

Q&A for Fiscal 2024 Q1 Results Briefing

1. What is the situation with the civil aero engines business?

- Robust air travel demand boosted spare parts sales, driving a surge in operating profit, which exceeded management's forecast by 5~6 billion yen.
- While the costs of the PW1100G additional inspection program are nominally unchanged, the negative impact of the yen's depreciation was 9.8 billion yen. After excluding that impact, there would have been an upward revision of 15~16 billion yen.
- Lower aftermarket costs than expected in the first quarter contributed to earnings gains. We will keep close tabs on trends for the civil aero-engines business, including changes in aftermarket expenses and production volume changes for new engines, to determine their impact on our outlook.
- We do not expect forex rates to significantly affect performance this fiscal year. In view of costs for additional inspections for the PW1100G-JM engine program, a one-yen appreciation against the dollar would add around one billion yen to operating profit. On the other hand, after factoring those costs out, the same appreciation from the second quarter would cut operating profit by one billion yen.

2. How have you progressed with cost structure reforms?

- We plan savings of 10.7 billion yen this fiscal year, with 6 billion yen of that coming from our Aero Engine, Space & Defense business.
- In the first quarter, we delivered steady improvements in the Aero Engine, Space & Defense business while making progress in the Social Infrastructure business, achieving improvements by boosting contract payments.
- While deteriorating profitability in vehicular turbochargers is hampering our Industrial Systems & General-Purpose Machinery business, we aim to enhance profitability in that segment by securing orders that reflect higher materials and equipment prices.

3. How has your vehicular supercharger business performed?

- We are negotiating with several manufacturers to increase prices, although some of those discussions have been challenging, affecting our first-quarter results. We will keep pushing forward with negotiations.

4. Tell us about your structural reform expenses.

- We have yet to finalize restructuring costs included in our plans.