

Q&A for Fiscal 2021 First-Quarter Results Teleconference

- 1. How did your Civil aero engines business perform, and what is the outlook?**
 - Passenger traffic on domestic routes in some regions is recovering, primarily in North America. A recovery in spare parts sales is progressing for such engine models as the V2500 and CF34.
 - We have improved unit profitability through cost-cutting and other measures.
 - We will carefully evaluate developments, as it is unclear how far demand will recover. Still, near-term results are exceeding our targets.

- 2. How are semiconductor supply shortages affecting your vehicular turbocharger business?**
 - We need to keep close tabs on trends. The earnings impact is limited at this juncture. We expect to reach the results forecasts that we set at the start of this year.

- 3. What's the situation with ammonia co-firing?**
 - We have started trial operations of ammonia co-firing at a thermal power plant. We hope that these operations go as planned and lead to orders.

- 4. What is the outlook for your planned asset sales?**
 - We are preparing to complete the initially planned scale of sales by the end of this fiscal year.

- 5. What's your take on operating cash flow becoming positive in the first quarter?**
 - Collections of payments for construction work at the end of a fiscal year normally concentrate in the first quarter of the subsequent year, so outstanding working capital tends to decline.
 - In recent years, operating cash flow has been negative in the first quarter owing to such factors as inventory increases (it was positive for the first time in four years in the first quarter of fiscal 2021).
 - Our first-quarter performance this fiscal year benefited from improving payment terms and from other efforts to enhance the cash conversion cycle.