

**Financial Results for the Three Months Ended June 30, 2020**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

July 31, 2020

NTN Corporation  
 Security Code: 6472  
 Listings: Tokyo Stock Exchanges  
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Scheduled commencement date of dividend payment: —

Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

1. Consolidated Financial Results for the three months ended June 30, 2020  
 (April 1, 2020 to June 30, 2020)

(Amounts rounded down to the nearest million yen)

(1) Operating Results (Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2020	91,929	-46.5	-9,715	—	-9,799	—	-12,126	—
Three months ended June 30, 2019	171,684	-9.3	3,128	-68.5	2,603	-68.8	2,396	-59.4

Note: comprehensive income: Three months ended June 30, 2020: -8,154 million yen (-%)  
 Three months ended June 30, 2019: -4,639 million yen (-%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2020	-22.83	—
Three months ended June 30, 2019	4.51	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three months ended June 30, 2020	749,825	160,224	19.7
Year ended March 31, 2020	757,822	168,378	20.6

Note: Shareholders' equity Three months ended June 30, 2020 : 147,805 million yen  
 Year ended March 31, 2020 : 156,157 million yen

2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	Yen	yen	yen	yen	yen
Year ended March 31, 2020	—	5.00	—	0.00	5.00
Year ending March 31, 2021	—				
Year ending March 31, 2021 (forecast)		0.00	—	0.00	0.00

Notes: Adjustment from the previously published forecast of dividends: Yes  
 Please refer to "Notice Regarding Earnings Forecast and Dividend Forecast" issued on June 30, 2020.

### 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
First half (cumulative)	234,000	-30.1	-18,000	—	-20,000	—	-26,500	—	-49.89
Full year	540,000	-17.2	-20,000	—	-25,000	—	-33,000	—	-62.13

Notes: Adjustment from the previously published forecast of earnings: Yes  
Please refer to "Notice Regarding Revised Dividend Forecast" issued on June 30, 2020.

#### \* Notes to consolidated financial statements

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Adopted

(Note) For further details, refer to "(4) Notes to Consolidated Financial Statements" (Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements) in "2.Consolidated Financial Statements for the Three Months" on page 10 of Attached Documents.

(3) Changes in accounting principles and accounting estimates and retrospective restatement

- 1) Changes in accounting principles due to amendment to accounting standards: None
- 2) Changes other than above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Three months ended June 30, 2020: 532,463,527 shares  
Year ended March 31, 2020: 532,463,527 shares

2) Number of treasury stock at end of the period:

Three months ended June 30, 2020: 1,315,056 shares  
Year ended March 31, 2020: 1,314,946 shares

3) Average number of shares outstanding during the quarter:

Three months ended June 30, 2020: 531,148,535 shares  
Three months ended June 30, 2019: 531,143,537 shares

\* This financial results report for the first quarter is exempt from quarterly review.

#### \* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein.

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## 1. Qualitative Information of Consolidated Financial Statements for the Three months ended June 30, 2020

### (1) Explanation regarding Consolidated Operating Results

During the first quarter year under review (April 1, 2020 to June 30, 2020), the Japanese economy remained extremely severe due to a decrease in consumption and production caused by the spread of the new coronavirus infectious disease. Overseas, economies in U.S, Europe, Asia and other emerging countries continued to face extremely severe conditions due to significant restrictions on economic activities caused by lockdowns. The Chinese economy continued to recover partly due to the resumption of economic activities at an early stage.

Under these circumstances, NTN has set FY2020 as the “Crisis Response Period,” and we will thoroughly implement prevention measures to “ensure the health and safety of our employees.” At the same time, we will focus on “securing business funds and business continuity” under emergencies while preparing for future growth.

Net sales for the first quarter of consolidated drastically decreased and amounted to 91,929 million yen (down 46.5% year on year) due to the severe business environment affected by new coronavirus infection. Regarding profit and loss, operating loss was 9,715 million yen (income of 3,128 million yen in the same period of the previous fiscal year), ordinary loss was 9,799 million yen (income of 2,603 million yen in the same period of the previous fiscal year), and net loss attributable to shareholder (parent company) was 12,126 million yen (net income attributable to shareholder (parent company) of 2,396 million yen in the same period of the previous fiscal year).

Operating results by reporting segment (company location) were as follows:

#### (1) Japan

Sales in the aftermarket applications decreased in industrial machinery aftermarket. Sales in the industrial machinery applications decreased in construction machinery applications and sales in automotive applications decreased due to decreased customer demand and other factors. As a result, net sales decreased significantly and amounted to 52,409 million yen (down 37.8% year on year). Despite a decrease in fixed cost, segment loss was 5,137 million yen (income of 385 million yen in the same period of the previous fiscal year) due to a decline in sales volume and other factors.

#### (2) Americas

Sales in the aftermarket applications decreased in industrial machinery and automotive aftermarket. Sales in industrial machinery applications decreased in construction machinery and wind turbines. Sales in automotive applications also decreased due to decreased customer demand. As a result, net sales decreased significantly and amounted to 18,970 million yen (down 59.7% year on year). Despite a decrease in fixed cost and other factors, segment loss was 2,929 million yen (income of 21 million yen in the same period of the previous fiscal year) due to a decline in sales volume and other factors.

#### (3) Europe

Sales in the aftermarket applications decreased in industrial machinery and automotive aftermarket. Sales in industrial machinery applications decreased in sales of aircrafts and gearboxes. Sales in automotive applications decreased due to decreased customer demand. As a result, net sales decreased significantly and amounted to 19,908 million yen (down 53.3% year on year). Despite a decrease in fixed cost, segment loss was of 2,980 million yen (income of 105 million in the same period of the previous fiscal year) due to a decrease in sales volume and other factors.

#### (4) Asia and other areas

Sales in the aftermarket applications decreased in industrial machinery and automotive aftermarket. Sales in industrial machinery applications increased in wind turbines, however sales in automotive applications decreased mainly due to decreased customer demand. As a result, net sales decreased significantly and amounted to 25,126 million yen (down 28.2% year on year). Despite a decrease in fixed cost and other factors, segment income was 1,188 million yen (down 58.7% year on year) due to a decrease in sales volume and other factors.

Operating results by business sector were as follows.

(1) Aftermarket applications

Due to a decrease in customer demand and other factors, net sales decreased significantly and amounted to 19,552 million yen (down 30.7% year on year). Despite a decline in fixed cost, operating income was 755 million yen (down 77.3% year on year) due to a decrease in sales volume and other factors.

(2) Industrial machinery applications

Net sales decreased significantly and amounted to 22,637 million yen (down 19.6% year on year) due to decreased sales of construction machinery and aircraft. Despite a decrease in fixed cost and other factors, operating loss amounted to 853 billion yen (operating loss of 317 million yen in the same period of the previous fiscal year) due to a decline in sales volume and other factor.

(3) Automotive applications

Due to a decrease in customer demand because of the shutdown and other factors, net sales decreased significantly and amounted to 49,739 million yen (down 56.9% year on year). Despite a decrease in fixed cost, operating loss was 9,618 million yen (operating income of 121 million yen in the same period of the previous fiscal year) due to a decrease in sales volume and other factors.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Current assets decreased 9,695 million yen (down 2.4%) from the previous consolidated fiscal year end to 396,104 million yen. This is mainly due to a decrease of 21,111 million yen in notes and accounts receivable-trade and an increase of 10,267 million yen in cash and bank deposits. Fixed assets increased 1,699 million yen (up 0.5%) from the previous consolidated fiscal year end to 353,721 million yen. This is mainly due to an increase of 1,778 million yen in investment securities. As a result, total assets increased 7,997 million yen (down 1.1%) from the previous consolidated fiscal year end to 749,825 million yen.

Current liabilities decreased 25,222 million yen (down 8.8%) from the previous consolidated fiscal year end to 261,741 million yen. This is mainly due to a decrease of 13,933 million yen in notes and accounts payable-trade, and decrease of 11,056 million yen in electronically-recorded monetary claims. Long-term liabilities increased 25,380 million yen (up 8.4%) from the previous consolidated fiscal year end to 327,859 million yen. This is mainly due to an increase of 25,891 million yen in long-term loans. As a result, total liabilities increased 158 million yen (0.0%) end to 589,601 million yen compared to the end of the previous consolidated.

Total net assets decreased 8,154 million yen (down 4.8%) from the previous consolidated fiscal year end to 160,224 million yen. This is mainly due to a decrease of 12,127 million yen decrease in retained earnings, an increase of 1,854 million yen in other valuation difference on securities, and an increase of 1,676 million yen increase in translation adjustment.

(Cash flows)

Net cash provided by operating activities was 10,971 million yen (income of 13,177 million yen in the same period of the previous fiscal year). This was mainly due to the proceeds of 8,293 million yen of depreciation and amortization, net loss before income taxes of 11,390 million yen and an increase of 8,599 million yen in inventories.

Net cash used in investing activities was 8,911 million yen (3,554 million yen in the same period of the previous fiscal year, down 28.5%). This was mainly due to the expense of 5,363 million yen of tangible fixed assets and 2,414 million yen of intangible fixed assets.

Net cash provided by financing activities was 28,322 million yen (expense of 731 million yen in the same period of the previous fiscal year). This was mainly due to the proceed of 45,964 million yen of long-term loans and the expense of 14,537 million yen of long-term loans and net decrease of 2,755 million yen of short-term loans.

After adding an increase of 603 million yen of translation adjustments, cash and cash equivalents at the end of the first quarter of the fiscal year under review was 80,209 million yen, an increase of 9,043 million yen (up 12.7%) from the end of the previous consolidated fiscal year.

## 2. Consolidated Financial Statements for the Three Months

### (1) Balance Sheets

	(In million yen)	
	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and bank deposits	77,568	87,835
Notes and accounts receivable-trade	103,371	82,260
Electronically-recorded monetary claims	4,787	3,942
Finished goods & purchased goods	96,616	100,917
Work in process	48,927	52,203
Raw materials and supplies	37,379	39,665
Short-term loans receivable	2,651	2,651
Other	35,557	27,755
Allowance for doubtful accounts	-1,061	-1,128
Total current assets	405,799	396,104
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	84,319	83,721
Machinery, equipment and vehicles, net	108,352	110,755
Other, net	69,971	67,301
Total property, plant and equipment	262,643	261,778
Intangible fixed assets	37,430	39,144
Investments and other assets		
Investment securities	41,784	43,562
Deferred tax assets	6,035	5,434
Other	4,340	4,012
Allowance for doubtful accounts	-213	-211
Total investments and other assets	51,948	52,797
Total fixed assets	352,022	353,721
Total assets	757,822	749,825

(In million yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	48,675	34,742
Electronically-recorded monetary claims	68,684	57,628
Short-term loans	117,276	120,446
Accrued income taxes	1,827	1,679
Accrued bonuses for directors and statutory auditors	43	34
Other	50,455	47,210
Total current liabilities	286,963	261,741
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	215,140	241,031
Reserve for product defect compensation	1,118	997
Liabilities for retirement benefits	46,726	46,589
Other	9,494	9,241
Total long-term liabilities	302,479	327,859
Total liabilities	589,443	589,601
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,970	67,970
Retained earnings	62,138	50,011
Treasury stock	-787	-787
Total shareholders' equity	183,668	171,541
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	5,094	6,948
Translation adjustments	-19,998	-18,322
Accrued retirement benefits adjustments	-12,607	-12,362
Total accumulated other comprehensive income	-27,511	-23,736
Non-controlling shareholders' equity	12,221	12,418
Total net assets	168,378	160,224
Total liabilities and net assets	757,822	749,825

(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income  
(Consolidated Income Statements)

(In million yen)

	Three months ended June 30, 2019 <small>(April 1, 2019 – June 30, 2019)</small>	Three months ended June 30, 2020 <small>(April 1, 2020 – June 30, 2020)</small>
Net sales	171,684	91,929
Cost of sales	143,201	81,469
Gross profit	28,482	10,459
Selling, general and administrative expenses	25,353	20,175
Operating income/loss (-)	3,128	-9,715
Non-operating income		
Interest income	218	224
Dividend income	624	330
Equity in earnings of unconsolidated subsidiaries	60	—
Foreign exchange gains	—	759
Derivative transaction gains	505	—
Other	687	678
Total non-operating income	2,096	1,992
Non-operating expenses		
Interest expenses	1,069	840
Equity in loss of non-consolidated subsidiaries	—	20
Derivative transaction losses	—	705
Foreign exchange losses	874	—
Other	678	509
Total non-operating expenses	2,622	2,076
Ordinary income/loss (-)	2,603	-9,799
Extraordinary income		
Proceeds from subsidy	—	<sup>*1</sup> 1,736
Total extraordinary income	—	1,736
Extraordinary losses		
Special factory operating loss	—	<sup>*2</sup> 3,327
Total extraordinary losses	—	3,327
Income/loss (-) before income taxes and equity in earnings of affiliated companies	2,603	-11,390
Income and other taxes	240	576
Net income/loss (-)	2,363	-11,967
Net income/loss (-) attributable to shareholder (non-controlling shareholder)	-33	159
Net income/loss (-) attributable to shareholder (parent company)	2,396	-12,126



(Consolidated Statement of Comprehensive Income)

(In million yen)

	Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020– June 30, 2020)
Net income/loss (-)	2,363	-11,967
Other comprehensive income		
Net unrealized holding gain on other securities	-1,269	1,854
Translation adjustments	-5,836	2,249
Accrued retirement benefits adjustments	129	233
Equity in equity-method affiliates	-26	-524
Total other comprehensive income	-7,002	3,812
Comprehensive income	-4,639	-8,154
(breakdown)		
Comprehensive income attributable to owners of parent company	-3,954	-8,352
Comprehensive income related to non-controlling shareholders	-685	197

### (3) Statements of Cash Flows

(In million yen)

	Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)
<b>Net cash provided by operating activities</b>		
Income/loss (-) before income taxes and equity in earnings of affiliated companies	2,603	-11,390
Depreciation and amortization	9,163	8,293
Proceeds from subsidy	—	-1,736
Special factory operating loss	—	3,327
Increase/decrease (-) in allowance for doubtful accounts	-29	47
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditor	-115	-8
Increase/decrease (-) in reserve for product defect compensation	-17	-120
Increase/decrease (-) in liabilities in retirement benefits	563	-7
Interest and dividend income	-843	-554
Interest expenses	1,069	840
Foreign currency translation adjustments / foreign exchange losses/gains (-)	439	-874
Loss or gain (-) on derivative transactions	-505	705
Equity in earnings (-) /loss of non-consolidated subsidiaries	-60	20
Decrease (-) / increase in trade receivables	5,599	22,505
Decrease (-) / increase in inventories	-5,768	-8,599
Increase/decrease (-) in trade payables	-782	-25,178
Other	1,860	3,763
<b>Subtotal</b>	<b>13,175</b>	<b>-8,967</b>
Interest and dividend income received	1,217	841
Interest paid	-1,047	-828
Subsidies received	—	1,245
Payment of special factory operating loss	—	-2,464
Income taxes paid	-168	-797
<b>Net cash provided by operating activities</b>	<b>13,177</b>	<b>-10,971</b>
<b>Net cash used in investing activities</b>		
Increase in time deposits	-6	-1,523
Decrease in time deposits	—	303
Purchases of property, plant and equipment	-13,563	-5,363
Purchase of intangible fixed assets	-3,020	-2,414
Income on sales of stock of the consolidated subsidiary	4,301	—
Decrease/increase (-) in short-term loans receivable, net	0	0
Other	-176	87
<b>Net cash used in investing activities</b>	<b>-12,465</b>	<b>-8,911</b>
<b>Net cash provided by financing activities</b>		
Increase/decrease (-) in short-term loans, net	8,212	-2,755
Proceeds from long-term loans	49	45,946
Repayment of long-term loans	-4,676	-14,537
Dividend payment	-3,987	—
Repayment of lease payable	-319	-330
Other	-10	0
<b>Net cash provided by financing activities</b>	<b>-731</b>	<b>28,322</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-611</b>	<b>603</b>
<b>Increase/decrease (-) in cash and cash equivalents</b>	<b>-631</b>	<b>9,043</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>83,474</b>	<b>71,165</b>
<b>Cash and cash equivalents, at end of the quarter</b>	<b>82,843</b>	<b>80,209</b>

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Balance Sheet)

1. Contingency liabilities

(Lawsuits, etc.)

- (1) There are ongoing investigations by the competition authorities into our consolidated subsidiaries in Brazil and elsewhere in relation to overseas sale of bearings, etc.
- (2) The Company and its consolidated subsidiaries in the U.S and other countries are defendants in a number of suits for suspected price-fixing of bearing sales with other businesses.
- (3) A lawsuit has been filed against the Company and its two consolidated subsidiaries in Europe before the France Tribunal de Commerce de Lyon by Renault S.A. and its group companies, which are 15 in total (hereafter, "Renault"), seeking compensation of 66.7 million euros (provisional amount) for damages. In addition, a lawsuit has been filed against the Company and its two consolidated subsidiaries in Europe before the United Kingdom Commercial Court by Fiat Chrysler Automobiles N.V. and its group companies, which are seven in total (hereafter, "FCA"), seeking compensation for damages.

These lawsuits were filed by Renault and FCA alleging that they suffered damages in connection with the infringement of the European competition laws, which was subject of the decision adopted by the European Commission dated March 19, 2014.

- (4) The NTN Group may be subject to claims for compensation for damages in connection with the violation of competition laws and continue to address these claims. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the NTN Group.

(Consolidated Balance Sheet)

\*1 1,736 million yen in proceeds from subsidy was recorded as an extraordinary income in the first quarter of the consolidated fiscal year under review. This was the income such as subsidies for employment adjustment during the suspension of operations in the Company and its consolidated subsidiaries due to the spread of the new coronavirus.

\*2 During the first quarter of the fiscal year under review, we recorded 3,327 million yen of special factory operating loss as extraordinary losses. This was the amount of fixed cost during the shutdown of the Company and its subsidiaries due to the effect of the worldwide spread of the new coronavirus.

(Notes Related to Significant Changes in Shareholder's Equity)

None

(Calculation of tax expenses)

Regarding tax expenses, we estimate a reasonable effective tax rate after adopting tax effect accounting for income before income taxes of the full fiscal year including the three months ended June 30, 2020. By multiplying the effective tax rate with quarterly income before income taxes, we calculate the tax expenses. However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated by using the statutory effective tax rate.

(Additional Information)

(Change in Presentation Method)

(Change in Presentation Method Due to Change in Classification of Royalty)

"Royalty," which was previously included in "other" under "non-operating income," has been included in "net sales" from the first quarter of the current fiscal year. In addition, accounts receivable in "other" under "current assets," was reclassified as "notes and accounts receivable-trade."

We made this change in order to appropriately indicate the results of the Group's sales activities, as the Company positioned the acquisition of the profit by licensing as one of its main sales activities in the first quarter of the current fiscal year.

To reflect this change in presentation, the result of previous consolidated fiscal year has been reclassified.

Consequently, in consolidated balance sheet of the previous consolidated fiscal year, 136 million yen of the accounts receivable which was displayed in "other" under "current assets" was reclassified as "notes and accounts receivable-trade", and "notes and accounts receivable-trade" amounted to 103,371 million yen and "other" amounted to 35,57 million yen. Also "notes and accounts 8 million of "royalty" which was displayed in "other" under "non-operating income" in the same period of the previous fiscal year was reclassified in "net sales" and "operating income" increased 8 million yen and "net sales" became 171,684 million yen, and "operating income" become 3,128 million yen. However there is no effect on ordinary loss and net loss before income taxes.

In addition, the change in accounts receivable in "other" under "net cash provided by operating activities" in the first quarter of the previous fiscal year, was included in "decrease (-) / increase in trade receivables" due to the change in the classification of "royalty."

As a result, 0 million yen of accounts receivable, which was included in "other" in consolidated statement of cash flow of the first quarter of the previous fiscal year was reclassified as "decrease (-) / increase in trade receivables." As a result, "decrease / increase in trade receivable was 5,599 million yen and "other" was 1860 million yen.

(Adoption of tax-effect accounting for the transition from consolidated tax system to a group-wide tax sharing system)

The Company and its domestic subsidiaries calculated the amounts of deferred tax assets and deferred tax liabilities according to tax acts prior to amendment based on the treatment on of paragraph 3 of "practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Task Force No.39, March 31,2020 of ASBJ), not applying the provision of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (Guidance No.28, February 16,2018 of ASBJ), regarding the transition to the group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and regarding items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

(Accounting Estimates Regarding New Coronavirus Infection)

There is no significant change in the assumptions regarding the impact of the spread of the new coronavirus infections, which was included in the additional information in the previous consolidated financial year's securities report.

(Segment Information)

I. Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note)1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	51,406	46,508	41,841	31,928	171,684	—	171,684
Inter-segment sales or transfers	32,838	599	768	3,047	37,254	(37,254)	—
Total	84,244	47,107	42,610	34,976	208,939	(37,254)	171,684
Segment income (Operating income)	385	21	105	2,875	3,387	(258)	3,128

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S, Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

II. Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

1. Information related to sales, income or losses for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note)1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	29,940	18,741	19,600	23,647	91,929	—	91,929
Inter-segment sales or transfers	22,469	229	308	1,479	24,486	(24,486)	—
Total	52,409	18,970	19,908	25,126	116,415	(24,486)	91,929
Segment income (Operating income)	-5,137	-2,929	-2,980	1,188	-9,858	143	-9,715

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S, Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

2. Notes Related to Changes in Segment Information

(Change in Presentation Method)

"Royalty" which was previously included in "non-operating income" has been included in "net sales" since the first quarterly of the current fiscal year.

We made this change in order to appropriately indicate the results of the Group's sales activities, as the Company positioned the acquisition of the profit by licensing as one of its main sales activities.

The segment information of the previous first quarterly has reflected this change. Net sales and segment income increased compared with the previous indication: increase of 788 million yen in "Japan" segment and increase of 5 million yen in "Europe" segment.

(Significant Subsequent Events)

None

### 3. Supplementary Information

#### (1) Explanatory Materials

(In million yen)

		FY2019					FY2020	
		1Q	2Q	3Q	4Q	Full year	1Q	
Consolidated operating results (Lower: Net sales ratio)	Net sales	171,684 100.0%	163,007 100.0%	160,492 100.0%	156,772 100.0%	651,956 100.0%	91,929 100.0%	
	Operating income	3,128 1.8%	1,555 1.0%	599 0.4%	2,233 1.4%	7,517 1.2%	-9,715 -10.6%	
	Ordinary income	2,603 1.5%	229 0.1%	-1,866 -1.2%	-2,665 -1.7%	-1,698 -0.3%	-9,799 -10.7%	
	Extraordinary income	— —	-687 -0.4%	-2 -0.0%	-31,561 -20.1%	-32,251 -4.9%	-1,591 -1.7%	
	Net income attributable to shareholder (parent company)	2,396 1.4%	-1,262 -0.8%	-2,262 -1.4%	-42,864 -27.3%	-43,992 -6.7%	-12,126 -13.2%	
Net sales by region (Lower: Net sales ratio)	Japan	49,468 28.8%	50,693 31.1%	49,269 30.7%	48,670 31.0%	198,100 30.4%	28,537 31.0%	
	Americas	47,866 27.9%	42,758 26.2%	40,636 25.3%	43,046 27.5%	174,308 26.7%	19,203 20.9%	
	Europe	38,834 22.6%	33,373 20.5%	33,578 20.9%	35,052 22.4%	140,839 21.6%	18,148 19.7%	
	Asia and other areas	35,515 20.7%	36,181 22.2%	37,008 23.1%	30,002 19.1%	138,707 21.3%	26,039 28.3%	
	Total	171,684 100.0%	163,007 100.0%	160,492 100.0%	156,772 100.0%	651,956 100.0%	91,929 100.0%	
Net sales / Operating income by company location	Japan	Net sales	84,244	85,663	82,796	79,813	332,517	52,409
		Operating income	385	-371	433	1,691	2,138	-5,137
		Operating margin	0.5%	-0.4%	0.5%	2.1%	0.6%	-9.8%
	Americas	Net sales	47,107	41,729	39,868	42,367	171,072	18,970
		Operating income	21	-2,032	-2,632	-1,793	-6,438	-2,929
		Operating margin	0.0%	-4.9%	-6.6%	-4.2%	-3.8%	-15.4%
	Europe	Net sales	42,610	37,069	36,908	39,063	155,651	19,908
		Operating income	105	-213	-364	886	413	-2,980
		Operating margin	0.2%	-0.6%	-1.0%	2.3%	0.3%	-15.0%
	Asia and other areas	Net sales	34,976	35,144	36,523	28,284	134,929	25,126
		Operating income	2,875	3,533	3,549	1,459	11,418	1,188
		Operating margin	8.2%	10.1%	9.7%	5.2%	8.5%	4.7%
	Deletion	Net sales	-37,254	-36,598	-35,604	-32,756	-142,214	-24,486
		Operating income	-258	639	-385	-10	-14	143
	Total	Net sales	171,684	163,007	160,492	156,772	651,956	91,929
Operating income		3,128	1,555	599	2,233	7,517	-9,715	
Operating margin		1.8%	1.0%	0.4%	1.4%	1.2%	-10.6%	

(In million yen)

			FY2019					FY2020
			1Q	2Q	3Q	4Q	Full year	1Q
Net sales / Operating income by business applications	Aftermarket	Net sales	28,224	27,773	26,617	26,813	109,428	19,552
		Operating income	3,324	3,337	2,761	3,326	12,750	755
		Operating margin	11.8%	12.0%	10.4%	12.4%	11.7%	3.9%
	Industrial machinery	Net sales	28,164	25,785	24,568	26,689	105,210	22,637
		Operating income	-317	-764	-590	-191	-1,863	-853
		Operating margin	-1.1%	-3.0%	-2.4%	-0.7%	-1.8%	-3.8%
	Automotive	Net sales	115,294	109,448	109,305	103,268	437,317	49,739
		Operating income	121	-1,017	-1,571	-902	-3,369	-9,618
		Operating margin	0.1%	-0.9%	-1.4%	-0.9%	-0.8%	-19.3%
	Total	Net sales	171,684	163,007	160,492	156,772	651,956	91,929
		Operating income	3,128	1,555	599	2,233	7,517	-9,715
		Operating margin	1.8%	1.0%	0.4%	1.4%	1.2%	-10.6%
Capital expenditures / Depreciation and amortization	Capital expenditures		10,611	23,224	10,180	13,659	57,675	7,346
	Depreciation and amortization	Domestic	3,214	3,306	3,377	3,524	13,424	2,769
		Overseas	5,949	5,850	6,045	6,036	23,882	5,523
	Total		9,163	9,157	9,423	9,561	37,306	8,293
R&D expenditures			5,180	5,068	4,968	4,743	19,961	4,471
Ratio of R&D expenditures to net sales			3.0%	3.1%	3.1%	3.0%	3.1%	4.9%
Inventories			197,441	192,909	197,088	182,923	182,923	192,786
Inventory turnover ratio (times)			3.5	3.4	3.3	3.4	3.6	1.9
Interest- bearing debts	Loans		321,455	318,754	339,308	332,416	332,416	361,478
	Bonds		30,000	30,000	30,000	30,000	30,000	30,000
	Total		351,455	348,754	369,308	362,416	362,416	391,478
Major management indicators	Ordinary income ratio to total assets		1.2%	0.1%	-0.9%	-1.3%	-0.2%	-5.2%
	Return on assets (ROA)		1.1%	-0.6%	-1.1%	-21.7%	-5.5%	-6.4%
	Return on equity (ROE)		4.2%	-2.3%	-4.2%	-91.8%	-22.8%	-31.9%
	Shareholder's equity ratio		26.9%	26.3%	26.3%	20.6%	20.6%	19.7%
	Net assets per share (yen)		418.37	406.74	409.27	294.00	294.00	278.27
Net income per share (yen)		4.51	-2.38	-4.26	-80.70	-82.83	-22.83	
Employees	Domestic (persons)	8,869	8,830	8,781	8,718	8,718	8,878	
	Overseas (persons)	16,227	15,902	15,906	15,481	15,481	14,943	
	Total (persons)	25,096	24,732	24,687	24,199	24,199	23,821	
Exchange rates	Average	Dollar (yen)	109.94	107.29	108.72	108.97	108.73	107.53
		Euro (yen)	123.52	119.34	120.33	120.16	120.84	118.37
	At term end	Dollar (yen)	107.82	107.99	108.88	107.85	107.85	107.58
		Euro (yen)	122.58	118.16	121.93	119.13	119.13	120.93