

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: 001-32253

EnerSys

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

23-3058564
(I.R.S. Employer
Identification No.)

2366 Bernville Road
Reading, Pennsylvania 19605
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: 610-208-1991

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	ENS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No.

Common Stock outstanding at August 2, 2024: 40,244,751 shares

EnerSys
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PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

EnerSys
Consolidated Condensed Balance Sheets (Unaudited)
(In Thousands, Except Share and Per Share Data)

	June 30, 2024	March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 344,069	\$ 333,324
Accounts receivable, net of allowance for doubtful accounts: June 30, 2024 - \$8,447; March 31, 2024 - \$8,107	507,925	524,725
Inventories, net	713,698	697,698
Prepaid and other current assets	283,407	226,949
Total current assets	1,849,099	1,782,696
Property, plant, and equipment, net	547,071	532,450
Goodwill	679,164	682,934
Other intangible assets, net	312,237	319,407
Deferred taxes	48,512	49,798
Other assets	121,164	98,721
Total assets	\$ 3,557,247	\$ 3,466,006
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 29,960	\$ 30,444
Accounts payable	354,729	369,456
Accrued expenses	301,104	323,957
Total current liabilities	685,793	723,857
Long-term debt, net of unamortized debt issuance costs	867,104	801,965
Deferred taxes	33,602	30,583
Other liabilities	159,559	152,529
Total liabilities	1,746,058	1,708,934
Commitments and contingencies		
Equity:		
Preferred Stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at June 30, 2024 and at March 31, 2024	—	—
Common Stock, \$0.01 par value per share, 135,000,000 shares authorized, 56,455,353 shares issued and 40,237,053 shares outstanding at June 30, 2024; 56,363,924 shares issued and 40,271,936 shares outstanding at March 31, 2024	565	564
Additional paid-in capital	644,155	629,879
Treasury stock at cost, 16,218,300 shares held as of June 30, 2024 and 16,091,988 shares held as of March 31, 2024	(847,283)	(835,827)
Retained earnings	2,224,720	2,163,880
Accumulated other comprehensive loss	(214,373)	(204,851)
Total EnerSys stockholders' equity	1,807,784	1,753,645
Nonredeemable noncontrolling interests	3,405	3,427
Total equity	1,811,189	1,757,072
Total liabilities and equity	\$ 3,557,247	\$ 3,466,006

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Quarter ended	
	June 30, 2024	July 2, 2023
Sales from products	\$ 758,531	\$ 807,647
Sales from services	94,385	100,922
Net sales	852,916	908,569
Cost of goods sold	535,766	587,203
Cost of services	78,779	77,962
Inventory adjustment relating to exit activities	—	3,098
Gross profit	238,371	240,306
Operating expenses	141,102	144,552
Restructuring and other exit charges	5,938	6,309
Operating earnings	91,331	89,445
Interest expense	10,987	15,244
Other expense (income), net	1,015	668
Earnings before income taxes	79,329	73,533
Income tax expense	9,218	6,736
Net earnings attributable to EnerSys stockholders	\$ 70,111	\$ 66,797
Net earnings per common share attributable to EnerSys stockholders:		
Basic	\$ 1.74	\$ 1.63
Diluted	\$ 1.71	\$ 1.60
Dividends per common share	\$ 0.225	\$ 0.175
Weighted-average number of common shares outstanding:		
Basic	40,204,013	40,937,334
Diluted	40,986,116	41,698,324

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
(In Thousands)

	Quarter ended	
	June 30, 2024	July 2, 2023
Net earnings	\$ 70,111	\$ 66,797
Other comprehensive income (loss):		
Net unrealized gain (loss) on derivative instruments, net of tax	3,662	1,786
Pension funded status adjustment, net of tax	110	20
Foreign currency translation adjustment	(13,316)	2,002
Total other comprehensive income (loss), net of tax	(9,544)	3,808
Total comprehensive income (loss)	60,567	70,605
Comprehensive income (loss) attributable to noncontrolling interests	(22)	(190)
Comprehensive income (loss) attributable to EnerSys stockholders	\$ 60,589	\$ 70,795

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Cash Flows (Unaudited)
(In Thousands)

	Quarter ended	
	June 30, 2024	July 2, 2023
Cash flows from operating activities		
Net earnings	\$ 70,111	\$ 66,797
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	23,550	22,693
Write-off of assets relating to exit activities	118	3,343
Derivatives not designated in hedging relationships:		
Net losses (gains)	(354)	503
Cash (settlements) proceeds	(190)	657
Provision for doubtful accounts	628	504
Deferred income taxes	31	42
Non-cash interest expense	490	410
Stock-based compensation	7,062	7,933
(Gain) loss on disposal of property, plant, and equipment	(10)	43
Changes in assets and liabilities:		
Accounts receivable	12,183	73,198
Inventories	(16,484)	(10,965)
Prepaid and other current assets	(9,889)	(4,089)
Other assets	(2,437)	(484)
Accounts payable	(10,349)	(39,307)
Accrued expenses	(64,251)	(46,647)
Other liabilities	189	315
Net cash provided by (used in) operating activities	10,398	74,946
Cash flows from investing activities		
Capital expenditures	(36,137)	(16,093)
Purchase of business	—	(8,270)
Proceeds from disposal of property, plant, and equipment	5	44
Investment in Equity Securities	(10,852)	—
Net cash (used in) provided by investing activities	(46,984)	(24,319)
Cash flows from financing activities		
Net (repayments) borrowings on short-term debt	(195)	(404)
Proceeds from Second Amended Revolver borrowings	65,000	80,000
Repayments of Second Amended Revolver borrowings	—	(216,380)
Finance lease obligations	5	—
Option proceeds, net	6,958	7,654
Payment of taxes related to net share settlement of equity awards	(46)	—
Purchase of treasury stock	(11,641)	—
Issuance of treasury stock- ESPP	261	—
Dividends paid to stockholders	(9,043)	(7,173)
Debt issuance costs	(351)	—
Other	(2)	354
Net cash (used in) financing activities	50,946	(135,949)
Effect of exchange rate changes on cash and cash equivalents	(3,615)	(3,001)
Net decrease in cash and cash equivalents	10,745	(88,323)
Cash and cash equivalents at beginning of period	333,324	346,665
Cash and cash equivalents at end of period	\$ 344,069	\$ 258,342

See accompanying notes.

EnerSys
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(In Thousands, Except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments except those otherwise described herein) considered necessary for a fair presentation have been included, unless otherwise disclosed. Operating results for the current quarter ended June 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2025.

The Consolidated Condensed Balance Sheet at March 31, 2024 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2024 Annual Report on Form 10-K (SEC File No. 001-32253), which was filed on May 22, 2024 (the "2024 Annual Report").

EnerSys (the "Company") reports interim financial information for 13-week periods, except for the first quarter, which always begins on April 1, and the fourth quarter, which always ends on March 31. The four quarters in fiscal 2025 end on June 30, 2024, September 29, 2024, December 29, 2024, and March 31, 2025, respectively. The four quarters in fiscal 2024 ended on July 2, 2023, October 1, 2023, December 31, 2023, and March 31, 2024, respectively.

The consolidated condensed financial statements include the accounts of the Company and its wholly-owned subsidiaries and any partially owned subsidiaries that the Company has the ability to control. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions take into account historical and forward looking factors that the Company believes are reasonable, and the Company's estimates and assumptions may evolve as conditions change. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for credit losses, the recoverability of property, plant and equipment, the incremental borrowing rate for lease liabilities, the recoverability of intangible assets and other long-lived assets, fair value measurements, including those related to financial instruments, fair value of goodwill and intangible assets, valuation allowances on tax assets, production tax credits under the Inflation Reduction Act, pension and postretirement benefit obligations, contingencies and the identification and valuation of assets acquired and liabilities assumed in connection with business combinations.

Recently Issued Accounting Standards

In November 2023, the Financial Accounting Standards Board issued new guidance that requires incremental disclosures related to reportable segments. That standard requires disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of profit or loss. The title and position of the CODM and how the reported measure of segment profit or loss is used by the CODM to assess segment performance and allocate resources is also required to be disclosed. The standard also permits disclosure of additional measures of segment profit. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The guidance impacts disclosure only and will not have an impact on the Company's financial results. These changes in disclosure will initially be reflected in the annual financial statement footnotes for the year ended March 31, 2025.

In December 2023, the Financial Accounting Standards Board issued a final standard on improvements to income tax disclosures. The standard requires disclosure of specific categories within the effective tax rate reconciliation and details about significant reconciling items, subject to a quantitative threshold. The standard also requires information on income taxes paid disaggregated by federal, state and foreign based on a quantitative threshold. The standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The standard is applied prospectively with an option for retrospective adoption. The Company is currently evaluating the impact of adopting this standard on its disclosures.

2. Revenue Recognition

The Company's revenues by reportable segments are presented in Note 16 and are consistent with how we organize and manage our operations, as well as product line net sales information.

Service revenues related to the work performed for the Company's customers by its maintenance technicians generally represent a separate and distinct performance obligation. Control for these services passes to the customer as the services are performed.

A small portion of the Company's customer arrangements oblige the Company to create customized products for its customers that require combining both products and services into a single performance obligation because the individual products and services that are required to fulfill the customer requirements do not meet the definition for a distinct performance obligation. These customized products generally have no alternative use to the Company and the terms and conditions of these arrangements give the Company the enforceable right to payment for performance completed to date, including a reasonable profit margin. For these arrangements, control transfers over time and the Company measures progress towards completion by selecting the input or output method that best depicts the transfer of control of the underlying goods and services to the customer for each respective arrangement. Methods used by the Company to measure progress toward completion include labor hours, costs incurred and units of production. Revenues recognized over time for the first quarter of fiscal 2025 and 2024 amounted to \$52,332 and \$58,654, respectively.

On June 30, 2024, the aggregate transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations was approximately \$125,905, of which, the Company estimates that approximately \$70,569 will be recognized as revenue in fiscal 2025, \$52,218 in fiscal 2026, and \$3,118 in fiscal 2027.

Any payments that are received from a customer in advance, prior to the satisfaction of a related performance obligation and billings in excess of revenue recognized, are deferred and treated as a contract liability. Advance payments and billings in excess of revenue recognized are classified as current or non-current based on the timing of when recognition of revenue is expected. As of June 30, 2024, the current and non-current portion of contract liabilities were \$30,047 and \$791, respectively. As of March 31, 2024, the current and non-current portion of contract liabilities were \$27,649 and \$960, respectively. Revenues recognized during the first quarter of fiscal 2025 and 2024 that were included in the contract liability at the beginning of the quarter, amounted to \$6,100 and \$12,391, respectively.

Amounts representing work completed and not billed to customers represent contract assets and were \$67,065 and \$55,363 as of June 30, 2024 and March 31, 2024, respectively.

The Company uses historic customer product return data as a basis of estimation for customer returns and records the reduction of sales at the time revenue is recognized. At June 30, 2024, the right of return asset related to the value of inventory anticipated to be returned from customers was \$4,276 and refund liability representing amounts estimated to be refunded to customers was \$7,230.

3. Accounts Receivable

	June 30, 2024	March 31, 2024
Accounts receivable	\$ 516,372	\$ 532,832
Allowance for doubtful accounts	8,447	8,107
Accounts receivable, net	<u>\$ 507,925</u>	<u>\$ 524,725</u>

During the third quarter of fiscal 2023, the Company entered into a Receivables Purchase Agreement (RPA), under which the Company continuously sells its interest in designated pools of trade accounts receivables, at a discount, to a special purpose entity, which in turn sells certain of the receivables to an unaffiliated financial institution ("unaffiliated financial institution") on a monthly basis. The Company may sell certain US-originated accounts receivable balances up to a maximum amount of

\$150,000. In return for these sales, the Company receives a cash payment equal to the face value of the receivables and is charged a fee of Secured Overnight Financing Rate (“SOFR”) plus 85 basis points against the sold receivable balance. The program is conducted through EnerSys Finance LLC (“EnerSys Finance”), an entity structured to be bankruptcy remote, and matures in December 2025. The Company is deemed the primary beneficiary of EnerSys Finance as the Company has both the power to direct the activities that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive the benefits that could potentially be significant to the entity from the transfer of the trade accounts receivables into the special purpose entity. Accordingly, EnerSys Finance is included in the Company’s Consolidated Condensed Financial Statements.

Receivables sold to unaffiliated financial institutions under the program are excluded from “Accounts receivable, net” on the Company’s Consolidated Condensed Balance Sheets, and cash receipts are reflected as cash provided by operating activities on the Consolidated Condensed Statements of Cash Flows. The purchase price is received in cash when the receivables are sold, and fees charged relating to this balance are recorded to other (income) expense. Certain unsold receivables held by EnerSys Finance serve as collateral to unaffiliated financial institutions. These unsold receivables are included in “Accounts receivable, net” in the Company’s Consolidated Condensed Balance Sheets. The Company continues servicing the receivables which were sold and in exchange receives a servicing fee from EnerSys Finance under the program.

During the first quarter of fiscal 2025, the Company sold \$189,736 of accounts receivables for approximately \$189,736 in proceeds to an unaffiliated financial institution, of which \$189,736 were collected as of June 30, 2024. During the first quarter of fiscal 2024, the Company sold \$182,391 of accounts receivables for approximately \$182,391 in net proceeds to an unaffiliated financial institution, of which \$183,352 were collected as of July 2, 2023. Total collateralized accounts receivables of approximately \$318,647 were held by EnerSys Finance at June 30, 2024.

Any accounts receivables held by EnerSys Finance would likely not be available to other creditors of the Company in the event of bankruptcy or insolvency proceedings relating to the Company until the outstanding balances under the RPA are satisfied. Additionally, the financial obligations of EnerSys Finance to the unaffiliated financial institutions under the program are limited to the assets it owns and there is no recourse to the Company for receivables that are uncollectible as a result of the insolvency of EnerSys Finance or its inability to pay the account debtors.

4. Inventories

	June 30, 2024	March 31, 2024
Raw materials	\$ 287,378	\$ 284,773
Work-in-process	119,097	115,191
Finished goods	307,223	297,734
Total	<u>\$ 713,698</u>	<u>\$ 697,698</u>

5. Fair Value of Financial Instruments

Recurring Fair Value Measurements

The following tables represent the financial assets and (liabilities) measured at fair value on a recurring basis as of June 30, 2024 and March 31, 2024, and the basis for that measurement:

	Total Fair Value Measurement June 30, 2024	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	\$ (168)	\$ —	\$ (168)	\$ —
Foreign currency forward contracts	471	—	471	—
Interest Rate Swaps	2,960	—	2,960	—
Net investment hedges	(17,173)	—	(17,173)	—
Total derivatives	<u>\$ (13,910)</u>	<u>\$ —</u>	<u>\$ (13,910)</u>	<u>\$ —</u>

	Total Fair Value Measurement March 31, 2024	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	\$ (835)	\$ —	\$ (835)	\$ —
Foreign currency forward contracts	5	—	5	—
Interest Rate Swaps	2,696	—	2,696	—
Net investment hedges	(19,167)	—	(19,167)	—
Total derivatives	\$ (17,301)	\$ —	\$ (17,301)	\$ —

The fair values of lead forward contracts are calculated using observable prices for lead as quoted on the London Metal Exchange (“LME”) and, therefore, were classified as Level 2 within the fair value hierarchy, as described in Note 1- *Summary of Significant Accounting Policies* to the Company's Consolidated Financial Statements included in the 2024 Annual Report.

The fair values for foreign currency forward contracts and net investment hedges are based upon current quoted market prices and are classified as Level 2 based on the nature of the underlying market in which these derivatives are traded.

The fair value of interest rate swap agreements are based on observable prices as quoted for receiving the variable one-month term SOFR and paying fixed interest rates and, therefore, were classified as Level 2.

Financial Instruments

The fair values of the Company's cash and cash equivalents approximate carrying value due to their short maturities.

The fair value of the Company's short-term debt and borrowings under the Fourth Amended Credit Facility (as defined in Note 11), approximate their respective carrying value, as they are variable rate debt and the terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

The fair value of the Company's 2032 Notes and 2027 Notes, (each as defined in Note 11 and collectively, the "Senior Notes"), represent the trading values based upon quoted market prices and are classified as Level 2. The 2032 Notes were trading at approximately 102% and 100% of face value on June 30, 2024 and March 31, 2024, respectively. The 2027 Notes were trading at approximately 94% and 94% of the face value on June 30, 2024 and March 31, 2024, respectively.

The carrying amounts and estimated fair values of the Company's derivatives and Senior Notes at June 30, 2024 and March 31, 2024 were as follows:

	June 30, 2024		March 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Senior Notes ⁽²⁾	\$ 600,000	\$ 587,700	\$ 600,000	\$ 582,750
Derivatives ⁽¹⁾	\$ (13,910)	\$ (13,910)	\$ (17,301)	\$ (17,301)

(1) Represents lead, foreign currency forward contracts, interest rate swaps, and net investment hedges (see Note 6 for asset and liability positions of the lead, foreign currency forward contracts, interest rate swaps, and net investment hedges at June 30, 2024 and March 31, 2024).

(2) The fair value amount of the Senior Notes at June 30, 2024 and March 31, 2024 represent the trading value of the instruments.

6. Derivative Financial Instruments

The Company utilizes derivative instruments to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest, under established procedures and controls. The Company does not enter into derivative contracts for speculative purposes. The Company's agreements are with creditworthy financial institutions and the Company anticipates performance by counterparties to these contracts and therefore no material loss is expected.

Derivatives in Cash Flow Hedging Relationships

Lead Forward Contracts

The Company enters into lead forward contracts to fix the price for a portion of its lead purchases. Management considers the lead forward contracts to be effective against changes in the cash flows of the underlying lead purchases. The vast majority of such contracts are for a period not extending beyond one year. At June 30, 2024 and March 31, 2024, the Company hedged the price to purchase approximately 45.0 million pounds and 53.0 million pounds of lead, respectively, for a total purchase price of \$45,237 and \$49,977, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and options to hedge a portion of the Company's foreign currency exposures for lead, as well as other foreign currency exposures so that gains and losses on these contracts offset changes in the underlying foreign currency denominated exposures. The vast majority of such contracts are for a period not extending beyond one year. As of June 30, 2024 and March 31, 2024, the Company had entered into a total of \$42,676 and \$46,159, respectively, of such contracts.

Interest Rate Swap Agreements

The Company is exposed to changes in variable interest rates on borrowings under our credit agreement. On a selective basis, from time to time, it enters into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. At June 30, 2024 and March 31, 2024 such agreements effectively convert \$200,000 of our variable-rate debt to a fixed-rate basis, utilizing the one-month term SOFR, as a floating rate reference. Fluctuations in SOFR and fixed rates affect both our net financial investment position and the amount of cash to be paid or received by us under these agreements.

Derivatives in Net Investment Hedging Relationships

Net Investment Hedges

The Company uses cross currency fixed interest rate swaps to hedge its net investments in foreign operations against future volatility in the exchange rates between the U.S. Dollar and Euro.

On September 29, 2022, the Company entered into cross-currency fixed interest rate swap contracts with an aggregate notional amount of \$150,000, maturing on December 15, 2027. Additionally, on July 2, 2024, the Company entered into cross-currency fixed interest rate swap contracts with an aggregate notional amount of \$150,000, maturing on January 15, 2029. The cross-currency fixed interest rate swap contracts qualify for hedge accounting as a net investment hedging instrument, which allows for them to be remeasured to foreign currency translation adjustment within AOCI ("Accumulated Other Comprehensive Income") to offset the translation risk from those investments. Balances in the foreign currency translation adjustment accounts remain until the sale or substantially complete liquidation of the foreign entity, upon which they are recognized as a component of other income (expense).

Impact of Hedging Instruments on AOCI

In the coming twelve months, the Company anticipates that \$6,293 of pretax (gain) relating to lead, foreign currency forward contracts and net investment hedges will be reclassified from AOCI as part of cost of goods sold and interest expense. This amount represents the current net unrealized impact of hedging lead, foreign exchange rates and interest rates, which will change as market rates change in the future. This amount will ultimately be realized in the Consolidated Condensed Statements of Income as an offset to the corresponding actual changes in lead, foreign exchange rates and interest costs resulting from variable lead cost, foreign exchange and interest rates hedged.

Derivatives not Designated in Hedging Relationships

Foreign Currency Forward Contracts

The Company also enters into foreign currency forward contracts to economically hedge foreign currency fluctuations on intercompany loans and foreign currency denominated receivables and payables. These are not designated as hedging instruments and changes in fair value of these instruments are recorded directly in the Consolidated Condensed Statements of Income. As of June 30, 2024 and March 31, 2024, the notional amount of these contracts was \$69,415 and \$69,319, respectively.

Presented below in tabular form is information on the location and amounts of derivative fair values in the Consolidated Condensed Balance Sheets and derivative gains and losses in the Consolidated Condensed Statements of Income:

Fair Value of Derivative Instruments
June 30, 2024 and March 31, 2024

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Designated as Net Investment Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024
Prepaid and other current assets:						
Lead forward contracts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Foreign currency forward contracts	318	396	—	—	153	—
Net investment hedges	—	—	—	—	—	—
Other assets:						
Interest rate swaps	2,960	2,696	—	—	—	—
Net investment hedges	—	—	—	—	—	—
Total assets	<u>\$ 3,278</u>	<u>\$ 3,092</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 153</u>	<u>\$ —</u>
Accrued expenses:						
Lead forward contracts	\$ 168	\$ 835	\$ —	\$ —	\$ —	\$ —
Foreign currency forward contracts	—	—	—	—	—	391
Other liabilities:						
Interest rate swaps	—	—	—	—	—	—
Net investment hedges	—	—	17,173	19,167	—	—
Total liabilities	<u>\$ 168</u>	<u>\$ 835</u>	<u>\$ 17,173</u>	<u>\$ 19,167</u>	<u>\$ —</u>	<u>\$ 391</u>

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended June 30, 2024

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
	Lead forward contracts	\$ 2,731	Cost of goods sold
Foreign currency forward contracts	347	Cost of goods sold	49
Interest rate swaps	1,082	Interest expense	818
Total	<u>\$ 4,160</u>		<u>\$ (619)</u>
Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	\$ 2,258	Interest expense	\$ 264
Total	<u>\$ 2,258</u>		<u>\$ 264</u>
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives		Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net		\$ 354
Total			<u>\$ 354</u>

**The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended July 2, 2023**

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead forward contracts	\$ 475	Cost of goods sold	\$ 630
Foreign currency forward contracts	899	Cost of goods sold	3,095
Interest rate swaps	4,849	Interest expense	171
Total	<u>\$ 6,223</u>		<u>\$ 3,896</u>
Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	\$ (2,790)	Interest expense	\$ 112
Total	<u>\$ (2,790)</u>		<u>\$ 112</u>
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Pretax Gain (Loss)	
Foreign currency forward contracts	Other (income) expense, net	\$ (503)	
Total		<u>\$ (503)</u>	

7. Income Taxes

The Company's income tax provision consists of federal, state and foreign income taxes. The tax provision for the first quarter of fiscal 2025 and 2024 was based on the estimated effective tax rates applicable for the full years ending March 31, 2025 and March 31, 2024, respectively, after giving effect to items specifically related to the interim periods. The Company's effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions, in which the Company operates, changes in tax laws and the amount of the Company's consolidated earnings before taxes.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective for taxable years beginning after December 31, 2023. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The impact of the enacted legislation is identified below. The Company will continue to monitor and evaluate as new legislation and guidance is issued.

The consolidated effective income tax rates for the first quarter of fiscal 2025 and 2024 were 11.6% and 9.2%. The effective tax rate increase in the first quarter compared to the first quarter of the prior year is primarily due to a discrete foreign exchange tax benefit related to undistributed earnings in first quarter of fiscal 2024, impact of Pillar 2, and mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 49% for fiscal 2025 compared to 51% for fiscal 2024. The foreign effective tax rates for the current quarter of fiscal 2025 and 2024 were 14% and 12%, respectively. The foreign effective tax rate increase in the first quarter compared to the first quarter of the prior year is primarily due to the impact of Pillar 2. Income from the Company's Swiss subsidiary comprised a substantial portion of the Company's overall foreign mix of income for both fiscal 2025 and fiscal 2024 and were taxed at an effective income tax rate of approximately 11% and 8%, respectively.

8. Warranty

The Company provides for estimated product warranty expenses when products are sold, with related liabilities included within accrued expenses and other liabilities. As warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, costs of claims may ultimately differ from amounts provided. An analysis of changes in the liability for product warranties is as follows:

	Quarter ended	
	June 30, 2024	July 2, 2023
Balance at beginning of period	\$ 60,819	\$ 56,630
Current period provisions	7,147	8,685
Costs incurred	(5,865)	(7,446)
Foreign currency translation adjustment	(368)	569
Balance at end of period	\$ 61,733	\$ 58,438

9. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of environmental, anticompetition, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Company and its subsidiaries. In the ordinary course of business, the Company and its subsidiaries are also subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. In connection with formal and informal inquiries by federal, state, local and foreign agencies, the Company and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their activities.

European Competition Investigations

Certain of the Company's European subsidiaries had received subpoenas and requests for documents and, in some cases, interviews from, and have had on-site inspections conducted by, the competition authorities of Belgium, Germany and the Netherlands relating to conduct and anticompetitive practices of certain industrial battery participants. As of June 30, 2024 and March 31, 2024, the Company did not have a reserve balance related to these matters.

The precise scope, timing and time period at issue, as well as the final outcome of the investigations or customer claims, remain uncertain. Accordingly, the Company's estimate may change from time to time, and actual losses could vary.

Environmental Issues

As a result of its operations, the Company is subject to various federal, state, and local, as well as international environmental laws and regulations and is exposed to the costs and risks of registering, handling, processing, storing, transporting, and disposing of hazardous substances, especially lead and acid. The Company's operations are also subject to federal, state, local and international occupational safety and health regulations, including laws and regulations relating to exposure to lead in the workplace. The Company believes that it has adequate reserves to satisfy its environmental liabilities.

Lead, Foreign Currency Forward Contracts and Swaps

To stabilize its lead costs and reduce volatility from currency and interest rate movements, the Company entered into contracts with financial institutions. The vast majority of lead and foreign currency contracts are for a period not extending beyond one year. The Company also entered into a cross currency fixed interest rate swap agreement, maturing on December 15, 2027, to hedge its net investments in foreign operations against future volatility in the exchange rates between the U.S. Dollar and Euro. The Company also entered into floating to fixed interest rate swap agreements maturing on September 30, 2026, to hedge its exposure to variable interest rates. Please refer to Note 6 - *Derivative Financial Instruments* for more details.

10. Restructuring and Other Exit Charges

Restructuring Programs

As disclosed in the 2024 Annual Report, the Company committed to restructuring plans aimed at improving operational efficiencies across its lines of business primarily incurring severance payments and other related charges. A substantial portion of these plans are complete with an estimated \$2,154 remaining to be incurred by the end of fiscal 2025, mainly related to new plans started in fiscal 2024. Restructuring and exit charges for the first quarter of fiscal 2025 by reportable segments are as follows:

	Quarter ended June 30, 2024			
	Energy Systems	Motive Power	Specialty	Total
Restructuring charges	\$ 2,938	\$ 829	\$ 289	\$ 4,056
Exit charges	839	566	477	1,882
Restructuring and other exit charges	\$ 3,777	\$ 1,395	\$ 766	\$ 5,938

A roll-forward of the restructuring reserve, excluding exit charges, is as follows:

Balance as of March 31, 2024	\$	2,408
Accrued		4,056
Costs incurred		(4,391)
Foreign currency impact		(15)
Balance as of June 30, 2024	\$	<u>2,058</u>

Exit Charges

Fiscal 2024 Program

Renewables

On November 8, 2023, the Company's Board of Directors approved a plan to stop production and operations of residential renewable energy products, which include our OutBack and Mojave brands. Management determined that residential renewable energy products no longer fit with the Company's core strategy and resources will be better allocated toward commercial energy solutions for enterprise customers. The Company currently estimates that the total charges for these actions will amount to approximately \$24,500. Non-cash charges for inventory and fixed assets write-offs, and impairment of an indefinite-lived intangible asset are estimated to be \$23,600, and cash charges for employee severance and retention payments are estimated to be \$900. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2024, the Company recorded non-cash charges totaling \$551 primarily related to fixed assets and cash charges of \$689 related to severance costs. The Company also recorded a non-cash write-offs relating to inventories of \$17,075, which was reported in cost of goods sold, and impairment of indefinite lived intangible asset of \$6,020.

Spokane

On November 8, 2023, the Company committed to a plan to close its facility in Spokane, Washington, which primarily manufactures enclosure systems for telecommunications and related end markets. Management determined that existing manufacturing locations have the capacity to satisfy demand for these products and will execute more efficient distribution to customers. The Company currently estimates that the total charges for these actions will amount to approximately \$3,600 relating to \$1,400 in cash charges for employee severance, and non-cash charges of \$2,200 relating to fixed assets, facility lease, and inventory. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2024, the Company recorded cash charges of \$1,343 primarily related to severance costs and non-cash charges totaling \$2,066 related to lease right of use asset and fixed asset write-offs.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$839 primarily related to manufacturing variances.

Fiscal 2023 Programs

Sylmar

In November 2022, the Company committed to a plan to close its facility in Sylmar, California, which manufactured specialty lithium batteries for aerospace and medical applications. Management determined to close the site upon the expiration of its lease on the property and to redirect production through consolidation into existing locations. The Company currently estimates total charges in the exit to amount to \$13,206. Cash charges are estimated to total \$9,314 primarily relating to severance and other costs to leave the site. Non-cash charges are estimated to be \$3,892 relating to fixed assets, inventory, and contract assets. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2023, the Company recorded cash charges of \$1,682 related primarily related to severance costs and non-cash charges totaling \$417 primarily relating to contract assets.

During fiscal 2024, the Company recorded cash charges of \$7,155 related primarily related to severance costs, relocation expenses, and manufacturing variances, and non-cash charges totaling \$377. The Company also recorded a non-cash write-off relating to inventories of \$3,098, which was reported in cost of goods sold.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$477 primarily related to relocation expenses.

Ooltewah

On June 29, 2022, the Company committed to a plan to close its facility in Ooltewah, Tennessee, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for traditional motive power flooded cells will decrease as customers transition to maintenance free product solutions in lithium and TPPL. The Company currently estimates that the total charges for these actions will amount to approximately \$18,500. Cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses are estimated to be \$9,200 and non-cash charges from inventory and fixed asset write-offs are estimated to be \$9,300. These actions will result in the reduction of approximately 165 employees. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2023, the Company recorded cash charges relating to severance and manufacturing variances of \$2,735 and non-cash charges of \$7,261 relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of \$1,613, which was reported in cost of goods sold.

During fiscal 2024, the Company recorded cash charges relating to site cleanup and decommissioning equipment of \$4,399.

Fiscal 2021 Program

In fiscal 2021, the Company's Board of Directors approved a plan to close substantially all of its facility in Hagen, Germany, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for the motive power batteries produced at this facility was not sufficient, given the conversion from flooded to maintenance free batteries by customers, the existing number of competitors in the market, as well as the near term decline in demand and increased uncertainty from the pandemic. The Company plans to retain the facility with limited sales, service and administrative functions along with related personnel for the foreseeable future.

The Company currently estimates that the total charges for these actions will amount to approximately \$60,000, of which cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses were estimated to be \$40,000 and non-cash charges from inventory and equipment write-offs were estimated to be \$20,000. The majority of these charges were recorded as of January 1, 2023. These actions resulted in the reduction of approximately 200 employees.

During fiscal 2021, the Company recorded cash charges relating to severance of \$23,331 and non-cash charges of \$7,946 primarily relating to fixed asset write-offs.

During fiscal 2022, the Company recorded cash charges primarily relating to severance of \$8,069 and non-cash charges of \$3,522 primarily relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of \$960, which was reported in cost of goods sold.

During fiscal 2023, the Company recorded cash charges of \$2,207 relating to primarily to site cleanup and \$562 of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2024, the Company recorded cash charges of \$2,118 relating primarily to site cleanup and \$526 of non-cash charges relating to accelerated depreciation of fixed assets.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$449 relating primarily to site cleanup and \$118 of non-cash charges relating to accelerated depreciation of fixed assets.

11. Debt

The following summarizes the Company's long-term debt as of June 30, 2024 and March 31, 2024:

	June 30, 2024		March 31, 2024	
	Principal	Unamortized Issuance Costs	Principal	Unamortized Issuance Costs
Senior Notes	\$ 600,000	\$ 6,122	\$ 600,000	\$ 6,064
Fourth Amended Credit Facility, due 2026	275,000	1,774	210,000	1,971
	<u>\$ 875,000</u>	<u>\$ 7,896</u>	<u>\$ 810,000</u>	<u>\$ 8,035</u>
Less: Unamortized issuance costs	7,896		8,035	
Long-term debt, net of unamortized issuance costs	<u>\$ 867,104</u>		<u>\$ 801,965</u>	

The Company's Senior Notes comprise the following:

4.375% Senior Notes due 2027

On December 11, 2019, the Company issued \$300,000 in aggregate principal amount of its 4.375% Senior Notes due December 15, 2027 (the "2027 Notes"). Proceeds from this offering, net of debt issuance costs were \$296,250 and were utilized to pay down the Amended 2017 Revolver (defined below). The 2027 Notes bear interest at a rate of 4.375% per annum accruing from December 11, 2019. Interest is payable semiannually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020. The 2027 Notes mature on December 15, 2027, unless earlier redeemed or repurchased in full and are unsecured and unsubordinated obligations of the Company. They are fully and unconditionally guaranteed, jointly and severally, by certain of its subsidiaries that are guarantors under the Fourth Amended Credit Facility (defined below). These guarantees are unsecured and unsubordinated obligations of such guarantors.

The Company may redeem, prior to September 15, 2027, all or a portion of the 2027 Notes at a price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest and a "make whole" premium to, but excluding, the redemption date. The Company may redeem, on or after September 15, 2027, all or a portion of the 2027 Notes at a price equal to 100% of the principal amount of the 2027 Notes, plus accrued and unpaid interest to, but excluding, the redemption date. If a change of control triggering event occurs, the Company will be required to offer to repurchase the 2027 Notes at a price in cash equal to 101% of the aggregate principal amount of the 2027 Notes, plus accrued and unpaid interest to, but excluding, the date of repurchase.

6.625% Senior Notes due 2032

On January 11, 2024, the Company issued \$300,000 in aggregate principal amount of its 6.625% Senior Notes due January 15, 2032 (the "2032 Notes"). Proceeds from this offering, net of debt issuance costs were \$297,000 and were utilized to pay down the Fourth Amended Credit Facility. The 2032 Notes bear interest at a rate of 6.625% per annum accruing from January 11, 2024. Interest is payable semiannually in arrears on January 15 and July 15 of each year, commencing on July 15, 2024. The 2032 Notes mature on January 15, 2032, unless earlier redeemed or repurchased in full and are unsecured and unsubordinated obligations of the Company. They are fully and unconditionally guaranteed, jointly and severally, by certain of its subsidiaries that are guarantors under the Fourth Amended Credit Facility (defined below). These guarantees are unsecured and unsubordinated obligations of such guarantors.



The Company may redeem, prior to January 15, 2027, all or a portion of the 2032 Notes at a price equal to 100% of the aggregate principal amount of the 2032 Notes to be redeemed, plus accrued and unpaid interest and a “make whole” premium to, but excluding, the redemption date. The Company may redeem, on or after January 15, 2027, all or a portion of the 2032 Notes at a price equal to 100% of the principal amount of the 2032 Notes, plus accrued and unpaid interest and a redemption premium to, but excluding, the redemption date. The Company may, in compliance with certain conditions, on any one or more occasions redeem up to 40% of the original aggregate principal amount of the 2032 Notes, with the net cash proceeds of one or more equity offerings at a price equal to 106.625% of the aggregate principal amount of the 2032 Notes, plus accrued and unpaid interest to, but excluding, the redemption date. If a change of control triggering event occurs, the Company will be required to offer to repurchase the 2032 Notes at a price in cash equal to 101% of the aggregate principal amount of the 2032 Notes, plus accrued and unpaid interest to, but excluding, the date of repurchase.

2017 Credit Facility and Subsequent Amendments

In fiscal 2018, the Company entered into a credit facility (the “2017 Credit Facility”). The 2017 Credit Facility was scheduled to mature on September 30, 2022, initially comprised a \$600,000 senior secured revolving credit facility (“2017 Revolver”) and a \$150,000 senior secured term loan (“2017 Term Loan”). The Company utilized the borrowings from the 2017 Credit Facility to repay its pre-existing credit facility.

In fiscal 2019, the Company amended the 2017 Credit Facility (as amended, the “Amended Credit Facility”) to fund the Alpha acquisition. The Amended Credit Facility consisted of \$449,105 senior secured term loans (the “Amended Term Loan”), including a CAD 133,050 (\$99,105) senior secured term loan and a \$700,000 senior secured revolving credit facility (the “Amended Revolver”). The amendment resulted in an increase of the 2017 Term Loan and the 2017 Revolver by \$299,105 and \$100,000, respectively.

During the second quarter of fiscal 2022, the Company entered into a second amendment to the 2017 Credit Facility (as amended, the “Second Amended Credit Facility”). The Second Amended Credit Facility, scheduled to mature on September 30, 2026, consists of a \$130,000 senior secured term loan (the “Second Amended Term Loan”), a CAD 106,440 (\$84,229) senior secured term loan and an \$850,000 senior secured revolving credit facility (the “Second Amended Revolver”). The second amendment resulted in a decrease of the Amended Term Loan by \$150,000 and an increase of the Amended Revolver by \$150,000.

During the second quarter of fiscal 2023, the Company entered into a third amendment to the 2017 Credit Facility (as amended, the “Third Amended Credit Facility”). The Third Amended Credit Facility provides a new incremental delayed-draw senior secured term loan up to \$300,000 (the “Third Amended Term Loan”), which shall be available to draw at any time until March 15, 2023. Once drawn, the funds will mature on September 30, 2026, the same as the Company’s Second Amended Term Loan and Second Amended Revolver. In connection with the agreement, the Company incurred \$1,161 in third party administrative and legal fees recognized in interest expense and capitalized \$1,096 in charges from existing lenders as a deferred asset. During the fourth quarter of fiscal 2023, the Company drew \$300,000 in the form of the Third Amended Term Loan. Additionally, the Company derecognized the capitalized deferred asset and recognized the \$1,096 as deferred financing costs.

During the fourth quarter of fiscal 2023, the Company entered into a fourth amendment to the 2017 Credit Facility (as amended, the “Fourth Amended Credit Facility”). The Fourth Amended Credit Facility replaces the London Interbank Offered Rate (“LIBOR”) with the Secured Overnight Financing Rate (“SOFR”) in the calculation of interest for both the Second Amended Revolver and the Second Amended Term Loan.

In the fourth quarter of fiscal year 2024, we received proceeds from the issuance of the 2032 Senior Notes and paid down \$86,488 and \$188,750 towards the Second and Third Amended Term loans and wrote off \$753 in deferred finance costs.

Subsequent to the fourth amendment, the quarterly installments payable on the Second Amended Term Loan are \$2,598 beginning December 31, 2022, \$3,897 beginning December 31, 2024 and \$5,196 beginning December 31, 2025 with a final payment of \$155,873 on September 30, 2026. The Fourth Amended Credit Facility may be increased by an aggregate amount of \$350,000 in revolving commitments and /or one or more new tranches of term loans, under certain conditions. Both the Second Amended Revolver and the Second Amended Term Loan bear interest, at the Company's option, at a rate per annum equal to either (i) the SOFR plus 10 basis points plus (i) between 1.125% and 2.25% (currently 1.125% and based on the Company's consolidated net leverage ratio) or (ii) the U.S. Dollar Base Rate or Canadian Prime Rate plus between 0.125% and 1.25%, which equals, for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus 0.50%, (b) Bank of America “Prime Rate” and (c) the Eurocurrency Base Rate plus 1%; provided that, if the Base Rate shall be less than zero, such rate shall be deemed zero) (iii) the CDOR Base Rate equal to the higher of (a) Bank of America “Prime Rate” and (b) average 30-day CDOR rate plus 0.50%.

The quarterly installments payable on the Third Amended Term Loan were \$3,750 beginning June 30, 2023, \$5,625 beginning December 31, 2024 and \$7,500 beginning December 31, 2025 with a final payment of \$232,500 on September 30, 2026. The

Third Amended Term Loan bears interest, at the Company's option, at a rate per annum equal to either (i) SOFR plus 10 basis points plus (i) between 1.375% and 2.50% (currently 1.375% and based on the Company's consolidated net leverage ratio) or (ii) the U.S. Dollar Base Rate plus between 0.375% and 1.50%, which equals, for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus 0.50%, (b) Bank of America "Prime Rate" and (c) the Term SOFR plus 1%; provided that, if the Base Rate shall be less than zero, such rate shall be deemed zero). Until the funds were drawn on March 13, 2023, the Company paid a commitment fee of 0.175% to 0.35% at a rate per annum on the unused portion.

Obligations under the Fourth Amended Credit Facility are secured by substantially all of the Company's existing and future acquired assets, including substantially all of the capital stock of the Company's United States subsidiaries that are guarantors under the Fourth Amended Credit Facility and up to 65% of the capital stock of certain of the Company's foreign subsidiaries that are owned by the Company's United States subsidiaries.

The Fourth Amended Credit Facility allows for up to two temporary increases in the maximum leverage ratio to 4.50x from 4.00x to 4.25x for a four quarter period following an acquisition larger than \$250,000. Effective with the Fourth Amended Credit Facility, the maximum leverage ratio increased from 3.50x to 4.25x effective to the last day of the second quarter of fiscal year 2024 and decreasing subsequently to 4.00x.

As of June 30, 2024, the Company had \$65,000 outstanding under the Second Amended Revolver, \$110,000 under the Second Amended Term Loan, and \$100,000 outstanding under the Third Amended Term Loan.

Current Portion of Debt

The scheduled repayments within the next twelve months, relating to the Second Amended Term Loan, is \$2,438 and is classified as long-term debt, as the Company expects to refinance the future quarterly payments with revolver borrowings under the Second Amended Credit Facility.

Short-Term Debt

As of June 30, 2024 and March 31, 2024, the Company had \$29,960 and \$30,444, respectively, of short-term borrowings. The weighted average interest rate on these borrowings was approximately 6.5% and 6.7%, respectively, at June 30, 2024 and March 31, 2024.

Letters of Credit

As of June 30, 2024 and March 31, 2024, the Company had \$3,901 and \$3,919 of standby letters of credit, respectively.

Debt Issuance Costs

In connection with the Senior Notes, the Company capitalized \$4,412 in debt issuance costs and wrote off \$753 of unamortized debt issuance costs. Amortization expense, relating to debt issuance costs, included in interest expense was \$490 and \$410, respectively, for the first quarter ended June 30, 2024 and July 2, 2023. Debt issuance costs, net of accumulated amortization, totaled \$7,896 and \$8,035, respectively, at June 30, 2024 and March 31, 2024.

Available Lines of Credit

As of June 30, 2024 and March 31, 2024, the Company had available and undrawn, under all its lines of credit, \$873,127 and \$938,334, respectively, including \$90,659 and \$90,866, respectively, of uncommitted lines of credit.

12. Retirement Plans

The following tables present the components of the Company's net periodic benefit cost related to its defined benefit pension plans:

	United States Plans		International Plans	
	Quarter ended		Quarter ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Service cost	\$ —	\$ —	\$ 239	\$ 220
Interest cost	166	166	621	585
Expected return on plan assets	(47)	(76)	(351)	(406)
Amortization and deferral	(17)	—	144	29
Net periodic benefit cost	\$ 102	\$ 90	\$ 653	\$ 428

13. Stock-Based Compensation

As of June 30, 2024, the Company maintains the 2023 Equity Incentive Plan ("2023 EIP"). The 2023 EIP reserved 3,614,500 shares of common stock for the grant of various classes of nonqualified stock options, restricted stock units, market condition-based on total shareholder return ("TSR") and performance condition-based share units ("PSU") and other forms of equity-based compensation.

The Company recognized stock-based compensation expense associated with its equity incentive plans of \$7,062 for the first quarter of fiscal 2025 and \$7,933 for the first quarter of fiscal 2024. The Company recognizes compensation expense using the straight-line method over the vesting period of the awards.

During the current quarter of fiscal 2025, the Company granted to non-employee directors 4,023 restricted stock units, under the deferred compensation plan for non-employee directors. The awards vest immediately upon the date of grant and are settled in shares of common stock.

Common stock activity during the current quarter of fiscal 2025 included the exercise of 98,555 stock options and the vesting of 2,664 restricted stock units.

As of June 30, 2024, there were 1,091,554 non-qualified stock options, 1,011,036 restricted stock units including non-employee director restricted stock units and 1,134 TSRs outstanding.

14. Stockholders' Equity and Noncontrolling Interests

Common Stock

The following demonstrates the change in the number of shares of common stock outstanding during the current quarter ended June 30, 2024:

Shares outstanding as of March 31, 2024	40,271,936
Purchase of treasury stock	(129,433)
Shares issued under equity-based compensation plans, net of equity awards surrendered for option price and taxes	94,550
Shares outstanding as of June 30, 2024	40,237,053

Treasury Stock

During the current quarter ended June 30, 2024, the Company purchased 129,433 shares for \$11,641 and did not purchase any shares for the first quarter ended July 2, 2023. At June 30, 2024 and March 31, 2024, the Company held 16,218,300 and

16,091,988 shares as treasury stock, respectively. During the current quarter ended June 30, 2024, the Company also issued 3,121 shares out of its treasury stock, valued at \$62.55 per share to participants under the Company's Employee Stock Purchase Plan. During the prior quarter ended July 2, 2023, the Company issued 3,878 shares out of its treasury stock, valued at \$62.55 per share, to participants under the Company's Employee Stock Purchase Plan.

Accumulated Other Comprehensive Income ("AOCI")

The components of AOCI, net of tax, as of June 30, 2024 and March 31, 2024, are as follows:

	March 31, 2024	Before Reclassifications	Amounts Reclassified from AOCI	June 30, 2024
Pension funded status adjustment	\$ (9,798)	\$ —	\$ 110	\$ (9,688)
Net unrealized gain (loss) on derivative instruments	755	3,188	474	4,417
Foreign currency translation adjustment ⁽¹⁾	(195,808)	(13,294)	—	(209,102)
Accumulated other comprehensive (loss) income	<u>\$ (204,851)</u>	<u>\$ (10,106)</u>	<u>\$ 584</u>	<u>\$ (214,373)</u>

⁽¹⁾ Foreign currency translation adjustment for the current quarter ended June 30, 2024 includes a \$1,528 gain (net of taxes of \$466) related to the Company's \$150,000 cross-currency fixed interest rate swap contract.

The following table presents reclassifications from AOCI during the first quarter ended June 30, 2024:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized loss on derivative instruments	\$ 619	Cost of goods sold
Tax benefit	(145)	
Net unrealized loss on derivative instruments, net of tax	<u>\$ 474</u>	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	\$ (264)	Interest expense
Tax expense	62	
Net unrealized gain on derivative instruments, net of tax	<u>\$ (202)</u>	
Defined benefit pension costs:		
Prior service costs and deferrals	\$ 127	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	(17)	
Net periodic benefit cost, net of tax	<u>\$ 110</u>	

The following table presents reclassifications from AOCI during the first quarter ended July 2, 2023:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized gain on derivative instruments	\$ (3,896)	Cost of goods sold
Tax expense	911	
Net unrealized loss on derivative instruments, net of tax	<u>\$ (2,985)</u>	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	\$ (112)	Interest expense
Tax expense	26	
Net unrealized gain on derivative instruments, net of tax	<u>\$ (86)</u>	
Defined benefit pension costs:		
Prior service costs and deferrals	\$ 29	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	(9)	
Net periodic benefit cost, net of tax	<u>\$ 20</u>	

The following demonstrates the change in equity attributable to EnerSys stockholders and nonredeemable noncontrolling interests during the first quarter ended June 30, 2024:

<i>(In Thousands, Except Per Share Data)</i>	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Contra-Equity	Total EnerSys Stockholders' Equity	Non-redeemable Non-Controlling Interests	Total Equity
Balance at March 31, 2024	\$ —	\$ 564	\$ 629,879	\$ (835,827)	\$ 2,163,880	\$ (204,851)	\$ —	\$ 1,753,645	\$ 3,427	\$ 1,757,072
Stock-based compensation	—	—	7,062	—	—	—	—	7,062	—	7,062
Exercise of stock options	—	1	6,963	—	—	—	—	6,964	—	6,964
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	—	—	—	—	—	—	—	—	—
Purchase of common stock	—	—	—	(11,641)	—	—	—	(11,641)	—	(11,641)
Other	—	—	24	185	—	—	—	209	—	209
Net earnings	—	—	—	—	70,111	—	—	70,111	—	70,111
Dividends (\$0.225 per common share)	—	—	227	—	(9,271)	—	—	(9,044)	—	(9,044)
Dissolution of joint venture	—	—	—	—	—	—	—	—	—	—
Other comprehensive income:										
Pension funded status adjustment (net of tax benefit of \$17)	—	—	—	—	—	110	—	110	—	110
Net unrealized gain (loss) on derivative instruments (net of tax benefit of \$1,117)	—	—	—	—	—	3,662	—	3,662	—	3,662
Foreign currency translation adjustment	—	—	—	—	—	(13,294)	—	(13,294)	(22)	(13,316)
Balance at June 30, 2024	\$ —	\$ 565	\$ 644,155	\$ (847,283)	\$ 2,224,720	\$ (214,373)	\$ —	\$ 1,807,784	\$ 3,405	\$ 1,811,189

The following demonstrates the change in equity attributable to EnerSys stockholders and nonredeemable noncontrolling interests during the first quarter and current quarter ended July 2, 2023:

<i>(In Thousands, Except Per Share Data)</i>	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Contra-Equity	Total EnerSys Stockholders' Equity	Non-redeemable Non-Controlling Interests	Total Equity
Balance at March 31, 2023	\$ —	\$ 560	\$ 596,464	\$ (740,956)	\$ 1,930,148	\$ (183,474)	\$ (2,463)	\$ 1,600,279	\$ 3,602	\$ 1,603,881
Stock-based compensation	—	—	7,933	—	—	—	—	7,933	—	7,933
Exercise of stock options	—	5	7,649	—	—	—	—	7,654	—	7,654
Purchase of common stock	—	—	—	—	—	—	—	—	—	—
Other	—	—	65	214	—	—	—	279	—	279
Net earnings	—	—	—	—	66,797	—	—	66,797	—	66,797
Dividends (\$0.175per common share)	—	—	184	—	(7,357)	—	—	(7,173)	—	(7,173)
Dissolution of joint venture	—	—	—	—	—	—	—	—	—	—
Other comprehensive income:										
Pension funded status adjustment (net of tax benefit of \$9)	—	—	—	—	—	20	—	20	—	20
Net unrealized gain (loss) on derivative instruments (net of tax benefit of \$544)	—	—	—	—	—	1,786	—	1,786	—	1,786
Foreign currency translation adjustment	—	—	—	—	—	2,192	—	2,192	(190)	2,002
Balance at July 2, 2023	\$ —	\$ 565	\$ 612,295	\$ (740,742)	\$ 1,989,588	\$ (179,476)	\$ (2,463)	\$ 1,679,767	\$ 3,412	\$ 1,683,179

15. Earnings Per Share

The following table sets forth the reconciliation from basic to diluted weighted-average number of common shares outstanding and the calculations of net earnings per common share attributable to EnerSys stockholders.

	Quarter ended	
	June 30, 2024	July 2, 2023
Net earnings attributable to EnerSys stockholders	\$ 70,111	\$ 66,797
Weighted-average number of common shares outstanding:		
Basic	40,204,013	40,937,334
Dilutive effect of:		
Common shares from exercise and lapse of equity awards, net of shares assumed reacquired	782,103	760,990
Diluted weighted-average number of common shares outstanding	40,986,116	41,698,324
Basic earnings per common share attributable to EnerSys stockholders	\$ 1.74	\$ 1.63
Diluted earnings per common share attributable to EnerSys stockholders	\$ 1.71	\$ 1.60
Anti-dilutive equity awards not included in diluted weighted-average common shares	347,099	432,487

16. Business Segments

Effective April 1, 2023, the Company created a new line of business and operating segment named New Ventures in addition to the existing lines of businesses: Energy Systems, Motive Power, and Specialty. The results of New Ventures include start-up operating expenses captured within the "Corporate and other" category of operating earnings. New Ventures provides energy storage and management systems for demand charge reduction, utility back-up power, and dynamic fast charging for electric vehicles.

Summarized financial information related to the Company's reportable segments for the first quarter and current quarter ended June 30, 2024 and July 2, 2023, is shown below:

	Quarter ended	
	June 30, 2024	July 2, 2023
Net sales by segment to unaffiliated customers ⁽¹⁾		
Energy Systems	\$ 361,051	\$ 424,548
Motive Power	366,155	350,781
Specialty	125,710	133,240
Total net sales	<u>\$ 852,916</u>	<u>\$ 908,569</u>
Operating earnings by segment		
Energy Systems	\$ 19,000	\$ 29,649
Motive Power	55,966	50,368
Specialty	4,900	9,817
Corporate and other ⁽³⁾	25,825	17,403
Inventory adjustment relating to exit activities - Specialty	—	(3,098)
Restructuring and other exit charges - Energy Systems	(3,777)	(488)
Restructuring and other exit charges - Motive Power	(1,395)	(1,559)
Restructuring and other exit charges - Specialty	(766)	(4,262)
Amortization - Energy Systems	(6,001)	(6,217)
Amortization - Motive Power	(183)	(111)
Amortization - Specialty	(702)	(702)
Acquisition expense - Energy Systems	(6)	(5)
Acquisition expense - Motive Power	(8)	(85)
Acquisition expense - Specialty	(1,352)	—
Other - Energy Systems	(170)	(744)
Other - Motive Power	—	(383)
Other - Specialty	—	(138)
Total operating earnings ⁽²⁾	<u>\$ 91,331</u>	<u>\$ 89,445</u>

(1) Reportable segments do not record inter-segment revenues and accordingly there are none to report.

(2) The Company does not allocate interest expense or other (income) expense, net, to the reportable segments.

(3) Corporate and other includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRA production tax credits. Also, included are start-up costs for exploration of a new lithium plant as well as start-up operating expenses from the New Ventures operating segment.

17. Subsequent Events

On August 7, 2024, the Board of Directors approved a quarterly cash dividend of \$0.24 per share of common stock to be paid on September 30, 2024 to stockholders of record as of September 16, 2024.

On July 26, 2024, the Company completed the acquisition of all of the equity of Bren-Tronics Defense LLC for \$208,000 in cash consideration, subject to adjustments as set forth in the stock purchase agreement. Bren-Tronics Defense LLC, headquartered in Commack, New York, is a leading manufacturer of highly reliable portable power solutions, including small and large format lithium batteries and changing solutions, for military and defense applications.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the “Reform Act”) provides a safe harbor for forward-looking statements made by or on behalf of EnerSys. EnerSys and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in EnerSys’ filings with the Securities and Exchange Commission (“SEC”) and its reports to stockholders. Generally, the inclusion of the words “anticipate,” “believe,” “expect,” “future,” “intend,” “estimate,” “will,” “plans,” or the negative of such terms and similar expressions identify statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and that are intended to come within the safe harbor protection provided by those sections. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based on management’s then-current beliefs and assumptions regarding future events and operating performance, on information currently available to management, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (our “2024 Annual Report”) and other unforeseen risks. You should not put undue reliance on any forward-looking statements. These statements speak only as of the date of this Quarterly Report on Form 10-Q, even if subsequently made available by us on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Our actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons, including the following factors:

- economic, financial and other impacts of the pandemic, including global supply chain disruptions;
- general cyclical patterns of the industries in which our customers operate;
- global economic trends, competition and geopolitical risks, including impacts from the ongoing conflict between Russia and Ukraine and the related sanctions and other measures, tensions across the Middle East, changes in the rates of investment or economic growth in key markets we serve, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our global supply chains and strategies;
- the extent to which we cannot control our fixed and variable costs;
- the raw materials in our products may experience significant fluctuations in market price and availability;
- certain raw materials constitute hazardous materials that may give rise to costly environmental and safety claims;
- legislation regarding the restriction of the use of energy or certain hazardous substances in our products;
- risks involved in our operations such as supply chain issues, disruption of markets, changes in import and export laws, environmental regulations, currency restrictions and local currency exchange rate fluctuations;
- our ability to raise our selling prices to our customers when our product costs increase;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- changes in macroeconomic and market conditions and market volatility, including inflation, interest rates, the value of securities and other financial assets, transportation costs, costs and availability of electronic components, lead, plastic resins, steel, copper and other commodities used by us, and the impact of such changes and volatility on our financial position and business;
- competitiveness of the battery markets and other energy solutions for industrial applications throughout the world;
- our timely development of competitive new products and product enhancements in a changing environment and the acceptance of such products and product enhancements by customers;
- our ability to adequately protect our proprietary intellectual property, technology and brand names;
- litigation and regulatory proceedings to which we might be subject;
- our expectations concerning indemnification obligations;
- changes in our market share in the business segments where we operate;
- our ability to implement our cost reduction initiatives successfully and improve our profitability;
- quality problems associated with our products;

- our ability to implement business strategies, including our acquisition strategy, manufacturing expansion and restructuring plans;
- our acquisition strategy may not be successful in identifying advantageous targets;
- our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and our ability to realize related revenue synergies, strategic gains, and cost savings may be significantly harder to achieve, if at all, or may take longer to achieve;
- our effective income tax rate with respect to any period may fluctuate based on the mix of income in the tax jurisdictions, in which we operate, changes in tax laws and the amount of our consolidated earnings before taxes;
- potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames;
- our debt and debt service requirements which may restrict our operational and financial flexibility, as well as imposing unfavorable interest and financing costs;
- our ability to maintain our existing credit facilities or obtain satisfactory new credit facilities or other borrowings;
- adverse changes in our short and long-term debt levels under our credit facilities;
- our exposure to fluctuations in interest rates on our variable-rate debt;
- our ability to attract and retain qualified management and personnel;
- our ability to maintain good relations with labor unions;
- credit risk associated with our customers, including risk of insolvency and bankruptcy;
- our ability to successfully recover in the event of a disaster affecting our infrastructure, supply chain, or our facilities;
- delays or cancellations in shipments;
- occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, pandemics, vaccine mandates, outbreaks of hostilities or terrorist acts, or the effects of climate change, and our ability to deal effectively with damages or disruptions caused by the foregoing; and
- the operation, capacity and security of our information systems and infrastructure.

This list of factors that may affect future performance is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Overview

EnerSys (the “Company,” “we,” or “us”) is a world leader in stored energy solutions for industrial applications. We design, manufacture, and distribute energy systems solutions and motive power batteries, specialty batteries, battery chargers, power equipment, battery accessories and outdoor equipment enclosure solutions to customers worldwide. Energy Systems, which combine power conversion, power distribution, energy storage, and enclosures, are used in the telecommunication, broadband, data center and utility industries, uninterruptible power supplies, and numerous applications requiring stored energy solutions. Motive Power batteries and chargers are utilized in electric forklift trucks, automated guided vehicles (AGVs), and other industrial electric powered vehicles. Specialty batteries are used in aerospace and defense applications, large over the road trucks, premium automotive and medical products. New Ventures provides energy storage and management systems for demand charge reduction, utility back-up power, and dynamic fast charging for electric vehicles. We also provide aftermarket and customer support services to over 10,000 customers in more than 100 countries through a network of distributors, independent representatives and our internal sales force around the world.

The Company's four operating segments, based on lines of business, are as follows:

- **Energy Systems** - uninterruptible power systems, or “UPS” applications for computer and computer-controlled systems, as well as telecommunications systems, switchgear and electrical control systems used in industrial facilities and electric utilities, large-scale energy storage and energy pipelines. Energy Systems also includes highly integrated power solutions and services to broadband, telecom, data center, and renewable and industrial customers, as well as thermally managed cabinets and enclosures for electronic equipment and batteries.
- **Motive Power** - power for electric industrial forklifts used in manufacturing, warehousing and other material handling applications, AGVs, as well as mining equipment, diesel locomotive starting and other rail equipment.
- **Specialty** - premium starting, lighting and ignition applications in transportation, energy solutions for satellites, spacecraft, commercial aircraft, military aircraft, submarines, ships and other tactical vehicles as well as medical devices and equipment.
- **New Ventures** - energy storage and management systems for demand charge reduction, utility back-up power, and dynamic fast charging for electric vehicles.

Bren-Tronics Acquisition

On July 26, 2024, the Company completed the acquisition of all of the equity of Bren-Tronics Defense LLC for \$208 million in cash consideration, subject to adjustments as set forth in the stock purchase agreement. Bren-Tronics Defense LLC, headquartered in Commack, New York, is a leading manufacturer of highly reliable portable power solutions, including small and large format lithium batteries and charging solutions, for military and defense applications.

Economic Climate

Global economic conditions are mixed with the impacts of elevated interest rates and rising geopolitical tensions having various levels of impacts in North America, China and EMEA. All regions experienced a moderate rise in inflation in calendar year 2023 compared to calendar 2022 and continue to be negatively impacted by the war in Ukraine. We expect inflationary pressures and interest rates to continue to stay elevated through calendar 2024, but saw positive trends in June 2024 when the European Central Bank (ECB) cut its main interest rate by 25 basis points for the first time in five years. The U.S. Federal Reserve kept interest rates stable, but there is an expectation for a modest decrease in the second half of calendar year 2024. Policy makers in both regions have maintained a cautious stance. China's economy saw some bright spots entering calendar year 2024 as a result of increasing travel and consumer spending due to relaxed COVID policies, but the region faces ongoing challenges from a weakened real estate market and is expected to experience a slowdown compared to calendar year 2023.

Supply chain has been stabilizing since the second quarter of calendar year 2023. While there are still pockets of supply chain challenges and some elevated materials costs such as plastic resins, electronic components and copper and other costs such as transportation have returned to pre-COVID levels. However, recent geopolitical tensions between Hamas and Israel have begun to disrupt shipments in the Red Sea. As a result, some ocean freight costs and transit times may temporarily increase until shipping in the region returns to normal. Generally, our mitigation efforts and ongoing lean initiatives have tempered the impact of the pandemic-related challenges. The market demand in our Motive Power segment remains healthy, but we saw a decrease in demand in the Class 8 truck market in our fiscal first quarter, which impacted the Specialty segment. The cyclical capex pauses in the communication networks market has decreased demand in the Energy Systems segment since our second quarter fiscal 2024, but we saw some improvements in the last month of our first quarter fiscal 2025.

Volatility of Commodities and Foreign Currencies

Our most significant commodity and foreign currency exposures are related to lead and the Euro, respectively. Historically, volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. In the fiscal year 2025, we have experienced a range in lead prices from approximately \$1.05 per pound to \$0.90 per pound. Costs in some of our other raw materials such as steel, acid, separator paper and electronics have moderated since the middle of fiscal year 2024, but we have seen some price increases in other raw materials such as copper and plastic resins since the beginning of fiscal year 2025.

Customer Pricing

Our selling prices fluctuated during the last several years to offset the volatile cost of commodities. Approximately 25% of our revenue is now subject to agreements that adjust pricing to a market-based index for lead. Customer pricing changes generally lag movements in lead prices and other costs by approximately six to nine months. In fiscal 2024 and 2025, customer pricing has increased due to certain commodity prices and other costs having increased throughout the year.

Based on current commodity markets, it is difficult to predict with certainty whether commodity prices will be higher or lower in fiscal 2025 versus fiscal 2024. However, given the lag related to increasing our selling prices for inflationary cost increase, on average our selling prices should be higher in fiscal 2025 versus fiscal 2024. As we concentrate more on energy systems and non-lead chemistries, the emphasis on lead is expected to continue to decline.

Primary Operating Capital

As part of managing the performance of our business, we monitor the level of primary operating capital, and its ratio to net sales. We define primary operating capital as accounts receivable, plus inventories, minus accounts payable. The resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary operating capital percentage. We believe these three elements included in primary operating capital are most operationally driven, and this performance measure provides us with information about the asset intensity and operating efficiency of the business on a company-wide basis that management can monitor and analyze trends over time. Primary operating capital was \$866.9 million (yielding a primary operating capital percentage of 25.4%) at June 30, 2024, \$852.9 million (yielding a primary operating capital percentage of 23.4%) at March 31, 2024 and \$1,032.6 million at July 2, 2023 (yielding a primary operating capital percentage of 28.4%). The primary operating capital percentage of 25.4% at June 30, 2024 increased by 200 basis points compared to March 31, 2024 and decreased 300 basis points compared to July 2, 2023. The increase in primary operating capital percentage at June 30, 2024 compared to March 31, 2024 was primarily due to consistent inventory and accounts payable levels maintained this quarter in anticipation for future sales. Accounts receivable amounts were decreased comparatively mainly due to improved collection compared to the fourth fiscal quarter of the prior fiscal year. The decrease in primary operating capital percentage at June 30, 2024 compared to July 2, 2023 was primarily from a reduction in accounts receivable due to higher collections and inventory due to improved inventory management actions and easing of supply chain constraints compared to the first quarter of fiscal 2024.

Primary operating capital and primary operating capital percentages at June 30, 2024, March 31, 2024 and July 2, 2023 are computed as follows:

<i>(\$ in Millions)</i>	June 30, 2024	March 31, 2024	July 2, 2023
Accounts receivable, net	\$ 507.9	\$ 524.7	\$ 566.5
Inventory, net	713.7	697.7	809.4
Accounts payable	(354.7)	(369.5)	(343.3)
Total primary operating capital	\$ 866.9	\$ 852.9	\$ 1,032.6
Trailing 3 months net sales	\$ 852.9	\$ 910.7	\$ 908.6
Trailing 3 months net sales annualized	\$ 3,411.6	\$ 3,642.8	\$ 3,634.4
Primary operating capital as a % of annualized net sales	25.4 %	23.4 %	28.4 %

Liquidity and Capital Resources

We believe that our financial position is strong, and we have substantial liquidity to cover short-term liquidity requirements and anticipated growth in the foreseeable future, with \$344 million of available cash and cash equivalents and available and undrawn committed credit lines of approximately \$782 million at June 30, 2024, availability subject to credit agreement financial covenants.

A substantial majority of the Company's cash and investments are held by foreign subsidiaries and are considered to be indefinitely reinvested and expected to be utilized to fund local operating activities, capital expenditure requirements and acquisitions. The Company believes that it has sufficient sources of domestic and foreign liquidity.

During the second quarter of fiscal 2022, we entered into a second amendment to the Amended Credit Facility (as amended, the "Second Amended Credit Facility"). As a result, the Second Amended Credit Facility, now scheduled to mature on September 30, 2026, consists of a \$130.0 million senior secured term loan and a CAD 106.4 million (\$84.2 million) term loan (the "Second Amended Term Loan") and an \$850.0 million senior secured revolving credit facility (the "Second Amended Revolver"). This amendment resulted in a decrease of the Amended Term Loan by \$150.0 million and an increase of the Amended Revolver by \$150.0 million.

During the second quarter of fiscal 2023, the Company entered into a third amendment to the 2017 Credit Facility (as amended, the "Third Amended Credit Facility"). The Third Amended Credit Facility provided a new incremental delayed-draw senior secured term loan up to \$300 million (the "Third Amended Term Loan"), which was available to draw until March 15, 2023. During the fourth quarter of fiscal 2023, the Company drew \$300 million in the form of the Third Amended Term Loan. The funds will mature on September 30, 2026, the same as the Company's Second Amended Term Loan and Second Amended Revolver. In connection with the agreement, the Company incurred \$1.2 million in third party administrative and legal fees recognized in interest expense and capitalized \$1.1 million in charges from existing lenders as a deferred asset. Additionally, the Company derecognized the capitalized deferred asset and recognized the \$1.1 million as deferred financing costs.

During the fourth quarter of fiscal 2023, the Company entered into a fourth amendment to the 2017 Credit Facility (as amended, the "Fourth Amended Credit Facility"). The Fourth Amended Credit Facility replaces the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") in the calculation of interest for both the Second Amended Revolver and the Second Amended Term Loan.

On January 11, 2024, we issued \$300 million in aggregate principal amount of our 6.625% Senior Notes due 2032 (the "2032 Notes"). Proceeds from this offering, net of debt issuance costs were \$297.0 million and were utilized to pay down the Fourth Amended Credit Facility.

During the current quarter of fiscal 2025, we purchased 129,433 shares for \$11.6 million.

We believe that our strong capital structure and liquidity affords us access to capital for future acquisitions, capital investments, stock repurchase opportunities and continued dividend payments.

Results of Operations

Net Sales

Net sales decreased \$55.7 million or 6.1% in the first quarter of fiscal 2025 as compared to the first quarter of fiscal 2024. This decrease was the result of a 3% decrease in organic volume, a 2% decrease in price/mix, and a 1% decrease in foreign currency translation.

Segment sales

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Energy Systems	\$ 361.0	42.3 %	424.6	46.7 %	\$ (63.6)	(15.0)%
Motive Power	366.2	42.9	350.8	38.6	15.4	4.4
Specialty	125.7	14.7	133.2	14.7	(7.5)	(5.7)
Total net sales	\$ 852.9	100.0 %	\$ 908.6	100.0 %	\$ (55.7)	(6.1)%

Net sales of our Energy Systems segment in the first quarter of fiscal 2025 decreased \$63.6 million or 15.0% compared to the first quarter of fiscal 2024. This decrease was due to an 11% decrease in organic volume, a 3% decrease in price/mix and a 1% decrease in foreign currency translation. This decrease in sales and price/mix was driven by continued capital spending pauses by our telecommunication and broadband customers.

Net sales of our Motive Power segment in the first quarter of fiscal 2025 increased by \$15.4 million or 4.4% compared to the first quarter of fiscal 2024. This increase was primarily due to a 6% increase in organic volume, offset by a 1% decrease from price/mix and a 1% decrease from foreign currency translation. We continue to benefit from a favorable sales mix, which was offset by the removal of both the utility adder and the elevated utility costs in EMEA in prior year.

Net sales of our Specialty segment in the first quarter of fiscal 2025 decreased by \$7.5 million or 5.7% compared to the first quarter of fiscal 2024. The decrease was primarily due to a 3% decrease in organic volume, and a 3% decrease in price/mix. This decrease in sales was primarily driven by decreased volumes from Class 8 OEM transportation customers.

Gross Profit

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	\$ 238.4	28.0 %	\$ 240.3	26.4 %	\$ (1.9)	(0.8)%

Gross profit decreased \$1.9 million or 0.8% in the first quarter compared to the comparable periods of fiscal 2024. Gross profit, as a percentage of net sales, increased 160 basis points in the first quarter compared to the first quarter of fiscal 2024. The increase in gross profit margin as a percentage of revenue reflects greater impact of IRA benefits compared to the first quarter of fiscal 2024.

Operating Items

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	\$ 141.2	16.5 %	\$ 144.6	15.9 %	\$ (3.4)	(2.4)%
Restructuring and other exit charges	\$ 5.9	0.7 %	\$ 6.3	0.7 %	\$ (0.4)	(5.9)%

Operating expenses, as a percentage of sales, increased 60 basis points in the current quarter of fiscal 2025, compared to the first quarter of fiscal 2024. We have seen increased spending as a result of our increased investment in our Fast Charge and Storage products.

Selling expenses, our main component of operating expenses, decreased \$5.1 million or 6.2% in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024, and decreased 18 basis points as a percentage of net sales.

Restructuring and Other Exit Charges

Restructuring Programs

Included in our first quarter of fiscal 2025 operating results of Energy Systems were restructuring charges of \$3.0 million. Included in our first quarter of fiscal 2025 operating results of Motive Power were restructuring charges of \$0.8 million. Included in our first quarter of fiscal 2025 operating results of Specialty were restructuring charges of \$0.3 million.

Included in our first quarter of fiscal 2024 operating results of Energy Systems were restructuring charges of \$0.5 million.

Exit Charges

Fiscal 2024 Programs

Renewables

On November 8, 2023, the Company's Board of Directors approved a plan to stop production and operations of residential renewable energy products, which include our OutBack and Mojave brands. Management determined that residential renewable energy products no longer fit with the Company's core strategy and resources will be better allocated toward commercial energy solutions for enterprise customers. The Company currently estimates that the total charges for these actions will amount to \$24.5 million relating primarily to \$23.6 million in non-cash charges primarily including inventory and an indefinite-lived intangible asset write-offs and \$0.9 million in cash charges including employee severance and retention payments. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2024, the Company recorded non-cash charges totaling \$0.6 million primarily related to fixed assets and cash charges of \$0.7 million related to severance costs. The Company also recorded a non-cash write-offs relating to inventories of \$17.1 million, which was reported in cost of goods sold, and impairment of indefinite lived intangible asset of \$6.0 million.

Spokane

On November 8, 2023, the Company committed to a plan to close its facility in Spokane, Washington, which primarily manufactures enclosure systems for telecommunications and related end markets. Management determined that existing manufacturing locations have the capacity to satisfy demand for these products and will execute more efficient distribution to customers. The Company currently estimates that the total charges for these actions will amount to approximately \$3.6 million relating to \$1.4 million in cash charges for employee severance, and non-cash charges of \$2.2 million fixed assets, facility lease, and inventory. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2024, the Company recorded cash charges of \$1.3 million primarily related to severance costs and non-cash charges totaling \$2.1 million related to lease right of use asset and fixed asset write-offs.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$0.8 million primarily related to manufacturing variances.

Fiscal 2023 Programs

Sylmar

In November 2022, the Company committed to a plan to close its facility in Sylmar, California, which manufactures specialty lithium batteries for aerospace and medical applications. Management determined to close the site upon the expiration of its lease on the property and to redirect production through consolidation into existing locations. The Company currently estimates total charges in the exit to amount to \$13.2 million. Cash charges are estimated to total \$9.3 million primarily relating to severance and other costs to leave the site. Non-cash charges are estimated to be \$3.9 million relating to fixed assets, inventory, and contract assets. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2023, the Company recorded cash charges of \$1.6 million related primarily related to severance costs and non-cash charges totaling \$0.4 million primarily relating to contract assets.

During fiscal 2024, the Company recorded cash charges of \$7.2 million related primarily related to severance costs, relocation expenses, and manufacturing variances, and non-cash charges totaling \$0.4 million. The Company also recorded a non-cash write-off relating to inventories of \$3.1 million, which was reported in cost of goods sold.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$0.4 million primarily related to relocation expenses.

Ooltewah

On June 29, 2022, the Company committed to a plan to close its facility in Ooltewah, Tennessee, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for traditional motive power flooded cells will decrease as customers transition to maintenance free product solutions in lithium and TPPL. The Company currently estimates that the total charges for these actions will amount to approximately \$18.5 million. Cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses are estimated to be \$9.2 million and non-cash charges from inventory and fixed asset write-offs are estimated to be \$9.3 million. These actions will result in the reduction of approximately 165 employees. The plan was substantially complete as the end of fiscal 2024.

During fiscal 2023, the Company recorded cash charges relating to severance and manufacturing variances of \$2.7 million and non-cash charges of \$7.3 million relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of \$1.6 million, which was reported in cost of goods sold.

During fiscal 2024, the Company recorded cash charges relating to site cleanup and decommissioning equipment of \$4.4 million.

Fiscal 2021 Programs

Hagen, Germany

In fiscal 2021, we committed to a plan to close substantially all of our facility in Hagen, Germany, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for the motive power batteries produced at this facility was not sufficient, given the conversion from flooded to maintenance free batteries by customers, the existing number of competitors in the market, as well as the near-term decline in demand and increased uncertainty from the pandemic. We plan to retain the facility with limited sales, service and administrative functions along with related personnel for the foreseeable future.

We currently estimate that the total charges for these actions will amount to approximately \$60.0 million of which cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses were estimated to be \$40.0 million and non-cash charges from inventory and equipment write-offs were estimated to be \$20.0 million. The majority of these charges have been recorded as of March 31, 2022. These actions resulted in the reduction of approximately 200 employees.

During fiscal 2021, the Company recorded cash charges relating to severance of \$23.3 million and non-cash charges of \$7.9 million primarily relating to fixed asset write-offs.

During fiscal 2022, the Company recorded cash charges, primarily relating to severance of \$8.1 million and non-cash charges of \$3.5 million primarily relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of \$1.0 million, which was reported in cost of goods sold.

During fiscal 2023, the Company recorded cash charges of \$2.2 million relating primarily to site cleanup and \$0.6 million of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2024, the Company recorded cash charges of \$2.1 million relating primarily to site cleanup and \$0.5 million of non-cash charges relating to accelerated depreciation of fixed assets.

During the current quarter of fiscal 2025, the Company recorded cash charges of \$0.4 million relating primarily to site cleanup and \$0.1 million of non-cash charges relating to accelerated depreciation of fixed assets.

Operating Earnings

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In Millions	%
Energy Systems	\$ 19.0	5.3 %	\$ 29.7	7.0 %	\$ (10.7)	(35.9)%
Motive Power	56.0	15.3	50.3	14.4	5.7	11.1
Specialty	4.9	3.9	9.8	7.4	(4.9)	(50.1)
Corporate and other (2)	25.8	3.0	17.4	1.9	8.4	48.4
Subtotal	105.7	12.4	107.2	11.8	(1.5)	(1.4)
Inventory adjustment relating to exit activities - Specialty	—	—	(3.1)	(2.3)	3.1	NM
Restructuring and other exit charges - Energy Systems	(3.8)	(1.0)	(0.5)	(0.1)	(3.3)	NM
Restructuring and other exit charges - Motive Power	(1.4)	(0.4)	(1.5)	(0.4)	0.1	(10.5)
Restructuring and other exit charges - Specialty	(0.7)	(0.6)	(4.3)	(3.2)	3.6	(82.0)
Amortization of intangible assets - Energy Systems	(6.0)	(1.7)	(6.2)	(1.5)	0.2	(3.5)
Amortization of intangible assets - Motive Power	(0.2)	—	(0.1)	—	(0.1)	64.9
Amortization of intangible assets - Specialty	(0.7)	(0.6)	(0.7)	(0.5)	—	NM
Acquisition expense - Motive Power	—	—	(0.1)	—	0.1	NM
Acquisition expense - Specialty	(1.4)	(1.1)	—	—	(1.4)	NM
Other - Energy Systems	(0.2)	—	(0.8)	(0.2)	0.6	(76.5)
Other - Motive Power	—	—	(0.4)	(0.1)	0.4	NM
Other - Specialty	—	—	(0.1)	(0.1)	0.1	NM
Total operating earnings	\$ 91.3	10.7 %	\$ 89.4	9.8 %	\$ 1.9	2.1 %

NM = not meaningful

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales; Corporate and other is computed based on total consolidated net sales

(2) Corporate and other includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRA production tax credits. Also, included are start-up costs for exploration of a new lithium plant as well as start-up operating expenses from the New Ventures operating segment.

Operating earnings increased \$1.9 million or 2.1% in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. Operating earnings, as a percentage of net sales, increased 90 basis points in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024.

The Energy Systems operating earnings, as a percentage of sales, decreased 170 basis points in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. This decrease for the quarter was primarily as a result of lower volumes and unfavorable price/mix that were partially offset by lower freight costs and operating costs.

The Motive Power operating earnings, as a percentage of sales, increased 90 basis points in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. This increase was driven by volume growth and favorable pricing/mix gains.

The Specialty operating earnings, as a percentage of sales, decreased 350 basis points in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. This decrease is primarily a result of lower volumes in our transportation OEM's.

Interest Expense

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Interest expense	\$ 11.0	1.3 %	\$ 15.2	1.7 %	\$ (4.2)	(27.9)%

Interest expense of \$11.0 million in the first quarter of fiscal 2025 (net of interest income of \$1.1 million) was \$4.2 million lower than the interest expense of 15.2 million in the first quarter of fiscal 2024 (net of interest income of \$0.7 million).

The decrease in interest expense in the first quarter of fiscal 2025 is primarily due to lower borrowing levels. Our average debt outstanding was \$910.1 million in the first quarter of fiscal 2025, compared to \$1,040.7 million in the first quarter of fiscal 2024.

Included in interest expense are non-cash charges for deferred financing fees of \$0.5 million for the first quarter of fiscal 2025 and \$0.4 million in the first quarter of fiscal 2024.

Other (Income) Expense, Net

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Other (income) expense, net	\$ 1.0	0.1 %	\$ 0.7	0.1 %	\$ 0.3	52.0%

NM = not meaningful

Other (income) expense, net in the first quarter of fiscal 2025 was expense of \$1.0 million compared to expense of \$0.7 million in the first quarter of fiscal 2024. Foreign currency impact resulted in a gain of \$1.3 million in the first quarter of fiscal 2025 compared to a foreign currency gain of \$2.3 million in the first quarter of fiscal 2024.

Earnings Before Income Taxes

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Earnings before income taxes	\$ 79.3	9.3 %	\$ 73.5	8.1 %	\$ 5.8	7.9 %

As a result of the above, earnings before income taxes in the first quarter of fiscal 2025 increased \$5.8 million, or 7.9%, compared to the first quarter of fiscal 2024.

Income Tax Expense

	Quarter ended June 30, 2024		Quarter ended July 2, 2023		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Income tax expense	\$ 9.2	1.1 %	\$ 6.7	0.7 %	\$ 2.5	36.9 %
Effective tax rate	11.6%		9.2%		2.4%	

The Company's income tax provision consists of federal, state and foreign income taxes. The tax provision for the first quarter of fiscal 2025 and 2024 was based on the estimated effective tax rates applicable for the full years ending March 31, 2025 and March 31, 2024, respectively, after giving effect to items specifically related to the interim periods. Our effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions, in which we operate, changes in tax laws and the amount of our consolidated earnings before taxes.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective for taxable years beginning after December 31, 2023. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The impact of the enacted legislation is identified below. The Company will continue to monitor and evaluate as new legislation and guidance is issued.

The consolidated effective income tax rates for the first quarter of fiscal 2025 and 2024 were 11.6% and 9.2%. The effective income tax rate increase in the first quarter compared to the prior year quarter is primarily due to a discrete foreign exchange tax benefit related to undistributed earnings in the first quarter of fiscal year 2024, impact of Pillar 2, and mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 49% for fiscal 2025 compared to 51% for fiscal 2024. The foreign effective tax rates for the current quarter of fiscal 2025 and 2024 were 14% and 12%, respectively. The foreign effective tax rate increased in the first quarter compared to the first quarter of the prior year is primarily due to the impact of Pillar 2. Income from the Company's Swiss subsidiary comprised a substantial portion of the Company's overall foreign mix of income for both fiscal 2025 and fiscal 2024 and were taxed at an effective income tax rate of approximately 11% and 8%, respectively.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies from those discussed under the caption "Critical Accounting Policies and Estimates" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2024 Annual Report.

Liquidity and Capital Resources

Cash Flow and Financing Activities

Operating activities provided cash of \$10.4 million in the first quarter of fiscal 2025 compared to \$74.9 million of cash provided in the first quarter of fiscal 2024, with the decrease in operating cash resulting mainly due to activity in accounts receivable, inventory, accrued expenses and accounts payable.

Accounts receivable decreased or provided cash of \$12.2 million, and inventory increased or used cash of \$16.5 million. Additionally, accounts payable decreased or used cash of \$10.3 million. In the first quarter of fiscal 2025, net earnings were \$70.1 million, depreciation and amortization \$23.6 million, stock-based compensation \$7.1 million, non-cash charges relating to exit charges \$0.1 million, allowance for doubtful debts of \$0.6 million, and non-cash interest of \$0.5 million. Prepaid and other current assets were a use of funds of \$9.9 million, primarily from an increase of \$2.6 million in prepaid taxes and \$11.6 million in contract assets, partially offset by a decrease of \$2.7 million in other prepaid expenses, such as non-trade receivables and other advances and prepaid insurance of \$1.6 million. Accrued expenses were a use of funds of \$64.8 million primarily from decrease in tax accruals of \$37.0 million, other miscellaneous accruals of \$5.3 million, payroll related payments of \$16.8 million net of accruals, decrease to sales related accruals of \$11.0 million, and interest payments net of accruals of \$14.2 million, partially offset by \$16.0 million in accrued interest, warranty accruals of \$1.1 million, and \$2.5 million in contract liabilities.

In the first quarter of fiscal 2024, operating activities provided cash of \$74.9 million, with the increase in operating cash resulting mainly due to net earnings. Accounts receivable decreased or provided cash of \$73.2 million due to lower sales in the current quarter compared to the previous quarter. Inventory increased or used cash of \$11.0 million due to lower inventory turns as compared to the previous quarter. Accounts payable decreased or used cash of \$39.3 million due to seasonal reduction. In the first quarter of fiscal 2024, net earnings were \$66.8 million, depreciation and amortization \$22.7 million, stock based compensation \$7.9 million, non-cash charges relating to exit charges \$3.3 million, derivative gains of \$0.5 million, derivatives cash proceeds of \$0.7 million, non-cash interest of \$0.4 million, and allowance for doubtful debts of \$0.5 million. Prepaid and other current assets were a use of funds of \$4.1 million, primarily from an increase of \$7.3 million in contract assets partially offset by a decrease of \$3.2 million in other prepaid expenses, such as taxes, insurance and other advances. Accrued expenses were a use of funds of \$46.6 million primarily from tax payments net of accruals of \$15.8 million, including \$19.4 million relating to the IRA production tax credits, payroll related payments of \$13.2 million net of accruals, decrease to sales related accruals of \$8.0 million, interest payments net of accruals of \$5.5 million, deferred income and contract liabilities of \$4.8 million, other miscellaneous accruals of \$1.5 million partially offset by warranty accruals of \$1.8 million and freight charges of \$1.6 million.

Investing activities used cash of \$47.0 million in the first quarter of fiscal 2025, which primarily consisted of capital expenditures of \$36.1 million relating to plant improvements and \$10.9 million relating to investment in equity securities.

Investing activities used cash of \$24.3 million in the first quarter of fiscal 2024, which primarily consisted of capital expenditures of \$16.1 million relating to plant improvements and \$8.3 million relating to the purchase of a business.

Financing activities provided cash of \$50.9 million in the first quarter of fiscal 2025. During the first quarter of fiscal 2025, we borrowed \$65.0 million under the Second Amended Revolver. Net repayments on short-term debt were \$0.2 million. We purchased treasury stock totaling \$11.6 million, paid cash dividends to our stockholders totaling \$9.0 million, and received proceeds from stock options of \$7.0 million. Payments for financing costs for debt modification were \$0.4 million.

Financing activities used cash of \$135.9 million in the first quarter of fiscal 2024. During the first quarter of fiscal 2024, we borrowed \$80.0 million under the Second Amended Revolver and repaid \$216.4 million of the Second Amended Revolver. Net repayments on short-term debt were \$0.4 million. We paid cash dividends to our stockholders totaling \$7.2 million and received proceeds from stock options of \$7.7 million.

Currency translation had a negative impact of \$3.6 million on our cash balance in the first quarter of fiscal 2025 compared to the negative impact of \$3.0 million in the first quarter of fiscal 2024. In the first quarter of fiscal 2025, principal currencies in which we do business such as the Euro, and Polish zloty generally weakened and the Swiss Franc and British pound strengthened versus the U.S. dollar.

As a result of the above, total cash and cash equivalents increased by \$10.7 million to \$344.1 million, in the first quarter of fiscal 2025 compared to a decrease of \$88.3 million to \$258.3 million, in the first quarter of fiscal 2024.

Compliance with Debt Covenants

During the second quarter of fiscal 2022, we entered into a second amendment to the Amended Credit Facility (as amended, the “Second Amended Credit Facility”). As a result, the Second Amended Credit Facility, now scheduled to mature on September 30, 2026, consists of a \$130.0 million senior secured term loan (the “Second Amended Term Loan”), a CAD 106.4 million (\$84.2 million) term loan and an \$850.0 million senior secured revolving credit facility (the “Second Amended Revolver”). This amendment resulted in a decrease of the Amended Term Loan by \$150.0 million and an increase of the Amended Revolver by \$150.0 million.

During the second quarter of fiscal 2023, the Company entered into a third amendment to the 2017 Credit Facility (as amended, the “Third Amended Credit Facility”). The Third Amended Credit Facility provided a new incremental delayed-draw senior secured term loan up to \$300 million (the “Third Amended Term Loan”), which was available to draw until March 15, 2023. During the fourth quarter, the Company drew \$300 million in the form of the Third Amended Term Loan. The funds will mature on September 30, 2026, the same as the Company's Second Amended Term Loan and Second Amended Revolver. In connection with the agreement, the Company incurred \$1.2 million in third party administrative and legal fees recognized in interest expense and capitalized \$1.1 million in charges from existing lenders as a deferred asset. Additionally, the Company derecognized the capitalized deferred asset and recognized the \$1.1 million as deferred financing costs.

During the fourth quarter of fiscal 2023, the Company entered into a fourth amendment to the 2017 Credit Facility (as amended, the “Fourth Amended Credit Facility”). The Fourth Amended Credit Facility replaces the London Interbank Offered Rate (“LIBOR”) with the Secured Overnight Financing Rate (“SOFR”) in the calculation of interest for both the Second Amended Revolver and the Second Amended Term Loan.

All obligations under our Fourth Amended Credit Facility are secured by, among other things, substantially all of our U.S. assets. The Fourth Amended Credit Facility contains various covenants which, absent prepayment in full of the indebtedness and other obligations, or the receipt of waivers, limit our ability to conduct certain specified business transactions, buy or sell assets out of the ordinary course of business, engage in sale and leaseback transactions, pay dividends and take certain other actions. There are no prepayment penalties on loans under this credit facility.

We are in compliance with all covenants and conditions under our Fourth Amended Credit Facility and Senior Notes. We believe that we will continue to comply with these covenants and conditions, and that we have the financial resources and the capital available to fund the foreseeable organic growth in our business and to remain active in pursuing further acquisition opportunities. See Note 10 to the Consolidated Financial Statements included in our 2024 Annual Report and Note 11 to the Consolidated Condensed Financial Statements included in this Quarterly Report on Form 10-Q for a detailed description of our debt.

Contractual Obligations and Commercial Commitments

A table of our obligations is contained in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations of our 2024 Annual Report. As of June 30, 2024, we had no significant changes to our contractual obligations table contained in our 2024 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Our cash flows and earnings are subject to fluctuations resulting from changes in raw material costs, foreign currency exchange rates and interest rates. We manage our exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. We monitor our underlying market risk exposures on an ongoing basis and believe that we can modify or adapt our hedging strategies as needed.

Counterparty Risks

We have entered into lead forward purchase contracts, foreign exchange forward and purchased option contracts, interest rate swaps, and cross currency fixed interest rate swaps to manage the risk associated with our exposures to fluctuations resulting from changes in raw material costs, foreign currency exchange rates and interest rates. The Company’s agreements are with creditworthy financial institutions. Those contracts that result in a liability position at June 30, 2024 are \$18.6 million (pre-tax).

Those contracts that result in an asset position at June 30, 2024 are \$4.6 million (pre-tax). The impact on the Company due to nonperformance by the counterparties has been evaluated and not deemed material.

We hedge our net investments in foreign operations against future volatility in the exchange rates between the U.S. dollar and Euro. On September 29, 2022, we terminated our cross-currency fixed interest rate swap contracts with an aggregate notional amount of \$300 million and executed cross-currency fixed interest rate swap contracts with an aggregate notional amount of \$150 million, maturing on December 15, 2027. Additionally, on July 2, 2024, we entered into cross-currency fixed interest rate swap contracts with an aggregate notional amount of \$150 million, maturing on January 15, 2029. Depending on the movement in the exchange rates between the U.S. dollar and Euro at maturity, the Company may owe the counterparties an amount that is different from the notional amount of \$300 million.

Excluding our cross currency fixed interest rate swap agreements, the vast majority of these contracts will settle within one year.

Interest Rate Risks

We are exposed to changes in variable U.S. interest rates on borrowings under our credit agreements, as well as short-term borrowings in our foreign subsidiaries. On a selective basis, from time to time, we enter into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. At June 30, 2024 and March 31, 2024 such agreements effectively convert \$200.0 million of our variable-rate debt to a fixed-rate basis, utilizing the one-month Term SOFR, as a floating rate reference.

A 100 basis point increase in interest rates would have increased annual interest expense by approximately \$0.9 million on the variable rate portions of our debt.

Commodity Cost Risks – Lead Contracts

We have a significant risk in our exposure to certain raw materials. Our largest single raw material cost is for lead, for which the cost remains volatile. In order to hedge against increases in our lead cost, we have entered into forward contracts with financial institutions to fix the price of lead. The vast majority of such contracts are for a period not extending beyond one year. We had the following contracts outstanding at the dates shown below:

Date	\$'s Under Contract (in millions)	# Pounds Purchased (in millions)	Average Cost/Pound	Approximate % of Lead Requirements (1)
June 30, 2024	\$ 45.2	45.0	\$ 1.01	9 %
March 31, 2024	50.0	53.0	0.94	8
July 2, 2023	52.1	55.0	0.95	9

(1) Based on the fiscal year lead requirements for the periods then ended.

For the remaining quarter of this fiscal year, we believe approximately 46% of the cost of our lead requirements is known. This takes into account the hedge contracts in place at June 30, 2024, lead purchased by June 30, 2024 that will be reflected in future costs under our FIFO accounting policy, and the benefit from our lead tolling program.

We estimate that a 10% increase in our cost of lead would have increased our cost of goods sold by approximately \$17 million in the first quarter.

Foreign Currency Exchange Rate Risks

We manufacture and assemble our products globally in the Americas, EMEA and Asia. Approximately 40% of our sales and related expenses are transacted in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, as we report our financial statements in U.S. dollars, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the Euro, Swiss franc, British pound, Polish zloty, Chinese renminbi, Canadian dollar, Brazilian real and Mexican peso.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar-based lead costs into local currencies in Europe. Additionally, we have currency exposures from

intercompany financing and intercompany and third-party trade transactions. On a selective basis, we enter into foreign currency forward contracts and purchase option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our operations in the future.

At a point in time, we hedge approximately 5% - 10% of the nominal amount of our known annual foreign exchange transactional exposures. We primarily enter into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. The vast majority of such contracts are for a period not extending beyond one year.

Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincide with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. We also selectively hedge anticipated transactions that are subject to foreign exchange exposure, primarily with foreign currency exchange contracts, which are designated as cash flow hedges in accordance with Topic 815 - Derivatives and Hedging. During the third quarter of fiscal year 2022, we also entered into cross-currency fixed interest rate swap agreements, to hedge our net investments in foreign operations against future volatility in the exchange rates between the U.S. dollar and Euro.

At June 30, 2024 and July 2, 2023, we estimate that an unfavorable 10% movement in the exchange rates would have adversely changed our hedge valuations by approximately \$28.2 million and \$27.7 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and determined that there was no change in our internal control over financial reporting during the quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation incidental to the conduct of our business. See Litigation and Other Legal Matters in Note 11 - *Commitments, Contingencies and Litigation* to the Consolidated Condensed Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2024 Annual Report, which could materially affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table summarizes the number of shares of common stock we purchased from participants in our equity incentive plans, as well as repurchases of common stock authorized by the Board of Directors. As provided by the Company's equity incentive plans, (a) vested options outstanding may be exercised through surrender to the Company of option shares or vested options outstanding under the Company's equity incentive plans to satisfy the applicable aggregate exercise price (and any withholding tax) required to be paid upon such exercise and (b) the withholding tax requirements related to the vesting and settlement of restricted stock units and market and performance condition-based share units may be satisfied by the surrender of shares of the Company's common stock.

Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs (1) (2)
April 1 - April 30, 2024	129,731	\$ 90.11	129,433	\$ 121,214,054
May 1 - May 31, 2024	73,713	107.20	—	121,214,054
June 1 - June 30, 2024	13,982	109.88	—	121,214,054
Total	<u>217,426</u>	<u>\$ 97.17</u>	<u>129,433</u>	

(1) The Company's Board of Directors has authorized the Company to repurchase up to such number of shares as shall equal the dilutive effects of any equity-based awards issued during such fiscal year under the 2017 Equity Incentive Plan and the 2023 Equity Incentive Plan and the number of shares exercised through stock option awards during such fiscal year, approximately \$34.0 million.

(2) On March 9, 2022, the Company announced the establishment of a \$150.0 million stock repurchase authorization, with no expiration date.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter ended June 30, 2024, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	<u>Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).</u>
3.2	<u>Fourth Amended and Restated Bylaws (incorporated by reference to Exhibits 3.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on November 10, 2021).</u>
10.1	<u>Form of Employee Stock Option Agreement - 2023 EIP (filed herewith).</u>
10.2	<u>Form of Award Agreement for Employees - Restricted Stock Units - 2023 EIP (filed herewith).</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).</u>
32.1	<u>Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENERSYS (Registrant)

By /s/ Andrea J. Funk

Andrea J. Funk

Chief Financial Officer

Date: August 7, 2024

ENERSYS

EMPLOYEE STOCK OPTION AGREEMENT (3 Year Vesting Schedule)

UNDER THE 2023 EQUITY INCENTIVE PLAN

THIS EMPLOYEE STOCK OPTION AGREEMENT (this "Agreement"), dated as of _____, _____, is between ENERSYS, a Delaware corporation (the "Company"), and the individual identified on the signature page hereof (the "Participant").

BACKGROUND

A. Participant is currently an employee of the Company or one of its Subsidiaries.

B. The Company desires to (i) provide Participant with an incentive to remain in the employ of the Company or one of its Subsidiaries, and (ii) increase Participant's interest in the success of the Company by granting to Participant nonqualified stock options (the "Options") to purchase shares of Common Stock ("Shares").

C. The grant of the Options is (i) made pursuant to the EnerSys 2023 Equity Incentive Plan (the "Plan"); (ii) made subject to the terms and conditions of this Agreement and Appendix A; (iii) made in the sole discretion of the Company's Compensation Committee; and (iv) is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Options, or benefits in lieu of Options, even if Options have been granted in the past. These Options shall not be construed or interpreted in anyway as a component of a Participant's base salary for services performed on the behalf of the Company, and Company employees are not required, as a condition of their employment, to accept any Options stated herein. Unless otherwise defined in this Agreement, any capitalized terms in this Agreement shall have the meaning ascribed to such terms in the Plan.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

1. **Definitions; Incorporation of Plan Terms.** Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Options shall be subject to the Plan. The terms of the Plan and the Background provisions of this Agreement are hereby incorporated into this Agreement by reference and made a part hereof as if set forth in their entirety in this Section 1. If there is a conflict or an inconsistency between the Plan and this Agreement, the Plan shall govern; except that in the event such a conflict or inconsistency relates to the prohibitions in Section 5 of this Agreement, then the definitions in this Agreement shall control.

"Competitive Product or Service" means the design, manufacture, importing, development, distribution, marketing, or sale of:

(a) motive power batteries, chargers, products, and accessories (including, without limitation, batteries, chargers and accessories for industrial forklift trucks, other materials handling equipment, transportation applications, and other electric powered vehicles or machinery, as well as any software or technology related thereto), and each and every component thereof;

(b) reserve power batteries, chargers, products, and accessories (including, without limitation, standby batteries and power supply equipment for wireless and wireline telecommunications applications, such as central telephone exchanges, microwave relay stations, and switchgear and other instrumentation control systems and those used in utility

industries, uninterruptible power supplies and other applications requiring stored energy solutions including medical, aerospace and defense systems, and outdoor equipment enclosure solutions, as well as any software or technology related thereto), and each and every component thereof;

(c) stationary and DC power systems, battery management systems, power control systems, stored energy solutions, renewable energy power systems, energy pipelines, maintenance services, applications for computer and computer-controlled systems, specialty power applications, software monitoring and control systems, DC Fast Charge, and any products, accessories, software, technology, consulting services and/or turnkey services relating thereto (including the design, engineering, installation or service thereof), including each and every component thereof; and/or

(d) any other product, service, software, or technology development of any kind or type that the Company or any of its Subsidiaries or Affiliates (i) now makes, designs, manufactures, imports, develops, distributes, markets, researches or sells, or (ii) makes, designs, manufactures, imports, develops, distributes, markets, researches or sells at any time during Participant's employment with the Company and/or any of its Subsidiaries, such as, for example, lithium-ion, nickel-zinc cells or batteries, enclosures or lithium products, including but not limited to those used in space, defense, medical, transportation, industrial, or other stored energy solution applications, and/or hydrogen fuel cells.

"**Competitor**" means Participant or any other person or organization engaged in (or about to become engaged in) research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

"**Confidential Information**" means information that is created and used in the Company's business (or that of any of its Subsidiaries) and which is not generally known by the public, including but not limited to: trade secrets proprietary or customized software and databases; manufacturing processes and methods, product formulas, research and development; new product plans; the Company's confidential records (or those of any of its Subsidiaries) pertaining to its existing or potential customers, including key customer contact information, contract terms and related information; confidential business opportunities; merger or acquisition activity (including targets, opportunities, or prospects); confidential information regarding suppliers or vendors, including key supplier or vendor contact information, contract terms and related information; strategies for advertising and marketing; confidential business processes and strategies, including training, policies and procedures; personnel composition (wages, specialization, etc.); financial and revenue data and reports, including pricing, quoting and billing methods; and any other business information that the Company and/or any of its Subsidiaries maintain as confidential. Participant specifically understands and agrees that the term Confidential Information also includes all confidential information of a third party that may be communicated to, acquired by, learned of, or developed by Participant in the course of or as a result of Participant's employment with the Company and/or any of its Subsidiaries. Confidential Information does not include information that is or may become known to Participant or to the public from sources outside the Company and/or any of its Subsidiaries and through means other than a breach of this Agreement or disclosed by Participant after written approval from the Company.

"**Customer**" means any person(s) or entity(ies) that, within twenty-four (24) months prior to the Last Day (defined below), Participant, directly or Indirectly (e.g., through employees whom Participant supervised): (a) provided products or services in connection with the Company's business (or that of any of its Subsidiaries); and/or (b) provided written proposals concerning receiving products or services from the Company (and/or any of its Subsidiaries).

"**Indirectly**" means that Participant shall not assist others in performing business activities that Participant is prohibited from engaging in directly under this Agreement.

"**Last Day**" means Participant's last day of employment with the Company and/or Subsidiaries regardless of the reason for Participant's separation, including voluntary or involuntary. It does not encompass Participant's direct employment between Company Subsidiaries and/or affiliates. As set forth

below, such movement shall be deemed as unbroken and as continued employment under this Agreement and these covenants.

“Restricted Geographic Area” means the territory (i.e.: (i) country(ies), (ii) state(s), (iii) county(ies), or (iv) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Participant: (a) provided services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised, directly or Indirectly, the servicing activities), and/or (b) solicited Customers or otherwise sold products services on behalf of the Company (or in which Participant supervised, directly or Indirectly, the solicitation or servicing activities related to such Customers).

“Restricted Period” means the period of Participant’s employment with the Company and/or any of its Subsidiaries and a period twelve (12) months after the Last Day. Participant recognizes that this durational term is reasonably and narrowly tailored to the Company’s legitimate business interest and need for protection with each position Participant holds at the Company and/or any of its Subsidiaries.

“Trade Secret” means information defined as a trade secret under applicable state law or the Defend Trade Secrets Act of 2016.

“Wrongful Competition” means (except as modified by the Wrongful Competition and/or Wrongful Solicitation Exceptions): During the Restricted Period and within the Restricted Geographic Area, Participant shall not, directly or Indirectly, perform the same or similar responsibilities Participant performed for the Company and/or any of its Subsidiaries during the twenty-four (24) months prior to the Last Day in connection with a Competitive Product or Service. Notwithstanding the foregoing, Participant may accept employment with a Competitor whose business is diversified, provided that: (a) Participant shall not be engaged in working on or providing Competitive Products or Services or otherwise use or disclose Confidential Information or Trade Secrets; and (b) the Company receives written assurances from the Competitor and Participant that are satisfactory to the Company that Participant shall not work on or provide Competitive Products or Services, or otherwise use or disclose Confidential Information or Trade Secrets. In addition, nothing in this Agreement is intended to prevent Participant from investing Participant’s funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Participant’s holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

“Wrongful Solicitation” means (except as modified by the Wrongful Competition and/or Wrongful Solicitation Exceptions):

1.1. With respect to the non-solicitation and non-inducement of Customers: During the Restricted Period and in connection with a Competitive Product or Service, Participant shall not directly or Indirectly: (i) solicit or attempt to solicit any Customer; or (ii) induce or encourage any Customer to terminate a relationship with the Company and/or any of its Subsidiaries or otherwise to cease accepting services or products from the Company and/or any of its Subsidiaries; and/or

1.2. With respect to the non-solicitation and non-inducement of employees: During the Restricted Period, Participant shall not directly or Indirectly: (i) solicit, recruit, encourage (or attempt to solicit, recruit or encourage), or by assisting others in soliciting, recruiting or encouraging, any Company employees or former employees (or those of any of Company’s Subsidiaries) with whom Participant worked, had business contact, or about whom Participant gained non-public or Confidential Information (“Employees or Former Employees”); (ii) contact or communicate with Employees or Former Employees for the purpose of inducing, assisting, encouraging and/or facilitating them to terminate their employment with the Company and/or any of its Subsidiaries or find employment or work with another person or entity; (iii) provide or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (iv)

provide or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons for which to work, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (v) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company and/or any of its Subsidiaries at the time of the attempted recruiting or hiring, but were employed by or working for the Company and/or any of its Subsidiaries in the three (3) months prior to the time of the attempted recruiting or hiring and/or interference; and/or

1.3. **With respect to the non-interference of vendors and suppliers:** During the Restricted Period, Participant shall not directly or Indirectly interfere with the Company's relationships (or that of any of its Subsidiaries) with its vendors or suppliers in any way that would impair the Company's relationship (or that of any of its Subsidiaries) with such vendors or suppliers, including by reducing, diminishing or otherwise restricting the flow of supplies, services or goods from the vendors or suppliers to the Company and/or any of its Subsidiaries.

"Wrongful Competition and/or Wrongful Solicitation Exceptions" mean:

(1) **State of Washington Exceptions.** If any Participant is employed in the State of Washington: (a) all references to "the Company" shall be replaced with "Employer"; and (b) any section in this Agreement that is determined to be a non-competition covenant under Washington law for Washington-based employees is only effective and enforceable once Participant earns more than the annual statutory compensation minimum, on an annualized basis, for the enforcement of non-competition covenants as found in Title 49 RCW. Participant further agrees that all terms of this Agreement that are determined to be non-solicitation agreements under applicable Washington law shall be enforceable regardless of how much Participant earns in compensation. The annual statutory compensation minimum for the enforcement of non-competition covenants shall not affect the enforceability of any other term of this Agreement. Further, Participant acknowledges and agrees that no term of this Agreement shall be deemed a non-competition covenant if this Agreement is entered into by a person purchasing or selling the goodwill of a business or otherwise acquiring or disposing of an ownership interest.

(2) This definition of "Restricted Geographic Area" is amended for any Washington-based Participant:

"Restricted Geographic Area" means the territory in which, during the twenty-four (24) months prior to the Last Day, Participant: (a) provided services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised the servicing activities), and/or (b) solicited Customers or otherwise sold products or services on behalf of the Company (or in which Participant supervised the solicitation or servicing activities related to such Customers).

(3) **State of Colorado Exceptions.** For all Participants employed in the State of Colorado: the non-competition covenant is only effective and enforceable once you earn, both at the time you enter the agreement and enforcement, at least or greater than the Highly Compensated Worker threshold under Colorado law. The nonsolicitation covenant, with the exception of the employee nonsolicitation provision, is only effective and enforceable once you earn, both at the time you enter the agreement and enforcement, at least or greater than sixty percent (60%) of the Highly Compensated Worker threshold under Colorado law. Furthermore, the restrictions on your conduct and activities contained in the noncompetition and nonsolicitation covenants, with the exception of the employee nonsolicitation provision, are limited only to such activities which will involve inevitable use, disclosure, or misappropriation of, or near-certain

influence by Participant's knowledge of, Trade Secrets disclosed to Participant during the course of employment with the Company. For Colorado Participants, the Wrongful Competition and Wrongful Solicitation provisions of this Agreement shall be effective fourteen (14) days after you sign this Agreement. All other provisions of this Agreement shall be effective upon your signing this Agreement.

(4) **General Exceptions.** Participant understands that Participant's non-compete and/or non-solicitation obligations in this Agreement shall not apply to Participant if Participant is covered under applicable state or local law prohibiting non-competes or non-solicits, including on the basis of Participant's income at the time of enforcement. Examples of such prohibitions include, but are not limited to: California (Wrongful Competition and Wrongful Solicitation), the District of Columbia (Wrongful Competition for those earning under \$150,000 during a consecutive 12-month period preceding the date of the Wrongful Competition), Illinois (low wage), Maryland (low wage), Oklahoma (Wrongful Competition), Minnesota (Wrongful Competition), North Dakota (Wrongful Competition and Wrongful Solicitation), Oregon (Non-Qualified Employee Under ORS 653.295), Rhode Island (low wage), and Virginia (low wage).

2. **Restrictions on Transfer.** Except as otherwise expressly provided in the Plan, none of the Options may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of (or made the subject of a derivative transaction) to or with any third party other than by will or the laws of descent and distribution and the Options shall be exercisable during Participant's lifetime only by Participant.

3. **Grant of Options.** Participant is awarded the number of Options specified on the signature page hereof, at the Option Price indicated thereon. The Options are not intended to qualify as incentive stock options under Section 422 of the Code. Each Option shall entitle Participant to purchase, upon payment of the applicable Option Price in any manner provided by the Plan, one Share. The Shares issuable upon exercise of the Options are from time to time referred to herein as the "Option Shares." For purposes of the Plan and this Agreement, the Date of Grant shall be as indicated on the signature page hereof. The Options shall be exercisable as provided in this Agreement.

4. **Terms and Conditions of Options.** The Options evidenced by this Agreement are subject to the following terms and conditions:

(a) **Vesting.** The Options shall vest and become exercisable as follows: one-third (1/3) of the Options shall vest and become exercisable on each of the first three anniversaries of the Date of Grant (each such one-third (1/3) of the Options which vest on each such anniversary shall be referred to herein as a "Tranche" and each such anniversary a Vesting Date) unless previously vested or forfeited in accordance with the Plan or this Agreement; provided, however, that to the extent then unvested, the Options shall immediately become vested and exercisable if:

- i. Participant's employment terminates due to death or Permanent Disability, or
- ii. Participant's employment terminates on or within two years after a Change in Control without Cause or for Good Reason.

Further, provided, in the event of Participant's Retirement, a separate pro-rata portion of the Tranche of Options (to the extent then unvested) during which the Retirement occurs shall immediately become vested. The number of unvested Options that shall vest pro-rata upon Retirement shall be calculated by multiplying (A) the quotient obtained by dividing the number of completed months that Participant was employed by the Company or one of its Subsidiaries since

the most recent Vesting Date, or if no Vesting Date has yet occurred the number of months since the Date of Grant, by 36, by (B) the number of Options subject to this Agreement (rounding up to the nearest whole number), provided however, that, the pro-rata portion that vests shall only become exercisable on the date the applicable portion of each such Tranche would have otherwise become vested under the schedule described above in this Section 4(a) absent such Retirement.

Notwithstanding the foregoing sentences, upon a Participant's termination of employment for any reason, the Compensation Committee may, in its sole discretion, waive any requirement for vesting then remaining and permit, for a specified period of time consistent with the first sentence of Section 4(b) hereof the exercise of the Options prior to the satisfaction of such requirement. Any fractional Options that would result from application of this Section 4(a) shall be aggregated and shall vest on the first anniversary of the Date of Grant.

(b) Option Period. The Options shall expire (to the extent not previously exercised or forfeited) on, and shall not be exercisable, following the tenth (10th) anniversary of the Date of Grant. In addition, all Options shall be subject to earlier expiration as provided herein or in the Plan, as follows:

i. if Participant's employment terminates due to death or, Permanent Disability or on or after a Change in Control without Cause or for Good Reason, Participant may exercise the Options, to the extent then vested, at any time until the earlier of (A) one year following termination of employment and (B) the expiration date of the Options specified in this Section 4(b);

ii. if Participant's employment is terminated due to Retirement, Participant may exercise the Options, to the extent then vested and exercisable, at any time until the expiration date of the Options specified in this Section 4(b);

iii. if Participant's employment is terminated by the Company without Cause prior to a Change in Control, Participant may exercise the Options, to the extent then vested, at any time until the earlier of (A) ninety (90) days following termination of employment and (B) the expiration date of the Options specified in this Section 4(b);

iv. if Participant voluntarily terminates employment with the Company, Participant may exercise the Options, to the extent then vested, at any time until the earlier of (A) sixty (60) days following termination of employment and (B) the expiration date of the Options specified in this Section 4(b); or

v. in the event of any other termination of Participant's employment (including a termination by the Company for Cause), all of the Options (whether or not vested at the time of termination) shall, without any action on the part of any Person, immediately expire and be canceled without payment therefor.

Except as provided in Section 4(a) hereof or in the case of automatic vesting in connection with such termination event, upon termination of Participant's employment with the Company or a Subsidiary for any reason, all Options which have not theretofore vested shall, without any action on the part of any Person, immediately expire and be canceled without any payment therefor.

(c) Exercise. Subject to the Company's Policy on Insider Trading, and Sections 4(d), 4(f), and 7 hereof, Participant may exercise any or all of the Options, to the extent vested and not forfeited. The date of exercise of an Option shall be the date on which the conditions provided in Sections 4(d), 4(f), and 7 hereof are satisfied.

(d) Payment. At the time of any exercise, Participant shall pay to the Company the Option Price of the shares as to which this Option is being exercised by delivery of consideration equal to the product of the Option Price and the number of shares purchased, together with any amounts required to be withheld for tax purposes under Section 17(c) of the Plan. Such consideration must be paid before the Company will issue the shares being purchased and must be in a form or a combination of forms acceptable to the Compensation Committee for that purchase, which forms may (but are not required to) include (i) cash; (ii) check or wire transfer; (iii) tendering (either actually or by attestation). Shares already owned by Participant, provided that the shares have been held for the minimum period required by applicable accounting rules to avoid a charge to the Company's earnings for financial reporting purposes or were not acquired from the Company as compensation; (iv) to the extent permitted by applicable law, Cashless Exercise; or (v) such other consideration as the Compensation Committee may permit in its sole discretion; provided, however, that any Participant may, at any time, exercise any Vested Option (or portion thereof) owned by him pursuant to a Cashless Exercise.

(e) Stockholder Rights. Participant shall have no rights as a stockholder with respect to any Shares issuable upon exercise of the Options until Participant has made payment pursuant to Section 4(d) and a certificate or certificates evidencing such shares shall have been issued to Participant, and no adjustment shall be made for dividends or distributions or other rights in respect of any share for which the record date is prior to the date upon which Participant shall become the holder of record thereof.

(f) Limitation of Exercise. The Options shall not be exercisable unless the offer and sale of the Shares subject thereto have been registered under the 1933 Act and qualified under applicable state "blue sky" laws, or the Company has determined that an exemption from registration under the 1933 Act and from qualification under such state "blue sky" laws is available.

(g) Delivery of Shares. As soon as practicable following the exercise of any Options, the appropriate number of Shares issued in connection with such exercise shall be issued by the Company's transfer agent, in the name of Participant by (a) paper certificate delivered to Participant, or (b) electronic delivery to the Company's representative broker.

(h) Dividends and Distributions. Any Shares or other securities of the Company received by Participant as a result of a stock dividend or other distribution in respect of Option Shares shall be subject to the same restrictions as such Option Shares, and all references to Option Shares hereunder shall be deemed to include such Shares or other securities.

(i) Special Exercise Provisions. Notwithstanding anything to the contrary in the Plan or in this Agreement, if Participant is employed or resides in China or Italy, then Participant shall only exercise the Options granted hereunder using the "Cashless Exercise" method as defined in the Plan and shall not have the right to use any other method otherwise permitted under this Agreement.

5. **Wrongful Competition and Wrongful Solicitation**. Participant understands and agrees that Participant shall not engage in Wrongful Competition or Wrongful Solicitation.

6. **Confidential Information and Trade Secrets**.

(a) Access and Use. Participant expressly acknowledges and agrees that, by virtue of Employee's employment with the Company or a Subsidiary and exercise of Participant's duties for the Company or a Subsidiary, Participant will have access to and will use certain Confidential Information and Trade Secrets, and that such Confidential Information and Trade Secrets constitute confidential and proprietary business information and/or Trade Secrets of the Company

or its Subsidiaries, all of which is the Company's exclusive property. Accordingly, Participant agrees that Participant shall not, and shall not permit any other person or entity to, directly or Indirectly, without the prior written consent of the Company: (a) use Confidential Information or Trade Secrets for the benefit of any person or entity other than the Company or its Subsidiaries; (b) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information or Trade Secrets, except as required to perform responsibilities for the Company or its Subsidiaries; and (c) while employed and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information or Trade Secrets by any communication, including oral, documentary, electronic or magnetic information transmittal device or media.

(b) Duration of Confidential Information and Trade Secrets. This obligation of non-disclosure and non-use shall last so long as the information remains confidential. Participant, however, understands that, if Participant primarily lives and works in any state requiring a temporal limit on non-disclosure clauses, Confidential Information shall be protected for no less than two (2) years following the Last Day. Participant also understands that Trade Secrets are protected by statute and are not subject to any time limits. Participant also agrees to contact the Company before using, disclosing, or distributing any Confidential Information or Trade Secrets if Participant has any questions about whether such information is protected information.

(c) Immunity under the Defend Trade Secrets Act of 2016. Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (a) is made (i) in confidence to a Federal, State, or local government official, either directly or Indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under said Act.

(d) Additional Legal Exceptions to Non-Disclosure Obligations. Nothing in this Agreement shall be construed to prevent disclosure of information generally obtained through the job, information available to the public, and/or information you have a right to disclose as may be required by applicable law or regulation, especially with respect to a Federal or State administrative agency, equivalent State agency, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. With respect to an order of a court of competent jurisdiction, Participant will promptly provide written notice to the General Counsel of the Company of any such order. If the Company chooses to seek a protective order or other remedy, Employee will cooperate fully with the Company. If the Company does not obtain a protective order or other remedy or waives compliance with certain provisions of this Agreement, Participant will furnish only that portion of the Confidential Information which, in the written opinion of counsel, is legally required to be disclosed and will use Participant's best efforts to obtain assurances that confidential treatment will be accorded to such disclosed Confidential Information. In addition, nothing in this Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding, Participant from: (a) exercising Participant's rights under Section 7 of the National Labor Relations Act (NLRA) (including with respect to engaging in concerted activities for the purpose of collective bargaining or other mutual aid or protection, discussing terms and conditions of employment, or otherwise engaging in protected conduct); (b) otherwise disclosing or discussing truthful information about unlawful employment practices (including unlawful discrimination, harassment, retaliation, or sexual assault).

(e) Return of Property. Participant agrees that upon the Last Day (or earlier if requested by the Company) to immediately return to the Company all property and information belonging to the Company or its Subsidiaries (in electronic or hard-copy form). Participant shall

also disclose to Company any passwords for Participant's computer or other access codes for anything associated with Participant's employment with the Company and/or its Subsidiaries, and shall not delete or modify any property prior to its return to the Company. Participant also shall provide the Company with access to any personal computer, tablet, phone, external hard drives, flash drives, cloud-based storage platforms, or any other personal device or storage location with Company information, whether or not such information is designated as confidential or proprietary, so that Company may remove or delete any Company information.

7. **Taxes.** This Section 7 applies only to (a) those Participants who are U.S. employees, and (b) those Participants who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the vesting or exercise of the Options. The Company or a designated Subsidiary of the Company shall have the right, prior to the delivery of any certificates evidencing Shares to be issued pursuant to this Agreement, to require Participant to remit to the Company or such Subsidiary any amount sufficient to satisfy any applicable (federal, foreign, state, or local) tax withholding requirements. Prior to the Company's or the designated Subsidiary's determination of such withholding liability, Participant may make an irrevocable election to satisfy, in whole or in part, such obligation to remit taxes by directing the Company or such Subsidiary to withhold Shares that would otherwise be received by Participant (up to the maximum amount of tax permitted to be withheld that will not result in adverse financial accounting consequences to the Company). Such election may be denied by the Compensation Committee in its discretion, or may be made subject to certain conditions specified by the Compensation Committee. The Company or its designated Subsidiary shall also have the right to deduct from all cash payments made pursuant to or in connection with any Award any applicable federal, foreign, state, or local taxes required to be withheld with respect to such payments.

8. **No Obligation to Register.** The Company shall be under no obligation to register any Option Shares as a result of the exercise of the Options pursuant to the Securities Act or any other federal or state securities laws.

9. **Market Stand-Off.** In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act for such period as the Company or its underwriters may request (such period not to exceed 180 days following the date of the applicable offering), Participant shall not, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any of the Options granted under this Agreement or any Option Shares resulting the exercise thereof without the prior written consent of the Company or its underwriters.

10. **Protections Against Violations of Agreement.** No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Options by any holder thereof in violation of the provisions of this Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any Option Shares resulting from the exercise of Options on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

11. **Survival.** This Agreement shall apply to and bind Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. All agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the issuance to Participant of the Options and any Option Shares and shall continue in full force and effect. The terms of Section 5-7, 11, 12, 14, 16-20, and 22 shall expressly survive the forfeiture of any Options and the termination of this Agreement.

12. **Notices.** All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to Participant, to Participant's attention at the mailing address set forth on the signature page of this Agreement (or to such other address as Participant shall have specified to the Company in writing) and, if to the Company, to the Company's office at 2366 Bernville Road, Reading Pennsylvania, 19605, Attention: General Counsel (or to such other address as the Company shall have specified to Participant in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

13. **Waiver.** The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

14. **Authority of the Administrator.** The Compensation Committee shall have the full authority to interpret and construe the terms of the Plan and this Agreement including, but not limited to, making all determinations regarding eligibility, vesting, forfeiture and the calculation of the number of Options or Option Shares awarded or credited under this Agreement. The determination of the Compensation Committee as to any such matter of interpretation, construction or calculation shall be final, binding and conclusive.

15. **Representations.** Participant has reviewed with Participant's own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

16. **Investment Representation.** Participant hereby represents and warrants to the Company that Participant, by reason of Participant's business or financial experience (or the business or financial experience of Participant's professional advisors who are unaffiliated with and who are not compensated by the Company or any affiliate or selling agent of the Company, directly or indirectly), has the capacity to protect Participant's own interests in connection with the transactions contemplated under this Agreement.

17. **Relief, Remedies and Enforcement.** Participant acknowledges and agrees that a breach of any provision of this Agreement by Participant will cause serious and irreparable injury to the Company that will be difficult to quantify and that money damages alone shall not adequately compensate the Company. In the event of a breach or threatened or intended breach of this Agreement by Participant, the Company shall be entitled to injunctive relief, both temporary and final, enjoining and restraining such breach or threatened or intended breach. Participant further agrees that should Participant breach this Agreement, the Company will be entitled to any and all other legal or equitable remedies available to it. Participant shall also pay the Company all reasonable costs and attorneys' fees the Company incurred because of Participant's breach of any provisions of this Agreement.

18. **Entire Agreement; Language; Governing Law.** This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. Notwithstanding the foregoing, Participant will continue to be bound by all prior agreements Participant entered into with the Company relating to confidentiality, trade secrets, wrongful competition, wrongful solicitation, and restrictive covenants ("Prior Restrictive Agreements"). This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect

the meaning of any of the provisions of this Agreement. This Agreement has been prepared in English and may be translated into one or more other languages. If there is a discrepancy between or among any of these versions, the English version shall prevail. Unless otherwise restricted by applicable law, this Agreement may be executed electronically. Subject to the following exceptions, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, USA, other than its conflicts of laws principles:

(a) State of Washington Choice of Law/Venue. For Participants employed by the Company in the State of Washington, the Wrongful Competition and Wrongful Solicitation covenants in this Agreement shall be construed according to the laws of the State of Washington, and any action arising out of or relating to those covenants may only be brought and prosecuted in the courts of the State of Washington or in the United States District Court for the Western District of Washington.

(b) State of California Choice of Law/Venue. For Participants employed by the Company in the State of California, the Wrongful Competition and Wrongful Solicitation covenants in this Agreement shall be construed according to the laws of the State of California, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of California or in the United States District Court for the Northern District of California.

(c) State of Colorado Choice of Law/Venue. For Participants employed by the Company in the State of Colorado, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Colorado, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Colorado or in the United States District Court for the District of Colorado.

(d) State of Massachusetts Choice of Law/Venue. For Participants employed by the Company in the State of Massachusetts, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Massachusetts, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Massachusetts or in the United States District Court for the District of Massachusetts.

(e) State of Minnesota Choice of Law/Venue. For Participants employed by the Company in the State of Minnesota, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Minnesota, and any actions arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Minnesota or in the United States District Court for the District of Minnesota.

19. **Severability and Reformation**. The parties hereto recognize that the laws and public policies of various jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth herein. It is the intention of the parties that the provisions hereof be enforced to the fullest extent permissible under the laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such laws or policies) of any provisions hereof shall not render unenforceable, or impair, the remainder of the provisions hereof. Accordingly, if at the time of enforcement of any provision hereof, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographic area reasonable under such circumstances will be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by law. Furthermore, if any such restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.

20. **Amendments; Construction.** The Compensation Committee may amend the terms of this Agreement prospectively or retroactively at any time, but (unless otherwise provided under Section 18 of the Plan) no such amendment shall impair the rights of Participant hereunder without Participant's consent. To the extent the terms of Section 5 conflict with any prior agreement between the parties related to such subject matter, the terms of Section 5, to the extent more restrictive, shall supersede such conflicting terms and control. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation hereof.

21. **Acceptance.** Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. Participant acknowledges Participant has been advised by the Company to consult with an attorney (at Participant's own expense) prior to signing this Agreement. Participant has read and understand the terms and provision thereof, and accepts the Options subject to all the terms and conditions of the Plan and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Agreement.

22. **Miscellaneous.**

a. **No Rights to Grants or Continued Employment.** Participant acknowledges that the award granted under this Agreement is not an employment right, and is being granted at the sole discretion of the Compensation Committee. Participant shall not have any claim or right to receive grants of Awards under the Plan. Neither the Plan nor this Agreement, or any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on Participant any right to be retained as an employee of the Company or any Subsidiary or other Affiliate thereof, or to interfere with or to limit in any way the right of the Company or any Affiliate or Subsidiary thereof to terminate the employment of Participant at any time.

b. **Unfunded Plan.** No Participant and no beneficiary or other persons claiming under or through Participant, shall have any right, title, or interest by reason of any award under the Agreement to any particular assets of the Company or any Subsidiary or other Affiliate, or any Common Stock allocated or reserved for the purposes of this Agreement or subject to any Option as set forth herein. The Company shall not be required to establish any fund or make any other segregation of assets to assure satisfaction of the Company's obligations under the Agreement or Plan.

c. **No Restriction on Right of Company to Effect Corporate Changes.** Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

d. **Assignment.** The Company shall have the right to assign any or all of its rights, and by accepting these Options, Participant hereby consents to an assignment. The Company shall have the right to delegate any or all of its duties under this Agreement to any of its Affiliates. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the Company (including any person or entity which acquires all or substantially all of the assets of the Company).

e. **Adjustments.** The Options shall be adjusted or terminated as contemplated by Section 16(a) of the Plan.

(a) **Clawback Policy.** The Options and any Option Shares shall be subject to the terms of the clawback policy adopted by the Board of Directors (as such policy may be amended from time-to-time). Each payment in settlement of an Award will be delivered as described above and taxable upon delivery in accordance with applicable tax law, but for purposes of California Labor Code Section 221, the Colorado Wage Claim Act, and any successor provision, will not be considered “wages” and will not be considered “earned” until the end of the second complete calendar year following delivery of the payment. For purposes of the foregoing, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold Participant's Shares, and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

23. **Survival.** All wrongful competition, wrongful solicitation, and confidential information/trade secret obligations in this Agreement shall survive the Last Day and the termination or expiration of this Agreement, and no dispute regarding any other provisions of this Agreement or regarding Participant's employment or the termination of Participant's employment shall prevent the operation and enforcement of these obligations.

24. **Transfer of Employment.** In the event of a transfer of Participant's employment between Company affiliates, this Agreement shall continue in effect. The succeeding Company affiliate shall succeed to all rights of the prior Company affiliate under this Agreement, including the right to enforce this Agreement (so long as this Agreement has not otherwise been superseded).

25. **Electronic Signature.** Participant agrees that the Company may enforce this Agreement with a copy for which Participant has provided an electronic signature, and that such electronic signature may be satisfied by procedures that the Company or a third party designated by the Company has established or may establish for an electronic signature system, and Participant's electronic signature shall be the same as, and shall have the same force and effect as, Participant's written signature. By electronically accepting this Agreement, Participant agrees to the following: “This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement.”

[REST OF PAGE LEFT INTENTIONALLY BLANK]

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE PARTICIPANT UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE DATE OF GRANT SET FORTH BELOW.

BY SIGNING THIS AGREEMENT, THE PARTICIPANT IS HEREBY CONSENTING TO THE USE AND TRANSFER OF THE PARTICIPANT'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and Participant has executed this Agreement, both as of the day and year first above written.

ENERSYS

By: _____
Name: David M. Shaffer
Title: President & Chief Executive Officer

PARTICIPANT

Name:
Address:

Date Of Grant: _____

Number of Options: _____ Option Price: \$ _____

APPENDIX A

to Employee Stock Option Agreement Under the 2023 Equity Incentive Plan

This Appendix A contains supplemental terms and conditions for awards of nonqualified stock options ("Options") granted as of the Date of Grant set forth in the Agreement under the 2023 Equity Incentive Plan (the "Plan") to Participants who reside outside the United States or who are otherwise subject to the laws of a country other than the United States.

Participant has also received the Agreement applicable to the Award set forth therein. The Agreement, together with this Appendix A and the Plan are the terms and conditions of the grant of Options set forth in the Agreement. To the extent that this Appendix A amends, deletes or supplements any terms of the Agreement, this Appendix A shall control. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Agreement.

Section I of this Appendix A contains special terms and conditions that govern the Options outside of the United States. **Section II** of this Appendix A contains special terms and conditions that govern the Options in all countries, excluding Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom. **Section III** of this Appendix A contains special terms and conditions that govern the Options in Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom. **Section IV** of this Appendix A includes special terms and conditions in the specific countries listed therein.

This Appendix A may also include information regarding exchange controls, taxation of awards and certain other issues of which Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws concerning Options in effect **as of July 1, 2024**. Such laws are often complex and change frequently; the information may be out of date at the time Participant vests in or exercises the Options or sells shares acquired under the Plan. As a result, the Company strongly recommends that Participant should not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan.

In addition, this Appendix A is general in nature, does not discuss all of the various laws, rules and regulations which may apply to Participant's particular situation and the Company does not assure Participant of any particular result. **Accordingly, Participant is strongly advised to seek appropriate professional advice as to how the relevant laws in Participant's country apply to Participant's specific situation.**

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working, transferred employment after the Award was granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions contained herein will apply under these circumstances.

Section I. All Countries Outside the United States

1. Nature of Grant. In accepting the Award, Participant acknowledges that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(2) the grant of the Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past;

(3) all decisions with respect to future grants, if any, will be at the sole discretion of Company;

(4) Participant is voluntarily participating in the Plan;

(5) the Options and the underlying Shares subject to the Options are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary or Affiliate, and which is outside the scope of Participant's employment contract, if any;

(6) the Options and the underlying Shares subject to the Options are not intended to replace any pension rights, if any, or compensation;

(7) the Options and the underlying Shares subject to the Options, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary or Affiliate;

(8) the grant of the Options and Participant's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Subsidiary or Affiliate;

(9) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(10) if Participant obtains Shares upon exercise of Participant's Options, the value of those shares acquired may increase or decrease in value;

(11) in consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from forfeiture of the Options resulting from termination of Participant's employment with the Company or any Subsidiary or Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably release the Company and the Subsidiaries and Affiliates from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant will be deemed irrevocably to have waived Participant's entitlement to pursue such claim;

(12) in the event of termination of Participant's employment (whether or not in breach of local labor laws), Participant's right to vest in the Options under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Compensation Committee shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's Award;

(13) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of Common Stock;

(14) Participant is hereby advised to consult with Participant's personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan;

(15) unless otherwise provided in the Plan or by the Company in its discretion, the Options and the benefits evidenced by this Agreement do not create any entitlement to have the Options or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(16) neither the Company, any Subsidiary nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Options or of any amounts due to Participant pursuant to the exercise of the Options or the subsequent sale of any shares acquired upon exercise.

2. Payment of Taxes. The following provisions supplement Section 7 of the Agreement entitled "Taxes."

(1) Regardless of any action the Company or the Subsidiary/Affiliate that employs Participant (the "Employer") takes with respect to any or all income tax, Participant's portion of social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer.

(2) Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant of the Options, the issuance of Shares upon exercise of the Options, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends; and (2) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the Options to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result.

(3) If Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(4) Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding in Shares to be issued or cash distributed upon exercise of the Options; (2) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; (3) withholding from the proceeds of the sale of Shares acquired upon exercise of the Options either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization).

(5) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant shall be deemed to have been issued the full number of Shares issuable upon the exercise of the Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan.

(6) Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may

refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with this obligation.

3. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence (and country of employment, if different), Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell Shares or rights to Shares (e.g., Options) under the Plan during such times as Participant is considered to have "inside information" (as defined by the laws in the applicable country). The insider trading and/or market abuse laws may be different from any Company Insider Trading Policy. Participant personally is responsible for ensuring compliance with any applicable restrictions and should consult with Participant's personal legal advisor for additional information about any applicable restrictions and Participant's obligations.
4. Foreign Asset/Account and Exchange Control Reporting. Participant's country of residence (and country of employment, if different) may have certain exchange controls and foreign asset and/or account reporting requirements which may affect Participant's ability to purchase or hold Shares under the Plan or receive cash from Participant's participation in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country of residence (and country of employment, if different). Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country of residence (and country of employment, if different). Further, Participant may be required to repatriate the Shares or proceeds acquired as a result of participating in the Plan to Participant's country of residence (and country of employment, if different) through a designated bank/broker and/or within a certain time. Participant personally is responsible for ensuring compliance with any applicable reporting obligations and should consult with Participant's personal legal advisor for additional information about such obligations.
5. Compliance Obligations and Cooperation. As a condition to the grant of the Options, Participant agrees to repatriate all payments attributable to the Shares and/or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in Participant's country of residence (and country of employment, if different). In addition, Participant also agrees to take any and all actions, and consents to any and all actions taken by the Company and its Affiliates and Subsidiaries and/or the Employer, as may be required to allow the Company and its Affiliates and Subsidiaries or the Employer to comply with local laws, rules and regulations in Participant's country of residence (and country of employment, if different). Finally, Participant agrees to take any and all actions as may be required to comply with Participant's personal obligations under local laws, rules and regulations in Participant's country of residence (and country of employment, if different).
6. Language. Participant acknowledges that Participant is sufficiently proficient in English, or, alternatively, Participant acknowledges that Participant will seek appropriate assistance, to understand the terms and conditions in the Agreement and Appendix A. Furthermore, if Participant has received the Agreement, Appendix A or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
7. Foreign Asset/Account Reporting. Please be aware that Participant's country of employment and/or residency may have certain foreign asset and/or account reporting requirements which may affect Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country of employment and/or residency. Participant may be required to report such accounts, assets or transactions to the

tax or other authorities in Participant's country. Participant acknowledges that Participant personally is responsible for being compliant with such regulations, and Participant should consult with Participant's personal advisor for guidance on Participant's personal reporting obligations.

Section II. All Countries Excluding Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom

Data Privacy Consent.

(1) General. The Company is located at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, and grants Options under the Plan to employees of the Company and its Subsidiaries, at its sole discretion. In conjunction with the Company's grant of Options under the Plan and its ongoing administration of such Options, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Options, Participant expressly and explicitly consents to the personal data activities as described herein.

(2) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about Participant, specifically, Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan. Participant's Personal Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for the collection, processing, usage and disclosure of Participant's Personal Data is Participant's consent.

(3) Stock Plan Administration Service Providers. The Company and the Employer transfer Participant's Personal Data to Shareworks by Morgan Stanley (Morgan Stanley), a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share Participant's Personal Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Participant to receive and trade Shares acquired under the Plan. Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of Participant's ability to participate in the Plan.

(4) International Personal Data Transfers. The Company and the Stock Plan Administrator are based in the United States of America. Participant should note that Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of Participant's Personal Data to the United States of America is Participant's consent.

(5) Voluntariness and Consequences of Consent, Denial or Withdrawal. Participant's participation in the Plan and Participant's grant of consent hereunder is purely voluntary. Participant may deny or withdraw Participant's consent at any time. If Participant does not consent, or if Participant later withdraws his or her consent, Participant may be unable to participate in the Plan. This would not affect Participant's existing employment or salary; instead, Participant merely may forfeit the opportunities associated with participation in the Plan.

(6) Personal Data Retention. Participant understands that Participant's Personal Data will be held only as long as is necessary to implement, administer and manage the Options and Participant's participation in the Plan. When the Company no longer needs Participant's Personal Data, the Company will remove it from its systems. If the Company retains Participant's Personal Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(7) Personal Data Subject Rights. Participant understands that Participant may have the right under applicable law to (i) access or copy Participant's Personal Data that the Company possesses, (ii) rectify incorrect Personal Data concerning Participant, (iii) delete Participant's Personal Data, (iv) restrict processing of Participant's Personal Data, or (vi) lodge complaints with the competent supervisory authorities in Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, Participant can contact the Company's Legal Department at legal@enersys.com.

Section III. Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom

Data Privacy Notice.

(1) General. The Company is located at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, and grants Options under the Plan to employees of the Company and its Subsidiaries, at its sole discretion. In conjunction with the Company's grant of Options under the Plan and its ongoing administration of such Options, the Company is providing the following information about its data collection, processing and transfer practices, which Participant should carefully review.

(2) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about Participant, specifically, Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan. Participant's Personal Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for the collection, processing, usage and disclosure of Participant's Personal Data is to satisfy its contractual obligations under the terms of the Agreement and Appendix A, and to comply with applicable laws, rules and regulations.

(3) Stock Plan Administration Service Providers. The Company and the Employer transfer Participant's Personal Data to Shareworks by Morgan Stanley (Morgan Stanley), a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share Participant's Personal Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Participant to receive and trade Shares acquired under the Plan. Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of Participant's ability to participate in the Plan.

(4) International Personal Data Transfers. The Company and the Stock Plan Administrator are based in the United States of America. Participant should note that Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of Participant's Personal Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of the Agreement and Appendix A.

(5) Personal Data Retention. Participant understands that Participant's Personal Data will be held only as long as is necessary to implement, administer and manage the Options and Participant's participation in the Plan. When the Company no longer needs Participant's Personal Data, the Company will remove it from its systems. If the Company retains Participant's Personal Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(6) Personal Data Subject Rights. Participant understands that Participant may have the right under applicable law to (i) access or copy Participant's Personal Data that the Company possesses, (ii) rectify incorrect Personal Data concerning Participant, (iii) delete Participant's Personal Data, (iv) restrict processing of Participant's Personal Data, or (v) lodge complaints with the competent supervisory authorities in Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, Participant can contact the Company's Legal Department at legal@enersys.com.

Section IV. Country-Specific Provisions

Argentina

Payment via Mandatory Cashless Exercise. Notwithstanding anything to the contrary in Section 4(d) of the Agreement, Participant may exercise the Options only by means of a Cashless Exercise whereby all of the Option Shares related to the Options being exercised shall be sold and Participant shall receive a cash payment in settlement of such exercised Options (for the sake of clarity, Participant shall not receive any actual Shares in connection with the Options being exercised). The Company reserves the right to eliminate the required use of the Cashless Exercise form of payment, in its sole discretion, and allow Participant to use another form of payment permitted under Section 4(d) of the Agreement.

Labor Law Acknowledgement. By accepting the Agreement, Participant acknowledges, understands and agrees that, for all legal purposes, the grant of the Option is made by the Company (not the Employer) in its sole discretion and that the value of the Options and any Shares acquired under the Plan shall not constitute salary or wages for any purposes under Argentine labor law including, but not limited to, the calculation of (i) any labor benefits including, without limitation, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments. If, notwithstanding the foregoing, any benefits under the Plan are considered salary or wages for any purpose under Argentine labor law, Participant acknowledges and agrees that such benefits shall not accrue more frequently than on an annual basis.

Securities Law Information. Neither the Options nor the underlying Shares shall be publicly offered or listed on any stock exchange in Argentina and, as a result, have not been and will not be registered with the Argentine Securities Commission (*Comisión Nacional de Valores* or "CNV"). The offer is private and not subject to the supervision of any Argentine governmental authority. Neither this nor any other offering material related to the Options or the underlying Shares may be utilized in connection with any general offering to the public in Argentina. Argentine residents who acquire Options under the Plan do so according to the terms of a private offering made from outside Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. Participant is solely responsible for complying with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the vesting, exercise and settlement of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends paid on such Shares. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. If Participant holds Shares as of December 31 of any year, Participant is personally required to report the holding of the Shares on Participant's personal tax return for the relevant year. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Austria

Exchange Control Information. If Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, Participant may be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if Participant is an Austrian resident and holds securities outside of Austria, reporting requirements will apply if the value of such securities meets or exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. Further, if Participant holds cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €10,000,000. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Brazil

Payment via Mandatory Cashless Exercise. Notwithstanding anything to the contrary in Section 4(d) of the Agreement, Participant may exercise the Options only by means of a Cashless Exercise whereby all of the Option Shares related to the Options being exercised shall be sold and Participant shall receive a cash payment in settlement of such exercised Options (for the sake of clarity, Participant shall not receive any actual Shares in connection with the Options being exercised). The Company reserves the right to eliminate the required use of the Cashless Exercise form of payment, in its sole discretion, and allow Participant to use another form of payment permitted under Section 4(d) of the Agreement.

Labor Law Policy and Acknowledgment. By accepting the Options, Participant agrees that (i) Participant is making an investment decision, (ii) any cash payment or Shares will be issued to Participant only if the vesting and exercise conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to Participant.

Compliance with Law. By accepting the Options, Participant agrees to comply with applicable Brazilian laws and to report and pay applicable Tax-Related Items associated with the exercise of the Options or the subsequent sale of any Shares acquired under the Plan.

Foreign Asset/Account Reporting Information. If Participant is a resident or domiciled in Brazil, Participant may be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil. If the aggregate value of such assets and/or rights is US\$1 million or more but less than US\$100 million, a declaration must be submitted annually. If the aggregate value exceeds US\$100 million, a declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan. Participant should consult with Participant's personal advisor(s) regarding any

personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Tax on Financial Transactions (IOF). Payments to foreign countries, repatriation of funds into Brazil, and the conversion of BRL into USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is Participant's personal responsibility to comply with any applicable Tax on Financial Transaction arising from participation in the Plan. Participant should consult with Participant's personal tax advisor for additional details.

Canada

No Payment via Existing Shares. Notwithstanding anything to the contrary in Section 4(d) of the Agreement, Participant may not exercise the Options by tendering existing Shares held by Participant as payment of the Option Price or any Tax-Related Items associated with the exercise of the Options.

Termination of Employment. For purposes of the Agreement, Participant's employment or service will be considered terminated as of the earlier of: (a) the date Participant terminates employment; (b) the date Participant receives notice of termination; or (c) the date on which Participant is no longer actively employed by or actively providing services, regardless of any notice period or period of pay in lieu of such notice required under applicable law (including, but not limited to, statutory law, regulatory law and/or common law). The Committee shall have the exclusive discretion to determine when Participant's employment or service is terminated for purposes of the Agreement (including whether Participant may still be considered to be providing service while on a leave of absence).

Securities Law Notification. Participant is permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares takes place outside of Canada through the facilities of a national securities exchange on which the shares are listed (*i.e.*, The New York Stock Exchange).

English Language Consent for Participants in Quebec. To the extent Participant resides in Quebec, the parties acknowledge that it is their express wish that the Plan, the Agreement and this Appendix A, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Plan, Agreement and Appendix A»), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Foreign Asset/Account Reporting Information. Foreign property, including Shares and other rights to acquire Shares (*e.g.*, Options), of a non-Canadian company held by a Canadian resident employee must generally be reported annually on a Form T1135 (Foreign Income Verification Statement), if the total cost of Participant's foreign assets exceeds C\$100,000 at any time during the year. The Options must be reported, generally at nil cost, if the C\$100,000 threshold is exceeded because of other foreign property Participant holds. When Shares are acquired, their cost generally is the adjusted cost base ("**ACB**") of such shares, ordinarily equal to the Fair Market Value of the shares at the time of acquisition, but if Participant owns other Shares, the ACB may have to be averaged with the ACB of the other shares. Participant personally is responsible for ensuring compliance with any applicable reporting obligations and should consult with Participant's personal legal advisor for additional information about such obligations.

The following provisions will apply if Participant is a resident of Quebec:

French Language Documents. A French translation of the Agreement and certain other documents related to the Options will be made available to Participant as soon as reasonably practicable following

Participant's written request. Notwithstanding anything to the contrary in the Agreement, and unless Participant indicates otherwise, the French translation of this Agreement and certain other documents related to the Options will govern Participant's participation in the Plan.

Documents en langue française. Une traduction française du présent Contrat et de certains autres documents liés aux Options sera mise à la disposition du Participant dès que raisonnablement possible suite à la demande écrite du Participant. Nonobstant toute disposition contraire de la Convention, et sauf indication contraire du Participant, la traduction française de la présente Convention et de certains autres documents liés aux Options régiront la participation du Participant au Plan.

Data Privacy Consent. The following provision supplements Section II (Data Privacy Consent) of this Appendix A:

Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information regarding the Options and Participant's participation in the Plan from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes the Company, its Subsidiaries, and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to disclose and discuss the Plan and Participant's participation in the Plan with their advisors. Participant further authorizes the Company and its Subsidiaries to record information regarding the Options and Participant's participation in the Plan and to keep such information in Participant's personnel file. Participant acknowledges and agrees that Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside the province of Quebec, including to the U.S. If applicable, Participant also acknowledges and authorizes the Company, its Subsidiaries and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on Participant or the administration of the Plan.

China

Options Settled Locally Only in Cash. Notwithstanding anything in the Agreement or the Plan to the contrary, any exercised Options shall be settled solely by means of a cash payment made directly to Participant by the Employer in China. The grant of Options does not provide any right for Participant to receive Shares.

Czech Republic

Exchange Control Information. Proceeds from the sale of Shares acquired under the Plan may be held in a cash account abroad. Participant may be required to report the opening and maintenance of foreign accounts held abroad to the Czech National Bank (the "CNB"). Even in the absence of a request from the CNB, Participant may need to report (i) foreign direct investments with a value of CZK2,500,000 or more in the aggregate or (ii) other foreign financial assets with a value of CZK200,000,000 or more. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

France

Nature of Options. The Options are not granted under the French specific regime provided by Articles L. 225-177 to L. 225-186-1 of the French commercial code.

English Language Consent. The parties acknowledge that it is their express wish that the Plan, the Agreement and this Appendix A, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Plan, Agreement and Appendix A»), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount. Participant personally is responsible for ensuring compliance with any applicable reporting obligations and should consult with Participant's personal legal advisor for additional information about such obligations.

Foreign Asset/Account Reporting Information. French residents must report annually any Shares and bank accounts held outside France, including the accounts that were opened, used and/or closed during the tax year, to the French tax authorities, on a special Form N° 3916, together with Participant's personal income tax return. Failure to report triggers a significant penalty. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Germany

Exchange Control Information. Cross-border payments (including related to proceeds realized upon the sale of Shares or from the receipt of any dividends paid on such Shares) and certain other transactions with a value in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In addition, Participant may be required to report to the Bundesbank the acquisition of Shares upon the exercise of the Options and/or if the Company withholds or sells Shares to cover Tax-Related Items, in either case if the Shares have a value in excess of €12,500. The report must be made by the 5th day of the month following the month in which the reportable event occurs. Participant personally must file the report with the Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de). Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. German residents must notify their local tax office of the acquisition of Shares when they file their personal income tax returns for the relevant year if the value of the Shares acquired exceeds €150,000 or in the unlikely event that the resident holds Shares exceeding 10% of the Company's total Shares outstanding. However, if the Shares are listed on a recognized U.S. stock exchange and you own less than 1% of the total Shares, this requirement will not apply even if Shares with a value exceeding €150,000 are acquired. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Italy

Payment via Mandatory Cashless Exercise. Notwithstanding anything to the contrary in Section 4(d) of the Agreement, Participant may exercise the Options only by means of a Cashless Exercise whereby all of the Option Shares related to the Options being exercised shall be sold and Participant shall receive a cash payment in settlement of such exercised Options (for the sake of clarity, Participant shall not receive any actual Shares in connection with the Options being exercised). The Company reserves the right to eliminate the required use of the Cashless Exercise form of payment, in its sole discretion, and allow Participant to use another form of payment permitted under Section 4(d) of the Agreement.

Plan Document Acknowledgment. In accepting the grant of Options, Participant acknowledges that Participant has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety, and fully understands and accepts all provisions of the Plan and the Agreement. Participant further

acknowledges that Participant has read and specifically and expressly approves the following Sections in the Agreement and Appendix A:

- Section 4 (Terms and Conditions)
- Section 5 (Wrongful Competition and Wrongful Solicitation)
- Section 6 (Confidential Information and Trade Secrets)
- Section 16 (Investment Representation)
- Section 18 (Entire Agreement; Language; Governing Law)
- Section 22(f) (Clawback Policy)
- Appendix A, Section I (Nature of Grant)
- Appendix A, Section I (Payment of Taxes)
- Appendix A, Section III (Data Privacy Notice)

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset Tax. The value of any Shares (and other financial assets) held outside Italy by individuals resident of Italy may be subject to a foreign asset tax. The taxable amount will be the fair market value of the financial assets (e.g., Shares) assessed at the end of the calendar year. The value of financial assets held abroad must be reported in Form RM of the annual return. Participant should consult Participant's personal tax advisor for additional information on the foreign asset tax.

Mexico

Nature of Grant. The following provisions supplement Section I (Nature of Grant) of this Appendix A:

Acknowledgment of the Grant. In accepting the Options, Participant acknowledges that Participant has received a copy of the Plan and the Agreement, including this Appendix A, and that Participant has reviewed the Plan and the Agreement, including this Appendix A, in its entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix A. Participant further acknowledges that Participant has read and specifically and expressly approve the terms and conditions of Section I (Nature of Grant) of this Appendix A, in which the following is clearly described and established:

Participant's participation in the Plan does not constitute an acquired right.

The Plan and Participant's participation in the Plan are offered by the Company on a wholly discretionary basis.

Participant's participation in the Plan is voluntary.

Neither the Company nor any Subsidiary or Affiliate is responsible for any decrease in the value of the Options granted and/or the Shares issued under the Plan.

Securities Law Information. The Options and the Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the Options may not be publicly distributed in Mexico. These materials are addressed to Participant only because of Participant's existing relationship with the Company and the Subsidiary in Mexico that employs Participant, and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Subsidiary in Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Labor Law Acknowledgment and Policy Statement. In accepting the Options, Participant expressly recognizes that the Company, with registered offices at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, is solely responsible for the administration of the Plan and that Participant's participation in the Plan and acquisition of shares does not constitute an employment relationship between Participant and the Company since Participant is participating in the Plan on a wholly commercial basis and Participant's sole employer is EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S de R.L. de CV (each, a "Mexican Subsidiary"). Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that Participant may derive from participation in the Plan do not establish any rights between Participant and Participant's employer, a Mexican Subsidiary, and do not form part of the conditions of Participant's employment and/or benefits provided by such Mexican Subsidiary, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant's employment.

Participant further understands that Participant's participation in the Plan is a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue Participant's participation in the Plan at any time, without any liability to Participant.

Finally, Participant hereby declares that Participant does not reserve to himself or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or any benefits derived from the Plan; therefore, Participant grants a full and broad release to the Company, its shareholders, officers, agents, legal representatives, and subsidiaries with respect to any claim that may arise.

Reconocimiento de la subvención. *Al aceptar el fuentes, el participante reconoce que el participante ha recibido una copia del plan y el acuerdo, incluyendo este apéndice a, y que el participante ha revisado el plan y el acuerdo, incluyendo este apéndice a, en su totalidad y comprender y aceptar plenamente todas las disposiciones del plan y del acuerdo, incluido el presente Apéndice A. El participante reconoce además que el participante ha leído y aprobado expresa y explícitamente los términos y condiciones de la sección I (naturaleza de la concesión) del presente apéndice a, en el que se describen y establecen claramente los siguientes:*

- (1) la participación del participante en el plan no constituye un derecho adquirido.*
- (2) el plan y la participación del participante en el plan son ofrecidos por la compañía sobre una base totalmente discrecional.*
- (3) la participación del participante en el plan es voluntaria.*
- (4) ni la compañía ni ningún subsidiario o afiliado es responsable de cualquier disminución*

Reconocimiento de la ley laboral y declaración de política. Al aceptar el fuentes, el participante reconoce expresamente que la compañía, con domicilio social en 2366 BERNVILLE Road, Reading, Pennsylvania 19605, Estados Unidos de América, es el único responsable de la administración del plan y que la participación del participante en el plan y la adquisición de acciones no constituye una relación de empleo entre usted y la empresa, ya que el participante participa en el plan de manera totalmente comercial y el único empleador del participante es EnerSys de México, s.a. de CV, PowerSonic, s.a. de CV o Yecoltd, S de R.L. de CV (cada una, una "filial mexicana"). Basándose en lo anterior, el participante reconoce expresamente que el plan y los beneficios que el participante puede derivar de la participación en el plan no establecen ningún derecho entre el participante y el empleador del participante, una filial mexicana, y no forman parte de las condiciones del empleo del participante y/o los beneficios proporcionados por dicha filial mexicana, y cualquier modificación del plan o su terminación no constituirá un cambio o deterioro de los términos y condiciones del Empleo.

El participante entiende además que la participación del participante en el plan es el resultado de una decisión unilateral y discrecional de la compañía; por lo tanto, la compañía se reserva el derecho absoluto de enmendar y/o suspender la participación del participante en el plan en cualquier momento, sin ninguna responsabilidad para con el participante.

Por último, el participante declara que el participante no se reserva a sí mismo ninguna acción o derecho de presentar reclamación alguna contra la compañía por cualquier indemnización o daño relacionado con cualquier disposición del plan o cualquier beneficio derivado del plan; por lo tanto, el participante otorga una liberación completa y amplia a la compañía, sus accionistas, oficiales, agentes, representantes legales y subsidiarias con respecto a cualquier reclamación que pueda surgir.

Poland

Exchange Control Information. If Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, Participant will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the National Bank of Poland. Further, any transfer of funds in excess of a certain threshold (generally, EUR 15,000) into or out of Poland must be effected through a bank account in Poland. Finally, Participant is required to store all documents connected with any foreign exchange transactions that Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. Polish residents holding foreign securities (e.g., Shares) and/or maintaining accounts abroad are obligated to file quarterly reports with the National Bank of Poland incorporating information on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets held abroad) exceeds PLN 7,000,000. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Singapore

Sale Restriction. Participant expressly agrees that any Shares received upon exercise of the Options will not be offered for sale or sold in Singapore prior to the six (6) month anniversary of the Date of Grant, unless such sale or offer in is made after pursuant to the exemption under Part XIII Division (1) Subdivision (4) (other than Section 280) of the SFA (Chapter 289, 2006 Ed.) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Securities Law Information. The grant of the Options under the Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the SFA and is not made with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore, and hence, statutory liability under the SFA in relation to the content of prospectuses will not apply. Participant should note that the Options are subject to section 257 of the SFA and Participant will not be able to make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Options in Singapore, unless such sale or offer is made (a) more than six months after the Date of Grant or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2006 Ed.) or pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Director Notification Obligation. If Participant is a director, alternate director, substitute director or shadow director of the Company’s Singapore Subsidiary or Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Subsidiary or Affiliate in writing when Participant receives an interest (e.g., Options or Shares) in the Company or any Subsidiary or Affiliate. This notification must be made (a) within two (2) business days of acquiring or disposing of any interest in the Company or any Subsidiary or Affiliate, or becoming a director, associate director or shadow director, whichever occurs last, and (b) upon any change in a previously disclosed interest (e.g., sale of Shares issued upon exercise and settlement of the Options).

South Africa

Payment of Taxes. The following provision supplements Section 1 (Payment of Taxes) of this Appendix A:

By accepting the Options, Participant agrees that, immediately upon exercise of the Options, Participant will notify the Employer of the amount of any taxable income realized. If Participant does not inform the Employer of the taxable income realized at exercise, and the Employer is subject to penalties or interest as a result of not being able to withhold Tax-Related Items, the Employer may recover any such penalty and interest amounts from Participant. In addition, if Participant fails to advise the Employer of the taxable income realized, Participant may be liable for a fine.

Securities Law Information. The grant of the Options and the Shares issued pursuant to the exercise of the Options are considered a small offering under Section 96 of the South Africa Companies Act, 2008 (Act No. 71 of 2008).

Exchange Control Information. If Participant is a resident of South Africa, the Options may be subject to exchange control regulations in South Africa. In particular, Participant may be required to obtain approval from the South African Reserve Bank for payments (including Shares received or cash payments made pursuant to the Options) that Participant receives into accounts based outside of South Africa (e.g., a U.S. brokerage account). Participant should consult with Participant’s personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant’s participation in the Plan.

Sweden

Authorization to Withhold. The following provision supplements Section 1 (Payment of Taxes) of this Appendix A:

Without limiting the Company’s and the Employer’s authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of the Agreement, by accepting the Options, Participant authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to Participant upon exercise to satisfy Tax-Related Items, regardless of whether the Company and/or the

Employer have an obligation to withhold such Tax-Related Items, provided that such withholding would not, in the Company's determination, result in adverse accounting consequences to the Company.

Switzerland

Securities Law Information. The Options are not intended to be publicly offered in or from Switzerland. Because the offer of the Options is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Options or the Plan (a) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (b) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or Employer or (c) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

United Arab Emirates

Securities Law Information. The Plan is only being offered to qualified Employees and is in the nature of providing equity incentives to employees of the Company's Subsidiary in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Employees and must not be delivered to, or relied on by, any other person. Participant should conduct Participant's own due diligence on the Options being granted pursuant to the Agreement. If Participant does not understand the contents of the Plan and/or the Agreement, Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority and the Dubai Financial Services Authority have no responsibility for reviewing or verifying any documents in connection with the Plan. Further, the Ministry of the Economy and the Dubai Department of Economic Development have not approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

United Kingdom

Tax Withholding. The following provision supplements Section I (Payment of Taxes) of this Appendix A:

Participant expressly agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer and/or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on Participant's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act) and the indemnification of the Company and the Employer is viewed as a loan, Participant will be ineligible for such a loan to cover income tax. In the event that Participant is a director or executive officer and income taxes are not collected from or paid by Participant within ninety (90) days after the end of the tax year in which the event giving rise to the income tax obligation arose, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("NICs") may be payable. Participant acknowledges that Participant will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer (as applicable) for any employee NICs due on this additional benefit which may be recovered from Participant by the Company or the Employer at any time thereafter by any of the means referred to herein.

ENERSYS

AWARD AGREEMENT FOR EMPLOYEES – RESTRICTED STOCK UNITS

UNDER THE 2023 EQUITY INCENTIVE PLAN

THIS AWARD AGREEMENT FOR EMPLOYEES – RESTRICTED STOCK UNITS (this “Agreement”), dated as of _____, _____, is between ENERSYS, a Delaware corporation (the “Company”), and the individual identified on the signature page hereof (the “Participant”).

BACKGROUND

A. Participant is currently an employee of the Company or one of its Subsidiaries.

B. The Company desires to (i) provide Participant with an incentive to remain in the employ of the Company or one of its Subsidiaries, and (ii) increase Participant’s interest in the success of the Company by granting restricted stock units (the “Restricted Stock Units”) to Participant to acquire shares of Common Stock (“Shares”) upon the satisfaction of the terms and conditions set forth in this Agreement.

C. This grant of the Restricted Stock Units is (i) made pursuant to the EnerSys 2023 Equity Incentive Plan (the “Plan”); (ii) made subject to the terms and conditions of this Agreement and Appendix A; (iii) made in the sole discretion of the Company’s Compensation Committee; and (iv) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Restrictive Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. These Restricted Stock Units shall not be construed or interpreted in anyway as a component of Participant’s base salary for services performed on the behalf of the Company, and Company employees are not required, as a condition of their employment, to accept any Restricted Stock Units stated herein. Unless otherwise defined in this Agreement, any capitalized terms in this Agreement shall have the meaning ascribed to such terms in the Plan.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

1. **Definitions; Incorporation of Plan Terms.** Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Restricted Stock Units shall be subject to the Plan. The terms of the Plan and the Background provisions of this Agreement are hereby incorporated into this Agreement by reference and made a part hereof as if set forth in their entirety in this Section 1. If there is a conflict or an inconsistency between the Plan and this Agreement, the Plan shall govern; except that in the event such a conflict or inconsistency relates to the prohibitions in Section 4 of this Agreement, then the definitions in this Agreement shall control.

“Competitive Product or Service” means the design, manufacture, importing, development, distribution, marketing, or sale of:

(a) motive power batteries, chargers, products, and accessories (including, without limitation, batteries, chargers and accessories for industrial forklift trucks, other materials handling equipment, transportation applications, and other electric powered vehicles or machinery, as well as any software or technology related thereto), and each and every component thereof;

(b) reserve power batteries, chargers, products, and accessories (including, without limitation, standby batteries and power supply equipment for wireless and wireline telecommunications applications, such as central telephone exchanges, microwave relay

stations, and switchgear and other instrumentation control systems and those used in utility industries, uninterruptible power supplies and other applications requiring stored energy solutions including medical, aerospace and defense systems, and outdoor equipment enclosure solutions, as well as any software or technology related thereto), and each and every component thereof;

(c) stationary and DC power systems, battery management systems, power control systems, stored energy solutions, renewable energy power systems, energy pipelines, maintenance services, applications for computer and computer-controlled systems, specialty power applications, software monitoring and control systems, DC Fast Charge, and any products, accessories, software, technology, consulting services and/or turnkey services relating thereto (including the design, engineering, installation or service thereof), including each and every component thereof; and/or

(d) any other product, service, software, or technology development of any kind or type that the Company or any of its Subsidiaries or Affiliates (i) now makes, designs, manufactures, imports, develops, distributes, markets, researches or sells, or (ii) makes, designs, manufactures, imports, develops, distributes, markets, researches or sells at any time during Participant's employment with the Company and/or any of its Subsidiaries, such as, for example, lithium-ion, nickel-zinc cells or batteries, enclosures or lithium products, including but not limited to those used in space, defense, medical, transportation, industrial, or other stored energy solution applications, and/or hydrogen fuel cells.

"Competitor" means Participant or any other person or organization engaged in (or about to become engaged in) research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

"Confidential Information" means information that is created and used in the Company's business (or that of any of its Subsidiaries) and which is not generally known by the public, including but not limited to: trade secrets proprietary or customized software and databases; manufacturing processes and methods, product formulas, research and development; new product plans; the Company's confidential records (or those of any of its Subsidiaries) pertaining to its existing or potential customers, including key customer contact information, contract terms and related information; confidential business opportunities; merger or acquisition activity (including targets, opportunities, or prospects); confidential information regarding suppliers or vendors, including key supplier or vendor contact information, contract terms and related information; strategies for advertising and marketing; confidential business processes and strategies, including training, policies and procedures; personnel composition (wages, specialization, etc.); financial and revenue data and reports, including pricing, quoting and billing methods; and any other business information that the Company and/or any of its Subsidiaries maintain as confidential. Participant specifically understands and agrees that the term Confidential Information also includes all confidential information of a third party that may be communicated to, acquired by, learned of, or developed by Participant in the course of or as a result of Participant's employment with the Company and/or any of its Subsidiaries. Confidential Information does not include information that is or may become known to Participant or to the public from sources outside the Company and/or any of its Subsidiaries and through means other than a breach of this Agreement or disclosed by Participant after written approval from the Company.

"Customer" means any person(s) or entity(ies) that, within twenty-four (24) months prior to the Last Day (defined below), Participant, directly or Indirectly (e.g., through employees whom Participant supervised): (a) provided products or services in connection with the Company's business (or that of any of its Subsidiaries); and/or (b) provided written proposals concerning receiving products or services from the Company (and/or any of its Subsidiaries).

"Indirectly" means that Participant shall not assist others in performing business activities that Participant is prohibited from engaging in directly under this Agreement.

"Last Day" means Participant's last day of employment with the Company and/or its Subsidiaries regardless of the reason for Participant's separation, including voluntary or involuntary. It does not encompass Participant's direct employment between Company Subsidiaries and/or Affiliates. As set forth

below, such movement shall be deemed as unbroken and as continued employment under this Agreement and these covenants.

“Restricted Geographic Area” means the territory (i.e.: (i) country(ies), (ii) state(s), (iii) county(ies), or (iv) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Participant: (a) provided services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised, directly or Indirectly, the servicing activities), and/or (b) solicited Customers or otherwise sold products or services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised, directly or Indirectly, the solicitation or servicing activities related to such Customers).

“Restricted Period” means the period of Participant’s employment with the Company and/or any of its Subsidiaries and a period twelve (12) months after the Last Day. Participant recognizes that this durational term is reasonably and narrowly tailored to the Company’s legitimate business interest and need for protection with each position Participant holds at the Company and/or any of its Subsidiaries.

“Trade Secret” means information defined as a trade secret under applicable state law or the Defend Trade Secrets Act of 2016.

“Wrongful Competition” means except as modified by the Wrongful Competition and/or Wrongful Solicitation Exceptions): During the Restricted Period and within the Restricted Geographic Area, Participant shall not, directly or Indirectly, perform the same or similar responsibilities Participant performed for the Company and/or any of its Subsidiaries during the twenty-four (24) months prior to the Last Day in connection with a Competitive Product or Service. Notwithstanding the foregoing, Participant may accept employment with a Competitor whose business is diversified, provided that: (a) Participant shall not be engaged in working on or providing Competitive Products or Services or otherwise use or disclose Confidential Information or Trade Secrets; and (b) the Company receives written assurances from the Competitor and Participant that are satisfactory to the Company that Participant shall not work on or provide Competitive Products or Services, or otherwise use or disclose Confidential Information or Trade Secrets. In addition, nothing in this Agreement is intended to prevent Participant from investing Participant’s funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Participant’s holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

“Wrongful Solicitation” means (except as modified by the Wrongful Competition and/or Wrongful Solicitation Exceptions):

(a) With respect to the non-solicitation and non-inducement of Customers: During the Restricted Period and in connection with a Competitive Product or Service, Participant shall not directly or Indirectly: (i) solicit or attempt to solicit any Customer; or (ii) induce or encourage any Customer to terminate a relationship with the Company and/or any of its Subsidiaries or otherwise to cease accepting services or products from the Company and/or any of its Subsidiaries; and/or

(b) With respect to the non-solicitation and non-inducement of employees: During the Restricted Period, Participant shall not directly or Indirectly: (i) solicit, recruit, encourage (or attempt to solicit, recruit or encourage), or by assisting others in soliciting, recruiting or encouraging, any Company employees or former employees (or those of any of Company’s Subsidiaries) with whom Participant worked, had business contact, or about whom Participant gained non-public or Confidential Information (“Employees or Former Employees”); (ii) contact or communicate with Employees or Former Employees for the purpose of inducing, assisting, encouraging and/or facilitating them to terminate their employment with the Company and/or any of its Subsidiaries or find employment or work with another person or entity; (iii) provide or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (iv)

provide or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons for which to work, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (v) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company and/or any of its Subsidiaries at the time of the attempted recruiting or hiring, but were employed by or working for the Company and/or any of its Subsidiaries in the three (3) months prior to the time of the attempted recruiting or hiring and/or interference; and/or

(c) With respect to the non-interference of vendors and suppliers: During the Restricted Period, Participant shall not directly or Indirectly interfere with the Company's relationships (or that of any of its Subsidiaries) with its vendors or suppliers in any way that would impair the Company's relationship (or that of any of its Subsidiaries) with such vendors or suppliers, including by reducing, diminishing or otherwise restricting the flow of supplies, services or goods from the vendors or suppliers to the Company and/or any of its Subsidiaries.

"Wrongful Competition and/or Wrongful Solicitation Exceptions" mean:

(a) State of Washington Exceptions. If any Participant is employed in the State of Washington: (a) all references to "the Company" shall be replaced with "Employer"; and (b) any section in this Agreement that is determined to be a non-competition covenant under Washington law for Washington-based employees is only effective and enforceable once Participant earns more than the annual statutory compensation minimum, on an annualized basis, for the enforcement of non-competition covenants as found in Title 49 RCW. Participant further agrees that all terms of this Agreement that are determined to be non-solicitation agreements under applicable Washington law shall be enforceable regardless of how much Participant earns in compensation. The annual statutory compensation minimum for the enforcement of non-competition covenants shall not affect the enforceability of any other term of this Agreement. Further, Participant acknowledges and agrees that no term of this Agreement shall be deemed a non-competition covenant if this Agreement is entered into by a person purchasing or selling the goodwill of a business or otherwise acquiring or disposing of an ownership interest.

(b) This definition of "Restricted Geographic Area" is amended for any Washington-based Participant:

"Restricted Geographic Area" means the territory in which, during the twenty-four (24) months prior to the Last Day, Participant: (a) provided services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised the servicing activities), and/or (b) solicited Customers or otherwise sold products or services on behalf of the Company and/or any of its Subsidiaries (or in which Participant supervised the solicitation or servicing activities related to such Customers). "

(c) State of Colorado Exceptions. For all Participants employed in the State of Colorado: the non-competition covenant is only effective and enforceable once you earn, both at the time you enter the agreement and enforcement, at least or greater than the Highly Compensated Worker threshold under Colorado law. The nonsolicitation covenant, with the exception of the employee nonsolicitation provision, is only effective and enforceable once you earn, both at the time you enter the agreement and enforcement, at least or greater than sixty percent (60%) of the Highly Compensated Worker threshold under Colorado law. Furthermore, the restrictions on your conduct and activities contained in the noncompetition and nonsolicitation

covenants, with the exception of the employee nonsolicitation provision, are limited only to such activities which will involve inevitable use, disclosure, or misappropriation of, or near-certain influence by Participant's knowledge of, Trade Secrets disclosed to Participant during the course of employment with the Company. For Colorado Participants, the Wrongful Competition and Wrongful Solicitation provisions of this Agreement shall be effective fourteen (14) days after you sign this Agreement. All other provisions of this Agreement shall be effective upon your signing this Agreement.

(d) General Exceptions. Participant understands that Participant's non-compete and/or non-solicitation obligations in this Agreement shall not apply to Participant if Participant is covered under applicable state or local law prohibiting non-competes or non-solicits, including on the basis of Participant's income at the time of enforcement. Examples of such prohibitions include, but are not limited to: California (Wrongful Competition and Wrongful Solicitation), the District of Columbia (Wrongful Competition for those earning under \$150,000 during a consecutive 12-month period preceding the date of the Wrongful Competition), Illinois (low wage), Maryland (low wage), Oklahoma (Wrongful Competition), Minnesota (Wrongful Competition), North Dakota (Wrongful Competition and Wrongful Solicitation), Oregon (Non-Qualified Employee under ORS 653.295), Rhode Island (low wage), and Virginia (low wage).

2. Grant of Restricted Stock Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to Participant the number of Restricted Stock Units specified on the signature page of this Agreement. The Company shall credit to a bookkeeping account maintained by the Company, or a third party on behalf of the Company, for Participant's benefit, the number of Restricted Stock Units granted hereunder, each of which shall be deemed to be the equivalent of one Share.

(b) If the Company declares and pays a dividend or a distribution on Common Stock in the form of cash, then a number of additional Restricted Stock Units shall be credited to Participant as of the payment date for such dividend or distribution equal to the result of dividing (i) the product of the total number of Restricted Stock Units credited to Participant as of the record date for such dividend or distribution (other than previously settled or forfeited Restricted Stock Units) times the per share amount of such dividend or distribution, by (ii) the Fair Market Value of one Share as of the record date for such dividend or distribution. Any Restricted Stock Units credited to Participant under this subsection shall be or become vested or forfeited (as appropriate) to the same extent as the underlying Restricted Stock Units.

(c) If the Company declares and pays a dividend or distribution on the Common Stock in the form of additional shares, or there occurs a forward split of Common Stock, then a number of additional Restricted Stock Units shall be credited to Participant as of the payment date for such dividend or distribution or forward split equal to (i) the number of Restricted Stock Units credited to Participant as of the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. Any Restricted Stock Units credited to Participant under this subsection shall be or become vested or forfeited (as appropriate) to the same extent as the underlying Restricted Stock Unit.

3. Terms and Conditions.

(a) Vesting. All of the Restricted Stock Units shall initially be unvested. Twenty-five percent (25%) of the Restricted Stock Units (rounded up to the nearest whole number) shall vest on the first anniversary of the date of this Agreement and on each of the next three (3) successive

anniversaries thereof (each such anniversary, a "Vesting Date") unless previously vested or forfeited in accordance with the Plan or this Agreement (the "Normal Vesting Schedule").

(i) Any Restricted Stock Units that fail to vest because the employment condition is not satisfied shall be forfeited, subject to the special provisions set forth in Subsections 3(a)(ii) through 3(a)(iv).

(ii) If Participant's employment terminates due to death or Permanent Disability or in the event of a Change in Control where the holders of the Company's Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, Restricted Stock Units not previously vested shall immediately become vested. With respect to any of the Restricted Stock Units that constitute "deferred compensation" as defined under Code Section 409A, for purposes of this Section 3(a)(ii) and any acceleration of the Restricted Stock Units upon a Change in Control, a Change in Control shall be deemed to occur only if, in addition to the requirements set forth in the Plan, the Change in Control also meets the requirements of IRS Reg. §1.409A-3(i)(5), to the extent necessary to avoid the imposition of taxes thereunder.

(iii) If on or within two years after a Change in Control (other than a Change in Control described in Section 3(a)(ii) above), Participant terminates employment for Good Reason, or is terminated by the Company without Cause, Restricted Stock Units not previously vested shall immediately become vested.

(iv) In the event of Participant's Retirement, the Compensation Committee may determine, in its sole discretion, whether and the manner in which Restricted Stock Units not previously vested (or any portion thereof) shall be vested and be settled pursuant to Section 3(d). In the absence of Compensation Committee action, upon such Retirement, the Restricted Stock Units which have not vested as of the date of such termination shall vest pro-rata as of the date of Participant's Retirement. All such Restricted Stock Units which shall have not vested as a result of such Retirement shall be immediately and automatically forfeited without consideration of any kind and to the extent that the date Participant first becomes eligible for Retirement and the vesting date under this Section 3(a)(iv) are in different tax years, any amount payable under this subsection shall constitute the payment of nonqualified deferred compensation, subject to the requirements of Code Section 409A unless an exemption under the treasury regulations is available.

The number of unvested Restricted Stock Units that shall vest pro-rata upon Retirement (absent action to the contrary by the Compensation Committee) described in the penultimate sentence of the foregoing paragraph of this Section 3(a)(iv) shall be calculated by multiplying (A) the quotient obtained by dividing the number of completed months that Participant was employed by the Company or one of its Subsidiaries since the most recent Vesting Date or if no Vesting Date has yet occurred the number of months since the Date of Grant, by 48, by (B) the number of Restricted Stock Units subject to this Agreement.

(b) Restrictions on Transfer. Until the earlier of the applicable vesting date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii), or as otherwise provided in the Plan, no transfer of the Restricted Stock Units or any of Participant's rights with respect to the Restricted Stock Units, whether voluntary or involuntary, by operation of law or otherwise, shall be permitted. Unless the Compensation Committee determines otherwise, upon any attempt to transfer any Restricted Stock Units or any rights in

respect of the Restricted Stock Units before the earlier of the applicable vesting date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii), such unit, and all of the rights related to such unit, shall be immediately and automatically forfeited by Participant without consideration of any kind.

(c) Forfeiture. Upon termination of Participant's employment with the Company or a Subsidiary for any reason other than death, Permanent Disability or one of the reasons set forth in Sections 3(a)(iii) and (iv), Participant shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination and such units shall revert to the Company without consideration of any kind.

(d) Settlement. Restricted Stock Units not previously forfeited shall be settled on the earlier of the applicable Vesting Date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii), or, unless otherwise provided by the Compensation Committee, the date of a termination of employment due to Retirement described in Section 3(a)(iv), by delivery of one Share for each Restricted Stock Unit being settled or, if determined by the Compensation Committee in its sole discretion, by a payment of cash equal to the Fair Market Value of one Share.

4. **Wrongful Competition and Wrongful Solicitation**.

Participant understands and agrees that Participant shall not engage in Wrongful Competition or Wrongful Solicitation.

5. **Confidential Information and Trade Secrets**.

(a) Access and Use. Participant expressly acknowledges and agrees that, by virtue of Employee's employment with the Company or a Subsidiary and exercise of Participant's duties for the Company or a Subsidiary, Participant will have access to and will use certain Confidential Information and Trade Secrets, and that such Confidential Information and Trade Secrets constitute confidential and proprietary business information and/or Trade Secrets of the Company or its Subsidiaries, all of which is the Company's exclusive property. Accordingly, Participant agrees that Participant shall not, and shall not permit any other person or entity to, directly or indirectly, without the prior written consent of the Company: (a) use Confidential Information or Trade Secrets for the benefit of any person or entity other than the Company or its Subsidiaries; (b) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information or Trade Secrets, except as required to perform responsibilities for the Company or its Subsidiaries; and (c) while employed and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information or Trade Secrets by any communication, including oral, documentary, electronic or magnetic information transmittal device or media.

(b) Duration of Confidential Information and Trade Secrets. This obligation of non-disclosure and non-use shall last so long as the information remains confidential. Participant, however, understands that, if Participant primarily lives and works in any state requiring a temporal limit on non-disclosure clauses, Confidential Information shall be protected for no less than two (2) years following the Last Day. Participant also understands that Trade Secrets are protected by statute and are not subject to any time limits. Participant also agrees to contact the Company before using, disclosing, or distributing any Confidential Information or Trade Secrets if Participant has any questions about whether such information is protected information.

(c) Immunity under the Defend Trade Secrets Act of 2016. Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (a) is made (i) in confidence to a Federal, State, or local government official, either directly or Indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under said Act.

(d) Additional Legal Exceptions to Non-Disclosure Obligations. Nothing in this Agreement shall be construed to prevent disclosure of information generally obtained through the job, information available to the public, and/or information you have a right to disclose or as may be required by applicable law or regulation, especially with respect to a Federal or State administrative agency, equivalent State agency, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. With respect to an order of a court of competent jurisdiction, Participant will promptly provide written notice to the General Counsel of the Company of any such order. If the Company chooses to seek a protective order or other remedy, Employee will cooperate fully with the Company. If the Company does not obtain a protective order or other remedy or waives compliance with certain provisions of this Agreement, Participant will furnish only that portion of the Confidential Information which, in the written opinion of counsel, is legally required to be disclosed and will use Participant's best efforts to obtain assurances that confidential treatment will be accorded to such disclosed Confidential Information. In addition, nothing in this Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding, Participant from: (a) exercising Participant's rights under Section 7 of the National Labor Relations Act (NLRA) (including with respect to engaging in concerted activities for the purpose of collective bargaining or other mutual aid or protection, discussing terms and conditions of employment, or otherwise engaging in protected conduct); (b) otherwise disclosing or discussing truthful information about unlawful employment practices (including unlawful discrimination, harassment, retaliation, or sexual assault).

(e) Return of Property. Participant agrees that upon the Last Day (or earlier if requested by the Company) to immediately return to the Company all property and information belonging to the Company or its Subsidiaries (in electronic or hard-copy form). Participant shall also disclose to Company any passwords for Participant's computer or other access codes for anything associated with Participant's employment with the Company and/or its Subsidiaries, and shall not delete or modify any property prior to its return to the Company. Participant also shall provide the Company with access to any personal computer, tablet, phone, external hard drives, flash drives, cloud-based storage platforms, or any other personal device or storage location with Company information, whether or not such information is designated as confidential or proprietary, so that Company may remove or delete any Company information.

6. Taxes.

(a) This Section 6(a) applies only to (a) all Participants who are U.S. employees, and (b) to those Participants who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Restricted Stock Units. Such Participant shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time Participant recognizes taxable income, or withholding of employment taxes is required, with respect to the Restricted Stock Units, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Restricted Stock Units. Participant may satisfy the foregoing requirement by making a payment to the Company in cash or, in accordance with rules and regulations promulgated by the Compensation Committee, by delivering already owned unrestricted Shares or by having the

Company withhold a number of Shares in which Participant would otherwise become vested under this Agreement, in each case, having a value equal to the maximum amount of tax permitted to be withheld that will not result in adverse financial accounting consequences to the Company. Such shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined.

(b) Participant acknowledges that the tax laws and regulations and financial accounting principles and guidance applicable to the Restricted Stock Units and the disposition of the shares following the settlement of Restricted Stock Units are complex and subject to change.

1. **Securities Laws Requirements**. The Company shall not be obligated to transfer any shares following the settlement of Restricted Stock Units to Participant free of a restrictive legend if such transfer, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended (the "Securities Act") (or any other federal or state statutes having similar requirements as may be in effect at that time).

2. **No Obligation to Register**. The Company shall be under no obligation to register any shares as a result of the settlement of the Restricted Stock Units pursuant to the Securities Act or any other federal or state securities laws.

3. **Market Stand-Off**. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act for such period as the Company or its underwriters may request (such period not to exceed 180 days following the date of the applicable offering), Participant shall not, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any of the Restricted Stock Units granted under this Agreement or any shares resulting the settlement thereof without the prior written consent of the Company or its underwriters.

4. **Protections Against Violations of Agreement**. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Restricted Stock Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

5. **Rights as a Stockholder**. Participant shall not possess the right to vote the shares underlying the Restricted Stock Units until the Restricted Stock Units have been settled in accordance with the provisions of this Agreement and the Plan.

6. **Survival of Terms**. This Agreement shall apply to and bind Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Sections 4-6,12, 13, 15, 17-21 and 23 shall expressly survive the forfeiture of the Restricted Stock Units and the termination of this Agreement.

7. **Notices**. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to Participant, to Participant's attention at the mailing address set forth on the signature page of this Agreement (or to such other address as Participant shall have specified to the Company in writing) and, if to the Company, to the Company's office at 2366 Bernville Road, Reading,

Pennsylvania 19605, Attention: General Counsel (or to such other address as the Company shall have specified to Participant in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

8. **Waiver.** The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

9. **Authority of the Administrator.** The Compensation Committee shall have full authority to interpret and construe the terms of the Plan and this Agreement, including but not limited to making all determinations regarding eligibility, vesting, forfeiture and the calculation of the number of Restricted Stock Units awarded or credited under this Agreement. The determination of the Compensation Committee as to any such matter of interpretation, construction or calculation shall be final, binding and conclusive.

10. **Representations.** Participant has reviewed with Participant's own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

11. **Investment Representation.** Participant hereby represents and warrants to the Company that Participant, by reason of Participant's business or financial experience (or the business or financial experience of Participant's professional advisors who are unaffiliated with and who are not compensated by the Company or any affiliate or selling agent of the Company, directly or indirectly), has the capacity to protect Participant's own interests in connection with the transactions contemplated under this Agreement.

12. **Relief, Remedies and Enforcement.** Participant acknowledges and agrees that a breach of any provision of this Agreement by Participant will cause serious and irreparable injury to the Company that will be difficult to quantify and that money damages alone shall not adequately compensate the Company. In the event of a breach or threatened or intended breach of this Agreement by Participant, the Company shall be entitled to injunctive relief, both temporary and final, enjoining and restraining such breach or threatened or intended breach. Participant further agrees that should Participant breach this Agreement, the Company will be entitled to any and all other legal or equitable remedies available to it. Participant shall also pay the Company all reasonable costs and attorneys' fees the Company incurred because of Participant's breach of any provisions of this Agreement.

13. **Entire Agreement; Language; Governing Law.** This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. Notwithstanding the foregoing, Participant will continue to be bound by all prior agreements Participant entered into with the Company relating to confidentiality, trade secrets, wrongful competition, wrongful solicitation, and restrictive covenants ("Prior Restrictive Agreements"). This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement has been prepared in English and may be translated into one or more other languages. If there is a discrepancy between or among any of these versions, the English version shall prevail. Unless otherwise restricted by applicable law, this Agreement may be executed electronically. Subject to the following exceptions, this Agreement shall be

governed by, and construed in accordance with, the laws of the State of Delaware, USA, other than its conflicts of laws principles:

(a) State of Washington Choice of Law/Venue. For Participants employed by the Company in the State of Washington, the Wrongful Competition and Wrongful Solicitation covenants in this Agreement shall be construed according to the laws of the State of Washington, and any action arising out of or relating to those covenants may only be brought and prosecuted in the courts of the State of Washington or in the United States District Court for the Western District of Washington.

(b) State of California Choice of Law/Venue. For Participants employed by the Company in the State of California, the Wrongful Competition and Wrongful Solicitation covenants in this Agreement shall be construed according to the laws of the State of California, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of California or in the United States District Court for the Northern District of California.

(c) State of Colorado Choice of Law/Venue. For Participants employed by the Company in the State of Colorado, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Colorado, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Colorado or in the United States District Court for the District of Colorado.

(d) State of Massachusetts Choice of Law/Venue. For Participants employed by the Company in the State of Massachusetts, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Massachusetts, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Massachusetts or in the United States District Court for the District of Massachusetts.

(e) State of Minnesota Choice of Law/Venue. For Participants employed by the Company in the State of Minnesota, the Wrongful Competition and Wrongful Solicitation covenants shall be construed according to the laws of the State of Minnesota, and any action arising out of or relating to this Agreement may only be brought and prosecuted in the courts of the State of Minnesota or in the United States District Court for the District of Minnesota.

7. **Severability and Reformation**. The parties hereto recognize that the laws and public policies of various jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth herein. It is the intention of the parties that the provisions hereof be enforced to the fullest extent permissible under the laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such laws or policies) of any provisions hereof shall not render unenforceable, or impair, the remainder of the provisions hereof. Accordingly, if at the time of enforcement of any provision hereof, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographic area reasonable under such circumstances will be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by law. Furthermore, if any such restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.

8. **Amendments; Construction**. The Compensation Committee may amend the terms of this Agreement prospectively or retroactively at any time, but (unless otherwise provided under Section 18 of the Plan) no such amendment shall impair the rights of Participant hereunder without Participant's consent. To the extent the terms of Section 4 conflict with any prior agreement between the parties related

to such subject matter, the terms of Section 4, to the extent more restrictive, shall supersede such conflicting terms and control. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation hereof.

9. **Acceptance.** Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. Participant acknowledges Participant has been advised by the Company to consult with an attorney (at Participant's own expense) prior to signing this Agreement. Participant has read and understands the terms and provisions thereof, and accepts the shares of Restricted Stock Units subject to all the terms and conditions of the Plan and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Agreement.

10. **Miscellaneous.**

(a) **No Rights to Grants or Continued Employment.** Participant acknowledges that the award granted under this Agreement is not an employment right, and is being granted at the sole discretion of the Compensation Committee. Participant shall not have any claim or right to receive grants of Restricted Stock Units or other awards under the Plan. Neither the Plan nor this Agreement, or any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on Participant any right to be retained as an employee of the Company or any Subsidiary or other Affiliate thereof, or to interfere with or to limit in any way the right of the Company or any Affiliate or Subsidiary thereof to terminate the employment of Participant at any time.

(b) **Unfunded Plan.** No Participant and no beneficiary or other persons claiming under or through Participant, shall have any right, title, or interest by reason of any award under the Agreement to any particular assets of the Company or any Subsidiary or other Affiliate, or any Common Stock allocated or reserved for the purposes of this Agreement or subject to any Restricted Stock Unit as set forth herein. The Company shall not be required to establish any fund or make any other segregation of assets to assure satisfaction of the Company's obligations under the Agreement or Plan.

(c) **No Restriction on Right of Company to Effect Corporate Changes.** Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(d) **Assignment.** The Company shall have the right to assign any of its rights, and by accepting these Restricted Stock Units, Participant hereby consents to an assignment. The Company shall have the right to delegate any of its duties under this Agreement to any of its Affiliates. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the Company (including any person or entity which acquires all or substantially all of the assets of the Company).

(e) **Adjustments.** The Restricted Stock Units shall be adjusted or terminated as contemplated by Section 16(a) of the Plan, including, in the discretion of the Compensation Committee, rounding to the nearest whole number of Restricted Stock Units or Shares, as applicable.

(f) **Clawback Policy.** The Restricted Stock Units, and any cash or Shares delivered upon settlement of the Restricted Stock Units shall be subject to the terms of the clawback policy adopted by the Board of Directors (as such policy may be amended from time-to-time). Each payment in settlement of the Restricted Stock Units will be delivered as described above and taxable upon delivery in accordance with applicable tax law, but for purposes of California Labor Code Section 221, the Colorado Wage Claim Act, and any successor provision, will not be considered “wages” and will not be considered “earned” until the end of the second complete calendar year following delivery of the payment. For purposes of the foregoing, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold Participant's Shares, and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

14. **Code Section 409A.** Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that Participant undergo a “separation from service” within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if a Participant is deemed to be a “specified employee” within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Participant's “separation from service” (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of Participant's death (the “Delay Period”). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

15. **Survival.** All wrongful competition, wrongful solicitation, and confidential information/trade secret obligations in this Agreement shall survive the Last Day and the termination or expiration of this Agreement, and no dispute regarding any other provisions of this Agreement or regarding Participant's employment or the termination of Participant's employment shall prevent the operation and enforcement of these obligations.

16. **Transfer of Employment.** In the event of a transfer of Participant's employment between Company affiliates, this Agreement shall continue in effect. The succeeding Company affiliate shall succeed to all rights of the prior Company affiliate under this Agreement, including the right to enforce this Agreement (so long as this Agreement has not otherwise been superseded).

17. **Electronic Signature.** Participant agrees that the Company may enforce this Agreement with a copy for which Participant has provided an electronic signature, and that such electronic signature may be satisfied by procedures that the Company or a third party designated by the Company has established or may establish for an electronic signature system, and Participant's electronic signature shall be the same as, and shall have the same force and effect as, Participant's written signature. By electronically accepting this Agreement, Participant agrees to the following: “This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement.”

[REST OF PAGE LEFT INTENTIONALLY BLANK]

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE PARTICIPANT UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE DATE OF GRANT SET FORTH BELOW.

BY SIGNING THIS AGREEMENT, THE PARTICIPANT IS HEREBY CONSENTING TO THE USE AND TRANSFER OF THE PARTICIPANT'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and Participant has executed this Agreement, both as of the day and year first above written.

ENERSYS

By: _____
Name: David M. Shaffer
Title: President & Chief Executive Officer

PARTICIPANT

Name: _____
Address: _____

Date of Grant: _____

Number of Restricted Stock Units: _____

APPENDIX A
to
Award Agreement for Employees – Restricted Stock Units
Under the 2023 Equity Incentive Plan

This Appendix A contains supplemental terms and conditions for awards of Restricted Stock Units granted as of the Date of Grant set forth in the Agreement under the Amended and Restated 2023 Equity Incentive Plan to Participants who reside outside the United States or who are otherwise subject to the laws of a country other than the United States.

Participant has also received the Agreement applicable to the Restricted Stock Units set forth therein. The Agreement, together with this Appendix A and the Plan are the terms and conditions of the grant of Restricted Stock Units set forth in the Agreement. To the extent that this Appendix A amends, deletes or supplements any terms of the Agreement, this Appendix A shall control. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Agreement.

Section I of this Appendix A contains special terms and conditions that govern the Restricted Stock Units outside of the United States. **Section II** of this Appendix A contains special terms and conditions that govern the Restricted Stock Units in all countries, excluding Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom. **Section III** of this Appendix A contains special terms and conditions that govern the Restricted Stock Units in Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom. **Section IV** of this Appendix A includes special terms and conditions in the specific countries listed therein.

This Appendix A may also include information regarding exchange controls, taxation of awards and certain other issues of which Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws concerning Restricted Stock Units in effect **as of July 1, 2024**. Such laws are often complex and change frequently; the information may be out of date at the time Participant vests in the Restricted Stock Units or sell Shares acquired under the Plan. As a result, the Company strongly recommends that Participant should not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan.

In addition, this Appendix A is general in nature, does not discuss all of the various laws, rules and regulations which may apply to Participant's particular situation and the Company does not assure Participant of any particular result. **Accordingly, Participant is strongly advised to seek appropriate professional advice as to how the relevant laws in Participant's country apply to Participant's specific situation.**

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working, transferred employment after the Restricted Stock Units were granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions contained herein will apply under these circumstances.

Section I. All Countries Outside the United States

1. Nature of Grant. In accepting the Restricted Stock Units, Participant acknowledges that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

- (b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, will be at the sole discretion of Company;
- (d) Participant is voluntarily participating in the Plan;
- (e) the Restricted Stock Units and the underlying Shares subject to the Restricted Stock Units are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary or Affiliate, and which is outside the scope of Participant's employment contract, if any;
- (f) the Restricted Stock Units and the underlying Shares subject to the Restricted Stock Units are not intended to replace any pension rights, if any, or compensation;
- (g) the Restricted Stock Units and the underlying Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary or Affiliate;
- (h) the grant of the Restricted Stock Units and Participant's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Subsidiary or Affiliate;
- (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (j) if Participant obtains Shares upon settlement of Participant's Restricted Stock Units, the value of those shares acquired may increase or decrease in value;
- (k) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of Participant's employment with the Company or any Subsidiary or Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases the Company, the Subsidiaries and the Affiliates from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant will be deemed irrevocably to have waived Participant's entitlement to pursue such claim;
- (l) in the event of termination of Participant's employment (whether or not in breach of local labor laws), Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); the Compensation Committee shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's Restricted Stock Units;

- (m) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of Common Stock;
- (n) Participant is hereby advised to consult with Participant's personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan;
- (o) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and
- (p) neither the Company, any Subsidiary nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any shares acquired upon settlement.

2. Payment of Taxes. The following provisions supplement Section 6 of the Agreement entitled "Taxes."

- (a) Regardless of any action the Company or the Subsidiary/Affiliate that employs Participant (the "Employer") takes with respect to any or all income tax, Participant's portion of social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer.
- (b) Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant of the Restricted Stock Units, the issuance of Shares upon vesting/settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends or dividend equivalents; and (2) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result.
- (c) If Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
- (d) Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding in Shares to be issued or cash distributed upon vesting/settlement of the Restricted Stock Units; (2) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; (3) withholding from the proceeds of the sale of Shares acquired upon vesting/settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization).

- (e) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant shall be deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan.
 - (f) Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with this obligation.
3. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence (and country of employment, if different), Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell Shares or rights to Shares (e.g., Restricted Stock Units) under the Plan during such times as Participant is considered to have "inside information" (as defined by the laws in the applicable country). The insider trading and/or market abuse laws may be different from any Company Insider Trading Policy. Participant personally is responsible for ensuring compliance with any applicable restrictions and should consult with Participant's personal legal advisor for additional information about any applicable restrictions and Participant's obligations.
4. Foreign Asset/Account and Exchange Control Reporting. Participant's country of residence (and country of employment, if different) may have certain exchange controls and foreign asset and/or account reporting requirements which may affect Participant's ability to purchase or hold Shares under the Plan or receive cash from Participant's participation in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country of residence (and country of employment, if different). Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country of residence (and country of employment, if different). Further, Participant may be required to repatriate the Shares or proceeds acquired as a result of participating in the Plan to Participant's country of residence (and country of employment, if different) through a designated bank/broker and/or within a certain time. Participant personally is responsible for ensuring compliance with any applicable reporting obligations and should consult with Participant's personal legal advisor for additional information about such obligations.
5. Compliance Obligations and Cooperation. As a condition to the grant of the Restricted Stock Units, Participant agrees to repatriate all payments attributable to the Shares and/or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in Participant's country of residence (and country of employment, if different). In addition, Participant also agrees to take any and all actions, and consents to any and all actions taken by the Company and its Affiliates and Subsidiaries and/or the Employer, as may be required to allow the Company and its Affiliates and Subsidiaries or the Employer to comply with local laws, rules and regulations in Participant's country of residence (and country of employment, if different). Finally, Participant agrees to take any and all actions as may be required to comply with Participant's personal obligations under local laws, rules and regulations in Participant's country of residence (and country of employment, if different).
6. Language. Participant acknowledges that Participant is sufficiently proficient in English, or, alternatively, Participant acknowledges that Participant will seek appropriate assistance, to understand the terms and conditions in the Agreement and Appendix A. Furthermore, if Participant has received the Agreement, Appendix A or any other document related to the Plan

translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

7. Foreign Asset/Account Reporting. Please be aware that Participant's country of employment and/or residency may have certain foreign asset and/or account reporting requirements which may affect Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country of employment and/or residency. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant acknowledges that Participant personally is responsible for being compliant with such regulations, and Participant should consult with Participant's personal advisor for guidance on Participant's personal reporting obligations.

Section II. All Countries Excluding Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom

Data Privacy Consent.

(a) General. The Company is located at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, and grants Restricted Stock Units under the Plan to employees of the Company and its Subsidiaries, at its sole discretion. In conjunction with the Company's grant of Restricted Stock Units under the Plan and its ongoing administration of such Restricted Stock Units, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Restricted Stock Units, Participant expressly and explicitly consents to the personal data activities as described herein.

(b) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about Participant, specifically, Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan. Participant's Personal Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for the collection, processing, usage and disclosure of Participant's Personal Data is Participant's consent.

(c) Stock Plan Administration Service Providers. The Company and the Employer transfer Participant's Personal Data to Shareworks by Morgan Stanley (Morgan Stanley), a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share Participant's Personal Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Participant to receive and trade Shares acquired under the Plan. Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of Participant's ability to participate in the Plan.

(d) International Personal Data Transfers. The Company and the Stock Plan Administrator are based in the United States of America. Participant should note that Participant's country of residence may have enacted data privacy laws that are different from the United States of America.

The Company's legal basis for the transfer of Participant's Personal Data to the United States of America is Participant's consent.

(e) Voluntariness and Consequences of Consent, Denial or Withdrawal. Participant's participation in the Plan and Participant's grant of consent hereunder is purely voluntary. Participant may deny or withdraw Participant's consent at any time. If Participant does not consent, or if Participant later withdraws Participant's consent, Participant may be unable to participate in the Plan. This would not affect Participant's existing employment or salary; instead, Participant merely may forfeit the opportunities associated with participation in the Plan.

(f) Personal Data Retention. Participant understands that Participant's Personal Data will be held only as long as is necessary to implement, administer and manage the Restricted Stock Units and Participant's participation in the Plan. When the Company no longer needs Participant's Personal Data, the Company will remove it from its systems. If the Company retains Participant's Personal Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(g) Personal Data Subject Rights. Participant understands that Participant may have the right under applicable law to (i) access or copy Participant's Personal Data that the Company possesses, (ii) rectify incorrect Personal Data concerning Participant, (iii) delete Participant's Personal Data, (iv) restrict processing of Participant's Personal Data, or (vi) lodge complaints with the competent supervisory authorities in Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, Participant can contact the Company's Legal Department at legal@enersys.com.

Section III. Austria, Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, Switzerland and United Kingdom

Data Privacy Notice.

(a) General. The Company is located at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, and grants Restricted Stock Units under the Plan to employees of the Company and its Subsidiaries, at its sole discretion. In conjunction with the Company's grant of Restricted Stock Units under the Plan and its ongoing administration of such Restricted Stock Units, the Company is providing the following information about its data collection, processing and transfer practices, which Participant should carefully review.

(b) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about Participant, specifically, Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan. Participant's Personal Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for the collection, processing, usage and disclosure of Participant's Personal Data is to satisfy its contractual obligations under the terms of the Agreement and Appendix A, and to comply with applicable laws, rules and regulations.

(c) Stock Plan Administration Service Providers. The Company and the Employer transfer Participant's Personal Data to Shareworks by Morgan Stanley (Morgan Stanley), a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share Participant's Personal Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Participant to receive and trade Shares acquired under the Plan. Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of Participant's ability to participate in the Plan.

(d) International Personal Data Transfers. The Company and the Stock Plan Administrator are based in the United States of America. Participant should note that Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of Participant's Personal Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of the Agreement and Appendix A.

(e) Personal Data Retention. Participant understands that Participant's Personal Data will be held only as long as is necessary to implement, administer and manage the Restricted Stock Units and Participant's participation in the Plan. When the Company no longer needs Participant's Personal Data, the Company will remove it from its systems. If the Company retains Participant's Personal Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(f) Personal Data Subject Rights. Participant understands that Participant may have the right under applicable law to (i) access or copy Participant's Personal Data that the Company possesses, (ii) rectify incorrect Personal Data concerning Participant, (iii) delete Participant's Personal Data, (iv) restrict processing of Participant's Personal Data, or (vi) lodge complaints with the competent supervisory authorities in Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, Participant can contact the Company's Legal Department at legal@enersys.com.

Section IV. Country-Specific Provisions

Argentina

Labor Law Acknowledgement. By accepting the Agreement, Participant acknowledges, understands and agrees that, for all legal purposes, the grant of the Restricted Stock Unit is made by the Company (not the Employer) in its sole discretion and that the value of the Restricted Stock Units and any Shares acquired under the Plan shall not constitute salary or wages for any purposes under Argentine labor law including, but not limited to, the calculation of (i) any labor benefits including, without limitation, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments. If, notwithstanding the foregoing, any benefits under the Plan are considered salary or wages for any purpose under Argentine labor law, Participant acknowledges and agrees that such benefits shall not accrue more frequently than on an annual basis.

Securities Law Information. Neither the Restricted Stock Units nor the underlying Shares shall be publicly offered or listed on any stock exchange in Argentina and, as a result, have not been and will not be registered with the Argentine Securities Commission (*Comisión Nacional de Valores* or "CNV"). The offer is private and not subject to the supervision of any Argentine governmental authority. Neither this nor any other offering material related to the Restricted Stock Units or the underlying Shares may be utilized in

connection with any general offering to the public in Argentina. Argentine residents who acquire Restricted Stock Units under the Plan do so according to the terms of a private offering made from outside Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. Participant is solely responsible for complying with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the exercise and settlement of the Restricted Stock Units, the subsequent sale of any Shares acquired pursuant to the Restricted Stock Units and the receipt of any dividends paid on such Shares. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. If Participant holds Shares as of December 31 of any year, Participant is personally required to report the holding of the Shares on Participant's personal tax return for the relevant year. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Austria

Exchange Control Information. If Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, Participant may be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if Participant is an Austrian resident and holds securities outside of Austria, reporting requirements will apply if the value of such securities meets or exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. Further, if Participant holds cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €10,000,000. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Brazil

Labor Law Policy and Acknowledgment. By accepting the Restricted Stock Units, Participant agrees that (i) Participant is making an investment decision, (ii) the Shares will be issued to Participant only if the vesting conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Participant.

Compliance with Law. By accepting the Restricted Stock Units, Participant agrees to comply with applicable Brazilian laws and to report and pay applicable Tax-Related Items associated with the vesting of the Restricted Stock Units or the subsequent sale of the Shares acquired under the Plan.

Foreign Asset/Account Reporting Information. If Participant is a resident or domiciled in Brazil, Participant may be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil. If the aggregate value of such assets and/or rights is US\$1 million or more but less than US\$100 million, a declaration must be submitted annually. If the aggregate value exceeds US\$100 million, a declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Tax on Financial Transactions (IOF). Payments to foreign countries, repatriation of funds into Brazil, and the conversion of BRL into USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is Participant's personal responsibility to comply with any applicable Tax on

Financial Transaction arising from participation in the Plan. Participant should consult with Participant's personal tax advisor for additional details.

Canada

Restricted Stock Units Payable Only in Shares. Notwithstanding anything in the Agreement or the Plan to the contrary, Participant's Restricted Stock Units shall be settled in Shares only (and many not be settled in cash).

Termination of Employment. For purposes of the Agreement, Participant's employment or service will be considered terminated as of the earlier of: (a) the date Participant terminates employment; (b) the date Participant receives notice of termination; or (c) the date on which Participant is no longer actively employed by or actively providing services, regardless of any notice period or period of pay in lieu of such notice required under applicable law (including, but not limited to, statutory law, regulatory law and/or common law). The Committee shall have the exclusive discretion to determine when Participant's employment or service is terminated for purposes of the Agreement (including whether Participant may still be considered to be providing service while on a leave of absence).

Securities Law Notification. Participant is permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares takes place outside of Canada through the facilities of a national securities exchange on which the shares are listed (*i.e.*, The New York Stock Exchange).

Foreign Asset/Account Reporting Information. Participant may be required to report Participant's foreign specified property on Form T1135 (Foreign Income Verification Statement) if the total cost of Participant's foreign specified property exceeds C\$100,000 at any time during the year. Foreign specified property includes cash held outside of Canada, Shares acquired under the Plan and Restricted Stock Units. Unvested Restricted Stock Units must be reported (generally, at nil cost) on Form T1135 if the C\$100,000 cost threshold is exceeded due to other foreign specified property Participant holds. The Form T1135 must be filed by April 30 of the following year. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if Participant owns other shares of the same company, this ACB may have to be averaged with the ACB of the other shares. Participant should consult with Participant's personal tax advisor to determine Participant's personal reporting requirements.

The following provisions will apply if Participant is a resident of Quebec:

French Language Documents. A French translation of the Agreement and certain other documents related to the Restricted Stock Units will be made available to Participant as soon as reasonably practicable following Participant's written request. Notwithstanding anything to the contrary in the Agreement, and unless Participant indicates otherwise, the French translation of this Agreement and certain other documents related to the Restricted Stock Units will govern Participant's participation in the Plan.

Documents en langue française. Une traduction française du présent Contrat et de certains autres documents liés aux Restricted Stock Units sera mise à la disposition du Participant dès que raisonnablement possible suite à la demande écrite du Participant. Nonobstant toute disposition contraire de la Convention, et sauf indication contraire du Participant, la traduction française de la présente Convention et de certains autres documents liés aux Restricted Stock Units régiront la participation du Participant au Plan.

Data Privacy Consent. The following provision supplements Section II (Data Privacy Consent) of this Appendix A:

Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information regarding the Restricted Stock Units and Participant's participation in the Plan from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes the Company, its Subsidiaries, and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to disclose and discuss the Plan and Participant's participation in the Plan with their advisors. Participant further authorizes the Company and its Subsidiaries to record information regarding the Restricted Stock Units and Participant's participation in the Plan and to keep such information in Participant's personnel file. Participant acknowledges and agrees that Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside the province of Quebec, including to the U.S. If applicable, Participant also acknowledges and authorizes the Company, its Subsidiaries and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on Participant or the administration of the Plan.

China

Restricted Stock Units Payable Only in Cash. Notwithstanding anything in the Agreement or the Plan to the contrary, any Restricted Stock Units shall be settled solely by means of a cash payment made directly to Participant by the Affiliate in China that employs Participant. The grant of Restricted Stock Units does not provide any right for Participant to receive Shares.

Czech Republic

Exchange Control Information. Proceeds from the sale of Shares acquired under the Plan may be held in a cash account abroad. Participant may be required to report the opening and maintenance of foreign accounts held abroad to the Czech National Bank (the "CNB"). Even in the absence of a request from the CNB, Participant may need to report (i) foreign direct investments with a value of CZK2,500,000 or more in the aggregate or (ii) other foreign financial assets with a value of CZK200,000,000 or more. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

France

Nature of Restricted Stock Units. The Restricted Stock Units are not granted under the French specific regime provided by Articles L. 225-197-1 to L. 225-197-6 of the French commercial code.

English Language Consent. The parties acknowledge that it is their express wish that the Plan, the Agreement and this Appendix A, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Plan, Agreement and Appendix A»), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount. Participant personally is responsible for ensuring compliance with any applicable reporting obligations and should consult with Participant's personal legal advisor for additional information about such obligations.

Foreign Asset/Account Reporting Information. French residents must report annually any Shares and bank accounts held outside France, including the accounts that were opened, used and/or closed during

the tax year, to the French tax authorities, on a special Form N° 3916, together with Participant's personal income tax return. Failure to report triggers a significant penalty. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Germany

Exchange Control Information. Cross-border payments (including related to proceeds realized upon the sale of Shares or from the receipt of any dividends paid on such Shares) and certain other transactions with a value in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In addition, Participant may be required to report to the Bundesbank the acquisition of Shares upon the exercise of the Restricted Stock Units and/or if the Company withholds or sells Shares to cover Tax-Related Items, in either case if the Shares have a value in excess of €12,500. The report must be made by the 5th day of the month following the month in which the reportable event occurs. Participant personally must file the report with the Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de). Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. German residents must notify their local tax office of the acquisition of Shares when they file their personal income tax returns for the relevant year if the value of the Shares acquired exceeds €150,000 or in the unlikely event that the resident holds Shares exceeding 10% of the Company's total Shares outstanding. However, if the Shares are listed on a recognized U.S. stock exchange and you own less than 1% of the total Shares, this requirement will not apply even if Shares with a value exceeding €150,000 are acquired. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Italy

Plan Document Acknowledgment. In accepting the grant of Restricted Stock Units, Participant acknowledges that Participant has received a copy of the Plan, have reviewed the Plan and the Agreement in their entirety, and fully understand and accept all provisions of the Plan and the Agreement. Participant further acknowledges that Participant has read and specifically and expressly approves the following Sections in the Agreement and Appendix A:

Section 3 (Terms and Conditions)

Section 4 (Wrongful Competition and Wrongful Solicitation)

Section 5 (Confidential Information and Trade Secrets)

Section 17 (Investment Representation)

Section 19 (Entire Agreement; Language; Governing Law)

Section 23(f) (Clawback Policy)

Appendix A, Section I (Nature of Grant)

Appendix A, Section I (Payment of Taxes)

Appendix A, Section III (Data Privacy Notice)

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset Tax. The value of any Shares (and other financial assets) held outside Italy by individuals resident of Italy may be subject to a foreign asset tax. The taxable amount will be the fair market value of the financial assets (e.g., Shares) assessed at the end of the calendar year. The value of financial assets held abroad must be reported in Form RM of the annual return. Participant should consult Participant's personal tax advisor for additional information on the foreign asset tax.

Mexico

Nature of Grant. The following provisions supplement Section I (Nature of Grant) of this Appendix A:

Acknowledgment of the Grant. In accepting the Restricted Stock Units, Participant acknowledges that Participant has received a copy of the Plan and the Agreement, including this Appendix A, and that Participant has reviewed the Plan and the Agreement, including this Appendix A, in its entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix A. Participant further acknowledges that Participant has read and specifically and expressly approve the terms and conditions of Section I (Nature of Grant) of this Appendix A, in which the following is clearly described and established:

Participant's participation in the Plan does not constitute an acquired right.

The Plan and Participant's participation in the Plan are offered by the Company on a wholly discretionary basis.

Participant's participation in the Plan is voluntary.

Neither the Company nor any Subsidiary or Affiliate is responsible for any decrease in the value of the Restricted Stock Units granted and/or the Shares issued under the Plan.

Securities Law Information. The Restricted Stock Units and the Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to Participant only because of Participant's existing relationship with the Company and the Subsidiary in Mexico that employs Participant, and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Subsidiary in Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Labor Law Acknowledgment and Policy Statement. In accepting the Restricted Stock Units, Participant expressly recognizes that the Company, with registered offices at 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, is solely responsible for the administration of the Plan and that Participant's participation in the Plan and acquisition of shares does not constitute an employment relationship between Participant and the Company since Participant is participating in the Plan on a

wholly commercial basis and Participant's sole employer is EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S de R.L. de CV (each, a "Mexican Subsidiary"). Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that Participant may derive from participation in the Plan do not establish any rights between Participant and Participant's employer, a Mexican Subsidiary, and do not form part of the conditions of Participant's employment and/or benefits provided by such Mexican Subsidiary, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant's employment.

Participant further understands that Participant's participation in the Plan is a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue Participant's participation in the Plan at any time, without any liability to Participant.

Finally, Participant hereby declares that Participant does not reserve to himself or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or any benefits derived from the Plan; therefore, Participant grants a full and broad release to the Company, its shareholders, officers, agents, legal representatives, and subsidiaries with respect to any claim that may arise.

Reconocimiento de la subvención. Al aceptar el fuentes, el participante reconoce que el participante ha recibido una copia del plan y el acuerdo, incluyendo este apéndice a, y que el participante ha revisado el plan y el acuerdo, incluyendo este apéndice a, en su totalidad y comprender y aceptar plenamente todas las disposiciones del plan y del acuerdo, incluido el presente Apéndice A. El participante reconoce además que el participante ha leído y aprobado expresa y explícitamente los términos y condiciones de la sección I (naturaleza de la concesión) del presente apéndice a, en el que se describen y establecen claramente los siguientes:

- (1) la participación del participante en el plan no constituye un derecho adquirido.*
- (2) el plan y la participación del participante en el plan son ofrecidos por la compañía sobre una base totalmente discrecional.*
- (3) la participación del participante en el plan es voluntaria.*
- (4) ni la compañía ni ningún subsidiario o afiliado es responsable de cualquier disminución*

Reconocimiento de la ley laboral y declaración de política. Al aceptar el fuentes, el participante reconoce expresamente que la compañía, con domicilio social en 2366 BERNVILLE Road, Reading, Pennsylvania 19605, Estados Unidos de América, es el único responsable de la administración del plan y que el La participación del participante en el plan y la adquisición de acciones no constituye una relación de empleo entre usted y la empresa, ya que el participante participa en el plan de manera totalmente comercial y el único empleador del participante es EnerSys de México, s.a. de CV, PowerSonic, s.a. de CV o Yecoltd, S de R.L. de CV (cada una, una "filial mexicana"). Basándose en lo anterior, el participante reconoce expresamente que el plan y los beneficios que el participante puede derivar de la participación en el plan no establecen ningún derecho entre el participante y el empleador del participante, una filial mexicana, y no forman parte de las condiciones del empleo del participante y/o los beneficios proporcionados por dicha filial mexicana, y cualquier modificación del plan o su terminación no constituirá un cambio o deterioro de los términos y condiciones del Empleo.

El participante entiende además que la participación del participante en el plan es el resultado de una decisión unilateral y discrecional de la compañía; por lo tanto, la compañía se reserva el derecho absoluto de enmendar y/o suspender la participación del participante en el plan en cualquier momento, sin ninguna responsabilidad para con el participante.

Por último, el participante declara que el participante no se reserva a sí mismo ninguna acción o derecho de presentar reclamación alguna contra la compañía por cualquier indemnización o daño relacionado con cualquier disposición del plan o cualquier beneficio derivado del plan; por lo tanto, el participante otorga una liberación completa y amplia a la compañía, sus accionistas, oficiales, agentes, representantes legales y subsidiarias con respecto a cualquier reclamación que pueda surgir.

Poland

Exchange Control Information. If Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, Participant will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the National Bank of Poland. Further, any transfer of funds in excess of a certain threshold (generally, EUR 15,000) into or out of Poland must be effected through a bank account in Poland. Finally, Participant is required to store all documents connected with any foreign exchange transactions that Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. Polish residents holding foreign securities (e.g., Shares) and/or maintaining accounts abroad are obligated to file quarterly reports with the National Bank of Poland incorporating information on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets held abroad) exceeds PLN 7,000,000. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Singapore

Sale Restriction. Participant expressly agrees that any Shares received upon vesting will not be offered for sale or sold in Singapore prior to the six (6) month anniversary of the Date of Grant, unless such sale or offer is made after pursuant to the exemption under Part XIII Division (1) Subdivision (4) (other than Section 280) of the SFA (Chapter 289, 2006 Ed.) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Securities Law Information. The grant of the Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the SFA and is not made with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore, and hence, statutory liability under the SFA in relation to the content of prospectuses will not apply. Participant should note that the Restricted Stock Units are subject to section 257 of the SFA and Participant will not be able to make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Restricted Stock Units in Singapore, unless such sale or offer is made (a) more than six months after the Date of Grant or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2006 Ed.) or pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Director Notification Obligation. If Participant is a director, alternate director, substitute director or shadow director of the Company's Singapore Subsidiary or Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Subsidiary or Affiliate in writing when Participant receives an interest (e.g., Restricted Stock Units or Shares) in the Company or any Subsidiary or Affiliate. This notification must be made (a) within two (2) business days of acquiring or disposing of any interest in the Company or any

Subsidiary or Affiliate, or becoming a director, associate director or shadow director, whichever occurs last, and (b) upon any change in a previously disclosed interest (e.g., sale of Shares issued upon exercise and settlement of the Restricted Stock Units).

South Africa

Payment of Taxes. The following provision supplements Section 1 (Payment of Taxes) of this Appendix A:

By accepting the Restricted Stock Units, Participant agrees that, immediately upon vesting of the Restricted Stock Units, Participant will notify the Employer of the amount of any taxable income realized. If Participant does not inform the Employer of the taxable income realized at vesting, and the Employer is subject to penalties or interest as a result of not being able to withhold Tax-Related Items, the Employer may recover any such penalty and interest amounts from Participant. In addition, if Participant fails to advise the Employer of the taxable income realized, Participant may be liable for a fine.

Securities Law Information. The grant of the Restricted Stock Units and the Shares issued pursuant to the vesting of the Restricted Stock Units are considered a small offering under Section 96 of the South Africa Companies Act, 2008 (Act No. 71 of 2008).

Exchange Control Information. If Participant is a resident of South Africa, the Restricted Stock Units may be subject to exchange control regulations in South Africa. In particular, Participant may be required to obtain approval from the South African Reserve Bank for payments (including Shares received or cash payments made pursuant to the Restricted Stock Units) that Participant receives into accounts based outside of South Africa (e.g., a U.S. brokerage account). Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Sweden

Authorization to Withhold. The following provision supplements Section 1 (Payment of Taxes) of this Appendix A:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Agreement, by accepting the Restricted Stock Units, Participant authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to Participant upon exercise to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items, provided that such withholding would not, in the Company's determination, result in adverse accounting consequences to the Company.

Switzerland

Securities Law Information. The Restricted Stock Units are not intended to be publicly offered in or from Switzerland. Because the offer of the Restricted Stock Units is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Restricted Stock Units or the Plan (a) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (b) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or Employer or (c) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

United Arab Emirates

Securities Law Information. The Plan is only being offered to qualified Employees and is in the nature of providing equity incentives to employees of the Company's Subsidiary in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Employees and must not be delivered to, or relied on by, any other person. Participant should conduct Participant's own due diligence on the Restricted Stock Units being granted pursuant to the Agreement. If Participant does not understand the contents of the Plan and/or the Agreement, Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority and the Dubai Financial Services Authority have no responsibility for reviewing or verifying any documents in connection with the Plan. Further, the Ministry of the Economy and the Dubai Department of Economic Development have not approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

United Kingdom

Restricted Stock Units Payable Only in Shares. Notwithstanding anything in the Agreement or the Plan to the contrary, Participant's Restricted Stock Units shall be settled in Shares only (and many not be settled in cash).

Tax Withholding. The following provision supplements Section I (Payment of Taxes) of this Appendix A:

Participant expressly agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer and/or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on Participant's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act) and the indemnification of the Company and the Employer is viewed as a loan, Participant will be ineligible for such a loan to cover income tax. In the event that Participant is a director or executive officer and income taxes are not collected from or paid by Participant within ninety (90) days after the end of the tax year in which the event giving rise to the income tax obligation arose, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("NICs") may be payable. Participant acknowledges that Participant will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer (as applicable) for any employee NICs due on this additional benefit which may be recovered from Participant by the Company or the Employer at any time thereafter by any of the means referred to herein.

**Certification of Principal Executive Officer
Pursuant To Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act Of 1934**

I, David M. Shaffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnerSys;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ David M. Shaffer

David M. Shaffer
Chief Executive Officer

Date: August 7, 2024

**Certification of Principal Financial Officer
Pursuant To Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act Of 1934**

I, Andrea J. Funk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnerSys;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Andrea J. Funk

Andrea J. Funk
Chief Financial Officer

Date: August 7, 2024

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18. U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of EnerSys on Form 10-Q for the quarterly period ended June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of EnerSys.

By /s/ David M. Shaffer
David M. Shaffer
Chief Executive Officer

By /s/ Andrea J. Funk
Andrea J. Funk
Chief Financial Officer

Date: August 7, 2024