

May 28, 2024

Remarks by the President at the 24th General Assembly Meeting

Masatoshi Kimata
President
Japan Land Engine Manufactures Association

Thank you very much for attending today despite of your busy schedule.

We would also like to express our gratitude for your continued support and cooperation in the management of the Association. I would like to say a few words on the 24th General Assembly Meeting.

LEMA was established on May 1, 1948, and last year marked 75 years. In this milestone year, the association's office was relocated at the end of January from an aging building that was 61 years old. With the relocation of the office, this fiscal year will mark a new start for the Association. LEMA has been a general incorporated association since 2012, and I would like to express my sincere gratitude to all the members for your efforts in contributing to the development of the industry. It is a great pleasure for me to meet with many of you today at the milestone year's General Assembly Meeting. Thank you very much for attending.

About the economic situation, the Japanese government's April Monthly Economic Report states that "Concerning short-term prospects, the economy is expected to continue recovering at a moderate pace with the improving employment and income situation, supported by the effects of the policies. However, slowing down of overseas economies is downside risk of the Japanese economy, including the effects of global monetary tightening and the concern about the prospect of the Chinese economy. Also, full attention should be given to price increases, the situation in the Middle East and fluctuations in the financial and capital markets. In addition, full attention should be given to the economic impact of the 2024 Noto Peninsula Earthquake." and it seems that the unpredictable situation remains unchanged.

Next, as for the production status of the land internal combustion engines that we handle, the annual production figures for fiscal year 2023 announced on April 1 this year for the land engines in domestic production figures of gasoline engines, diesel engines and gas engines all decreased, and the total is expected to decrease for two consecutive years to 3,065,000 units, 86.5% of the previous year. In overseas production, although diesel and gas engines increased compared to the previous fiscal year, gasoline engines decreased by 2 million units, a significant decrease of 74.7% of the previous fiscal year. Overall production is expected to decrease for two consecutive years to

6,481,000 units, 76.1% of the previous fiscal year. As a result, total production in domestic and overseas is expected to fall below 10 million units for the first time since overseas production statistics began in 1999, to 9,546,000 units, 79.2% of the previous year. As the industry strives to become carbon neutral, gasoline engines, in particular, have brought about significant changes.

Next, regarding the outlook for fiscal year 2024, domestic production will increase in gasoline engines and gas engines, but will decrease in diesel engines, resulting in a total of 3.01 million engines, 98.2% of the previous year. It is expected to decrease for three consecutive years. On the other hand, overseas production decreased for all of gasoline, diesel and gas engines, resulting in a total of 6,138,000 units, 94.7% of the previous year. As a result, the combined production volume in domestic and overseas will be 9,149,000 units, 95.8% of the previous year, and will be falling below 10 million units for two consecutive years.

Next, I would like to introduce the main activities of LEMA in fiscal year 2024.

The first is about carbon neutrality.

Energy reform measures to achieve carbon neutrality by 2050 are being discussed in many occasions. In consultation with the ministries and related organizations, we published the "Carbon Neutrality Scenario in Internal Combustion Engines" in 2021 and updated it in 2022 and 2023. This year, we plan to continue discussions and release the 2024 edition.

The second is a project to study the utilization of assets for sale of LEMA's old building and land after the office relocation.

With fiscal year 2024 as a new start for LEMA, we will review and consider further expansion of its operations. This is also the content of the agenda for this general meeting. I would like for your consideration.

In closing, I would like to conclude my remarks by wishing the continued success and development of the members and the good health of the attendees.

Thank you for your attendance today.