

Q&A at the Conference on Financial Results for FY2022

Question	Answer
<p>Q1: In Aerospace business, why do you expect the orders received in FY2023 to increase significantly from the previous fiscal year? *FY22: 253.9 billion yen - > FY23: 410 billion yen</p>	<p>A1: This will be mainly due to the expected increase in orders received for the Ministry of Defense (such as P-1 Maritime Patrol Aircraft and C-2 Transport Aircraft).</p>
<p>Q2: In Aerospace Systems, why do you expect the revenue in FY2023 to increase significantly from the previous fiscal year, while business profit will increase only modestly? *FY22: Revenue of 348.8 billion yen and business profit of 17.8 billion yen FY23: Revenue of 440 billion yen, business profit of 24 billion yen</p>	<p>A2: The main reasons are:</p> <ul style="list-style-type: none"> • In Aerospace business, <ol style="list-style-type: none"> 1) to expect a significant increase in revenue for the Ministry of Defense (It should be noted that the plan does not factor in margin improvements for defense equipment as recently reported.) 2) Lower profit margins compared to the previous fiscal year due to changes in contracts with a partner for specific projects • In Aero Engine business, business profit increase is expected due to higher revenue, but the product mix will deteriorate due to an increase in the sales volume of unprofitable aero engines. * <p>*Commercial aircraft engines are a business that generates significant profit from aftersales, with increased engine sales reducing profitability</p>
<p>Q3: In Energy Solution & Marine Engineering, why did the business profit in FY2022 (3.9 billion yen) fall below the previously announced figure of 5.5 billion yen?</p>	<p>A3: This was mainly due to the fact that a certain environmental project in Plant Engineering business was less profitable than at the time of the estimate and a provision for loss on construction orders was posted.</p>
<p>Q4: In Powersports & Engine, why is the business profit forecast for FY2023 down 24.5 billion yen from the previous fiscal year? *FY22: 71.5 billion yen - > FY23: 47 billion yen</p>	<p>A4: The main reasons are:</p> <ul style="list-style-type: none"> • Because the yen is assumed to be stronger than in the previous fiscal year *Weighted-average Exchange Rate (USD/JPY) FY22: 133.96 FY23: 130.00 (EUR/JPY) FY22: 141.38 FY23: 140.00 • While sales are expected to continue to be strong, certain sales promotion expenses are expected to be necessary as the supply chain problem has been resolved and the market inventory for the entire industry has been satisfied. • due to expected increase in fixed costs associated with investment to strengthen production of off-road four-wheelers for North America