

Q&A at the Conference on Financial Results for Q1 FY2025

No.	Question	Answer
1	<p>Regarding Aerospace Systems, what were the reasons for the low business profit in Q1, and what are your expectations for profit from Q2 onward?</p> <p>(Reference) Aerospace Systems Business Profit Q1 Actual: ¥0.8 billion Full-year Forecast: ¥56.0 billion</p>	<p>The main reasons for the low Q1 business profit are:</p> <ul style="list-style-type: none"> - Reaction to concentrated sales to Boeing in Q4 FY2024 - Increase in shipments of newly manufactured engines※ <p>These factors were anticipated and incorporated into our initial plan. From Q2 onward, we expect solid profit growth driven by increased sales to Boeing, higher operating hours revenue from aircraft engines, and seasonal growth in defense-related sales.</p> <p>※Commercial aircraft engines are a business that generates significant profit from aftersales, with increased engine sales reducing profitability</p>
2	What are the reasons for the upward revision of full-year business profit forecast for ES&M?	Mainly due to strong performance in the Energy segment (gas turbines and gas engines) and the dissolution of risk-related reserves.
3	The full-year business profit forecast for PS&E was significantly revised downward. Have you sufficiently factored in demand risks?	Yes. We have assumed a YoY decline in U.S. powersports demand: -5% for H1 and -15% for H2, and incorporated corresponding risks into our forecast.
4	When did you start implementing price adjustments in response to U.S. tariff policies, and what is the expected scale?	<p>Price adjustments began in June. Of the ¥15.7 billion estimated annual tariff cost increase for PS&E, we plan to offset approximately one-third through price adjustments.</p> <p>(Reference) Our U.S. operations import completed vehicles (all motorcycles and some off-road four-wheelers) and parts from Japan and other countries, resulting in increased tariff costs. However,</p>

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		exports from Mexico to the U.S. are not affected due to USMCA compliance.
5	Please update us on the progress of PS&E's U.S. retail finance business.	We are currently obtaining approvals in each state. Full-scale operations are expected to begin this summer in some states.
6	The Australian government announced plans to upgrade the capabilities of Japan's "Mogami"-class frigates. What impact will this have on your company?	We refrain from commenting as we are not the prime contractor for this project. However, we are involved in the supply of the main engines for the "Mogami"-class frigates.