

Q&A at the Conference on Financial Results for Q1 FY2022

Question	Answer
<p>Q1: Considering the impact of depreciation of the yen, is not the upward revision of ¥3 billion for business profit forecast in FY2022 slightly conservative? *Forecast in May: ¥53 billion - > Forecast in August: ¥56 billion</p>	<p>A1: Despite the significant profit increase resulting from the depreciation of the yen, the business profit was only revised upward by ¥3 billion due to a decrease in demand for hydraulic components in China, as well as an increase in raw material prices and logistics costs that can not be passed on to the market.</p>
<p>Q2: In Aerospace business, sales of Boeing 787 aircraft were 0 in Q1 FY2022, but what is your outlook for Q2 and beyond?</p>	<p>A2: Boeing resumed 787 deliveries to airlines on August 10, 2022. Our company's revenue is expected to be recorded in the second half or later, but we cannot comment on the details.</p>
<p>Q3: Why did you revise downward your FY2022 revenue forecast for the general-purpose engine business? *Forecast in May: ¥90 billion - > Forecast in August: ¥83 billion</p>	<p>A3: This is because the supply of our products has been affected by the shortage of personnel and various parts resulting from the booming economy in the United States.</p>
<p>Q4: In Hydraulic components business, to what extent will the slowdown in the Chinese construction equipment market affect the business profit forecast for FY2022?</p>	<p>A4: From the forecast in May, we have added the impact of weak demand for construction machinery in China of about ¥-3 billion to ¥-4 billion to the business profit forecast.</p>
<p>Q5: How do you anticipate a peak-out of the market for Motorcycles and Engines, which has expanded rapidly due to the pandemic?</p>	<p>A5: We cannot predict when it will peak out, but demand is still very strong and shows no signs of slowing down at this time. In FY2022, we expect to increase revenue through steady production and wholesale to meet low levels of inventory in the market due to high demand.</p>
<p>Q6: In four-wheeler and PWC business, why is the revenue significantly higher in FY2022 than in FY2021? *FY2021 revenue: ¥108.8 billion FY2022 revenue forecast: ¥149 billion</p>	<p>A6: The main factors were increases in unit sales and changes in sales prices in response to increases in raw material and logistics costs, as well as changes in the exchange rate assumptions. In four-wheeler business, we also expect revenue of the new TERYX KRX 4 1000 * launched in June 2022 to increase. *For details, please refer to page 36 on the financial results presentation material for Q1 FY2022.</p>

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<p>Q7: In four-wheeler and PWC business, although the unit sales declined YOY, revenue is planned to increase significantly for FY2022. How likely are you to achieve your plan?</p> <p>*Unit Sales in Q1 FY2021: 17 thousand units Unit Sales in Q1 FY2022: 16 thousand units *FY2021 revenue: ¥108.8 billion FY2022 revenue forecast: ¥149 billion</p>	<p>A7: In Q1 FY2022, we were unable to produce enough products due to difficulties in procuring components, resulting in sluggish sales. However, we believe that our full-year plan is achievable because we expect the current component procurement difficulties to ease somewhat in Q2 and beyond.</p>