

Q&A at the Conference on Financial Results for Q3 FY2021

Q	A
<p>Q1 : In Aerospace Systems, is there any possibility that the FY2021 plan will not be achieved due to a decrease in flight demand as a result of the spread of the Omicron variant and low production rate for Boeing 787s?</p>	<p>A1 : We do not believe that it is necessary to revise our forecasts of net sales and operating profit for FY2021 at this time, because these risks are within the assumed range.</p>
<p>Q2 : Is there any risk of recording an impairment loss on commercial aircraft manufacturing facilities?</p>	<p>A2 : We do not assume that at this time.</p>
<p>Q3: Why did operating profit in FY2021 Q3 for Rolling Stock improve from the same period of the previous year (from ¥-1.3 billion to ¥2.5 billion)?</p>	<p>A3 : In FY2020, profitability in North America business declined due to plant shutdowns and customer acceptance delays resulting from the spread of the COVID-19. In FY2021, in addition to steady production and delivery as the situation subsided, sales of the parts services and maintenance increased, contributing to profitability.</p>
<p>Q4 : What is the latest situation regarding the derailment incident of Washington Metropolitan Area Transit Authority in October last year?</p>	<p>A4 : We have been participating in the investigation conducted by National Transportation Safety Board. At this time, the cause of the incident has not been determined, and no issues have been discovered that could be attributable to us.</p>
<p>Q5 : In Rolling Stock, how likely is it that the FY2021 operating profit plan (3 billion yen) will be successfully achieved?</p>	<p>A5 : In North America business, various production improvement activities are being carried out by a company-wide task force, and the risk of missing the FY 2021 plan is not significant.</p>
<p>Q6 : What are the prospects for shipbuilding joint ventures in China that recorded losses?</p>	<p>A6 : The rise in steel prices and the appreciation of yuan to dollar, which contributed to the losses, are settling down.</p>
<p>Q7 : In Precision Machinery & Robot, why did you revise down the forecast of operating profit in FY2021 from 19 billion yen to 16 billion yen for FY2021?</p>	<p>A7 : In Hydraulic Components & Systems business, demand for construction machinery in China is on a downward trend. In addition, in Robotics business, costs are expected to deteriorate due to semiconductor shortages and logistics disruptions.</p>

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<p>Q8: What is the progress of “hinotori”, a robotic assisted surgical system in Mediaroid?</p>	<p>A8 : Although the introduction of “hinotori” is slightly behind the initial forecast due to the impact of the COVID-19, its introduction is generally progressing smoothly, with more than 100 surgeries operated.</p> <p>In October 2021, in addition to the urology department that is currently certified as a clinical department, we applied for an extension of the department to gastrointestinal surgery and gynecology. If this application is approved, it will be available in more facilities and surgical procedures.</p>
<p>Q9 : In Motorcycle & Engine, why did operating profit margin in FY2021 Q3 (Oct.-Dec.) improved from Q2 (Jun.-Sep.), and why is the margin expected to deteriorate again in Q4 (Jan.-Mar.)? ※OPM <u>13.0%</u>(Q1)→<u>4.0%</u>(Q2)→<u>10.8%</u>(Q3)→<u>7.9%</u>(Q4 FCST)</p>	<p>A9 : Profitability improved in 3Q due to an improvement in semiconductor shortage, a decrease in sales promotion expenses due to strong demand, and price revisions.</p> <p>The Q4 plan incorporates the risk of a decline in operations due to the spread of the COVID-19 Omicron variant, in addition to semiconductor shortages, logistics disruptions, and high raw material prices.</p>
<p>Q10 : In Motorcycle & Engine, why did you revise down the forecast of net sales in FY2021 for Utility Vehicles, ATV's & PWC from 11.2 billion yen to 10.2 billion yen?</p>	<p>A10 : Production delays due to semiconductor shortages and logistics disruptions are expected.</p>
<p>Q11 : Why did you revise up the forecast of operating profit in FY2021 for "Elimination and corporate" from - 7.0 billion yen to - 4.0 billion yen?</p>	<p>A11 : Costs for investments related to digital transformation (DX) and cyber securities were calculated more precisely, and costs for coping with risks arising from changes in the external environment decreased.</p>
<p>Q12 : What is the results and forecasts of automated PCR viral testing service business?</p>	<p>A12 : Although net sales increased along with an increase in the number of testing, the contribution to operating profit was not significant.</p> <p>We will continue to utilize this business to recover the movement of people.</p>