

Q&A for Fiscal 2023 Q4 Results Briefing

1. What is the outlook for the civil aero engines business?

- While earnings should benefit from expanded spare parts sales from a recovery in aviation demand, higher shipments of new PW1100G engines than in the previous year and the start of GE9X shipments will probably reduce profitability.
- At the same time, greater defense- and space-related business sales should boost earnings.
- Together, these revenue changes should contribute 13 billion yen to operating profit.

2. How has the additional inspection program for the PW1100G-JM engine progressed and what is the outlook for it?

- Overall losses for this engine program are unchanged from the level announced in the second quarter of fiscal 2023. Apart from foreign exchange impact, our share in losses has stayed the same. We booked a one-time charge for our losses in fiscal 2023.
- We project cash outflows in fiscal 2024 and beyond. They should reach around 50 billion yen each in fiscal 2024 and 2025.

3. What steps have you taken to improve operating cash flows?

- In the civil aero engines business, we significantly increased trade receivables and inventories partly in response to unstable supply chain conditions. Another measure has been cash outflow rises for the PW1100G-JM engine that we mentioned previously.
- It is in that context that we will pursue steady improvements, such as by ensuring payments to us, optimizing disbursement timings, and maintaining appropriate inventory levels while accelerating efforts to transform our cash structure.
- We are also exploring such measures as selling fixed assets and revising our timing for 50 billion yen in expenditures out of total investment allocations of 500 billion yen under Group Management Policies 2023.

4. What is the outlook for the Resources, Energy and Environment business?

- We do not expect major downturns in the profitability of large projects.
- With demand for coal-fired boilers declining, the revenue focus is shifting to after-sales services and other lifecycle businesses.
- Against this backdrop, we should maintain stable earnings by engaging in high-quality lifecycle businesses, with sophisticated maintenance, operational support, and fuel conversions being prime examples, while boosting profit margins by expanding ammonia-related development-focus businesses.

5. What is your stance on improper alterations made to test operation records for marine and land-use engines?

- Such actions betrayed the trust of every stakeholder. We take this matter very seriously.

- We launched an expert-led special investigation committee on May 1. Investigation, including hearings with relevant parties, is underway. We will report findings from this probe and measures to prevent recurrence as soon as possible.
- We are assessing the impact on operating results. While we have no updates to share at this moment, we will promptly disclose any expected impacts as they come to hand.