still a certain impact on earnings, but the automakers will bear the costs directly resulting from their production cuts. However, the future impact is unknown, and we intend to closely monitor customer trends.

Q2	Development status of all-solid-state batteries
A	The Company has been selected by the New Energy and Industrial Technology Development Organization (NEDO) for its Green Innovation Fund's Next-Generation Storage Battery and Motor Development project. By utilizing this fund, we aim to accelerate the development of all-solid-state batteries, which we have been working on, and to put them to practical use as soon as possible. However, we recognize that there are many challenges to be addressed in adopting this technology for automotive applications between 2027 and 2028. Our proprietary solid electrolytes have excellent characteristics, combining high water resistance and ion conductivity. However, there is a problem of degradation due to reactions with moisture. To solve this problem, we are conducting joint research with Osaka Metropolitan University, one of the world's top research institutions. The development of high-energy-density cells is progressing according to our plan, and we are repeatedly evaluating prototypes. We have also introduced and started operation of a scaled-up prototype facility and are currently identifying and resolving manufacturing issues. We aim to bring all-solid-state batteries to the market as soon as possible, starting with special applications, but we believe that the automotive applications will be addressed later.

Q3	Reasons and background of the president change
A	<p>Last year, we announced our Vision 2035, which outlines the areas we will focus on and the vision we have for the year 2035. In addition, in FY2023, we were able to restructure our business in China and Lithium Energy Japan and start a joint venture with Honda Motor Co., Ltd. ("Honda") to develop a battery EV business. Given that the structure for Vision 2035 has been established to a certain extent, we considered it best to start with a new structure on this occasion. Of course, this matter has been discussed at the Nomination and Compensation Committee, which is chaired by an Outside Director.</p> <p>Mr. Abe has abundant business experience, including operations and experience in domestic business divisions, the Corporate Strategic Planning Office and serving overseas. He also has experience as the president of an overseas subsidiary. Based on his abundant experience and knowledge, we believe that he is well suited to lead the global business management of our group and is suitable for the position of president.</p> <p>With regard to the background of the appointment, the Company has traditionally announced the planned changes in directors in its earnings report released in May. This time, in conjunction with the release of the earnings report, the Board of Directors, after receiving a report from the Nomination and Compensation Committee, decided to nominate Mr. Abe as a candidate for the next president and announced the nomination on May 10.</p>

Q4	Investment and risks of BEV business
A	<p>The battery EV business is being promoted in cooperation with Honda, and the total investment for the business, including Honda's portion, is expected to total 430 billion yen by 2030, of which 150 billion yen is expected to be subsidized by the government, and we plan to put in approximately 140 billion yen. This 140 billion yen will be raised through a capital increase of approximately 40 billion yen implemented last year, cash flow from existing businesses, borrowings from banks, and other measures.</p> <p>Possible risks at this time include battery development risk, plant start-up risk, and sales risk. Regarding battery development, about 120 people in the Kyoto area are working with Honda and things are progressing as planned. We have identified risks associated with the start-up of the plant, such as the rising cost of steel and labor, and the availability of human resources. In terms of sales, the biggest risk is the forecasted demand for battery EVs several years in the future. Despite reports of a slowdown in the battery EV market, we believe that the trend toward EVs will not change significantly. We intend to respond by supplying batteries not only to Honda but also to other automobile companies, by producing batteries for the energy storage system (ESS), and by taking other measures.</p>

Q5	Fire caused by lithium-ion battery explosion in South Korea and our disaster prevention measures, etc.
A	<p>First of all, we would like to express our condolences to the victims. With regard to our fire extinguishing equipment, we have installed various types of fire extinguishers and other equipment after close consultation with and guidance from the local fire department that has jurisdiction over the plant from the conceptual stage of the plant construction. We also want to assure you that we have secured and maintained evacuation routes in compliance with the Building Standards Act.</p>

Q6	Safety measures in the manufacture of lithium-ion batteries
A	<p>For fire extinguishing equipment in the manufacturing process, fire extinguishers and other equipment are installed and regularly inspected in cooperation with the local fire department that has jurisdiction. In addition, we are developing products that put safety first in material selection, battery design, etc., to ensure that our customers can use our products with peace of mind. Our lithium-ion batteries are used in a wide variety of applications from deep sea to space as batteries that can be used in harsh environments, and we believe that this is one of our major strengths.</p>

Q7	Background to the termination of the joint venture with Robert Bosch GmbH
A	<p>In the past, we have jointly developed batteries for next-generation battery EVs with Robert Bosch GmbH, a manufacturer of electrical components, but there have been challenges with the supply of the developed batteries and other operations. We will refrain from explaining the details of how the joint venture was terminated, but the difference is that the joint venture established with Honda is a collaboration with an automaker to which we supply batteries.</p>

Q8	Whether or not there are any donations, etc. to political organizations or specific political parties
A	<p>It is the Company's policy not to make political contributions or donations to specific political parties or political organizations.</p>