

**Financial Results for the Nine Months Ended December 31, 2020**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

January 28, 2021

NTN Corporation  
 Security Code: 6472  
 Listings: Tokyo Stock Exchanges  
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Scheduled submission date of quarterly financial statements: February 3, 2021

Scheduled commencement date of dividend payment: -

Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

1. Consolidated financial results for the nine months ended December 31, 2020  
 (April 1, 2020 to December 31, 2020)

(Amounts rounded down to the nearest million yen)

(1) Operating Results (Percentage figures represent a 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	%
Nine months ended December 31, 2020	399,552	-19.3	-8,791	-	-10,901	-	-13,284	-
Nine months ended December 31, 2019	495,184	-10.3	5,284	-74.7	966	-94.2	-1,128	-

Note: comprehensive income: Nine months ended December 31, 2020 : -1,192 million yen (-%)  
 Nine months ended December 31, 2019 : -6,514 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2020	-25.01	—
Nine months ended December 31, 2019	-2.12	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2020	763,565	165,940	20.1
Year ended March 31, 2020	757,822	168,378	20.6

Note: Shareholders' equity Nine months ended December 31, 2020 : 153,397 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	—	0.00	—		
Year ending March 31, 2021 (forecast)				0.00	0.00

Notes: Adjustment from the previously published forecast of dividends: None

3. Forecast of consolidated earnings for the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Percentage figures represent a 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
Full year	555,000	-14.9	-8,500	—	-12,500	—	-21,000	—	-39.54

Notes: Adjustment from the previously published forecast of earnings: Yes  
Please refer to the "Notice of Revised Earnings Forecast" issued on January 28, 2021

\* 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

(Notes) 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 nine months" on page 9 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):

Nine months ended December 31, 2020:	532,463,527 shares
Year ended March 31, 2020:	532,463,527 shares

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

Nine months ended December 31, 2020:	1,299,067 shares
Year ended March 31, 2020:	1,314,946 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2020:	531,158,253 shares
Nine months ended December 31, 2019:	531,147,050 shares

\* This quarterly financial results report 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 nine months ended December 31, 2020

### (1) Explanation regarding consolidated operating results

During the third quarter year under review (from April 1, 2020 to December 31, 2020), the Japanese economy remained in a severe situation due to the spread of the new coronavirus, but there were signs of a recovery in consumer spending, business activities, and other factors. Despite challenging conditions overseas, the U.S. economy and the Chinese economy continued to recover, and the economies of Asia and other emerging countries stopped declining. On the other hand, the European economy showed the signs of weakness as some areas restrained the economy due to the effect of rebound of new coronavirus.

Under these circumstances, we have positioned fiscal year 2020 as a “crisis response period” and are focusing on “ensure the health and safety of employees” through measures to prevent infectious diseases and “secure cash and continue business” in emergencies, while advancing preparation for future growth.

Net sales for the third quarter decreased drastically and amounted to 399,522 million yen (down 19.3 %, year-on-year) in response to challenging economic conditions due to the spread of the new coronavirus. In terms of profit/loss, operating loss was 8,791 million yen (income of 5,284 million yen in the previous fiscal year), the ordinary loss was 10,901 million yen (income of 966 million yen in the previous fiscal year), and the net loss attributable to shareholders (parent company) was 13,284 million yen (net income of 1,128 million in the previous fiscal year).

Operating results by reporting segment by region were as follows:

#### (1) Japan

Sales in the aftermarket applications decreased in the industrial machinery aftermarket applications. Sales in the industrial machinery applications decreased mainly in the construction machinery and machine tools and sales in the automotive applications also decreased mainly due to the decreased customer demand. Overall, sales were 188,566 million yen (down 25.4%, a year-on-year). Segment loss was 11,432 million yen (447 million yen of segment income in the previous fiscal year), mainly due to the decreased sales volume, although there was a decline in fixed cost.

#### (2) Americas

Sales in the aftermarket applications decreased in industrial machinery aftermarket applications. Sales in the industrial machinery applications decreased mainly in construction machinery and wind turbines. Sales in the automotive applications also decreased mainly due to the decreased customer demand. As a result, sales were 101,220 million yen (down 21.4% a year-on-year). Segment loss was 3,313 million yen (4,644 million yen of segment loss in the same period of the previous fiscal year) due mainly to decreased fixed cost although there was a decrease in sales volume.

#### (3) Europe

Sales in the aftermarket applications decreased both in the industrial machinery and automotive aftermarket applications. Sales in the industrial machinery applications decreased due to decreased sales for wind turbines and aircrafts. Sales in the automotive applications also declined due to decreased customer demand. As a result, sales were 89,777 million yen (down 23.0%, a year-on-year). Segment loss was 3,091 million yen (472 million yen of segment loss in the previous fiscal year), mainly due to decreased sales volume although there was a decrease of fixed cost.

#### (4) Asia and other areas

Sales in aftermarket applications decreased in industrial machinery aftermarket and automotive aftermarket applications. Sales in industrial machinery applications increased mainly for wind turbines and construction machinery, while sales in automotive applications decreased mainly due to the decreased customer demand. Overall, net sales were 96,463 million yen and decreased significantly (down 9.5%, year-on-year). Segment income was 8,204 million yen (down 17.6% year-on-year) due to a decrease in sales volume and other factors, despite a decreased fixed cost.

Operating results by business sector were as follows.

(1) Aftermarket applications

Sales decreased drastically and amounted to 66,758 million yen (down 19.2%, year-on-year) due to decreased customer demand and other factors. Despite a reduction in fixed cost and other factors, operating income was 5,537 million yen (down 41.2%, year-on-year) due to a decrease in sales volume and other factors.

(2) Industrial machinery applications

Sales decreased drastically and amounted to 71,748 million yen (down 8.6%, year-on-year) due to decrease in sales in construction machinery and aircraft. Operating loss was 1,316 million yen, (loss of 1,672 million yen in the previous fiscal year) mainly due to a decrease in fixed cost, despite a decrease in sales volume.

(3) Automotive applications

Sales decreased drastically to and amounted to 261,044 million yen (down 21.9%, year-on-year) due to decreased customer demand resulting from the shutdown of customer's operation. Operating loss was 13,012 million yen (loss of 2,467 million yen, year-on-year) mainly due to a decrease in sales volume, despite a reduction of fixed cost .

(2) Explanation regarding consolidated financial position

(Assets, Liabilities, and Net assets)

Total current assets increased 5,687 million yen (up 1.4 %) from the previous fiscal year and ended to 411,486 million yen. This was due mainly to an increase of 21,366 million yen of cash and cash equivalents, an increase of 3,748 million yen of notes and accounts receivable-trade, decrease of 6,747 million yen of finished goods and purchased goods, decrease of 2,493 million yen of raw materials and supplies, decrease of 2,599 million yen of short-term loans receivable and decrease of 5,244 million yen of accounts receivable and others. Total fixed assets increased 56 million yen (up 0.0 %) from the previous fiscal year and ended to 352,078 million yen. The major factors were a decrease of 6,137 million yen of property, plant and equipment, and an increase of 6,475 million yen of investment securities. As a result, total assets increased 5,743 million yen (up 0.8 %) from the previous fiscal year and ended to 763,565 million yen.

Total current liabilities increased 4,550 million yen (down 1.6 %) from the previous fiscal year and ended to 282,413 million yen. This was due principally to a decrease of 14,088 million yen of electronically recorded monetary claims and an increase of 11,130 of short-term loan. Fixed liabilities increased 12,732 million yen (up 4.2 %) from the previous fiscal year and ended to 315,211 million yen, due principally to an increase of 10,218 million yen in long-term loans. As a result, total liabilities increased 8,182 million yen (up 1.4 %) from the previous fiscal year and ended to 597,625 million yen.

Total net assets decreased 2,438 million yen (down 1.4 %) from the previous fiscal year ended to 165,940 million yen. This was mainly due to a decrease of 12,931 million yen in retained earnings, an increase of 5,521 million yen in net unrealized holding gain on other securities and an increase of 3,731 million yen in foreign currency translation adjustments.

(Cash flows)

Net cash from operating activities was 18,950 million yen (a year-on-year decrease of 6,714 million yen, or down 26.2 %). Major items were 26,274 million yen of proceeds from depreciation and amortization, 13,844 million yen of proceeds from decrease in inventories, 10,446 million yen of expenditure for loss before income taxes and equity in earnings of affiliated companies and 14,104 million yen of decrease in trade payables.

Net cash used in investing activities was 21,060 million yen (a year-on-year increase of 28,917 million yen, or down 57.9 %). This was mainly due to 17,120 million yen of expenditure for purchase of property, plant and equipment and 6,205 million yen for purchase of intangible fixed assets.

Net cash from financing activities was 21,458 million yen (a year-on-year decrease of 7,948 million yen, or up 58.8%). This was mainly due to 56,337 million yen of proceeds from long-term loans and 5,479 million yen of net decrease in short-term loan payable, and an expenditure of 29,237 million yen in repayment of long-term loans.

After adding an increase of 1,086 million yen in translation adjustments, cash and cash equivalents as of the end of the third quarter of the consolidated accounting period under review came to 91,600 million yen, an increase of 20,434 million yen (up 28.7 %) from the previous fiscal year end.

## 2. Consolidated financial statements for the nine months

### (1) Balance sheets

(In million yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and bank deposits	77,568	98,934
Notes and accounts receivable-trade	103,371	107,119
Electronically-recorded monetary claims	4,787	4,868
Finished goods & purchased goods	96,616	89,869
Work in process	48,927	46,452
Raw materials and supplies	37,379	34,886
Short-term loans receivable	2,651	52
Other	35,557	30,313
Allowance for doubtful accounts	-1,061	-1,009
Total current assets	405,799	411,486
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	84,319	84,313
Machinery, equipment and vehicles, net	108,352	110,934
Other, net	69,971	61,258
Total property, plant and equipment	262,643	256,506
Intangible fixed assets	37,430	40,064
Investments and other assets		
Investment securities	41,784	48,259
Deferred tax assets	6,035	4,105
Other	4,340	3,353
Allowance for doubtful accounts	-213	-211
Total investments and other assets	51,948	55,507
Total fixed assets	352,022	352,078
<b>Total assets</b>	<b>757,822</b>	<b>763,565</b>

(In million yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	48,675	49,589
Electronically-recorded monetary claims	68,684	54,596
Short-term loans	117,276	128,606
Accrued income taxes	1,827	1,263
Accrued bonuses for directors and statutory auditors	43	76
Other	50,455	48,280
<b>Total current liabilities</b>	<b>286,963</b>	<b>282,413</b>
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	215,140	225,358
Reserve for product defect compensation	1,118	993
Liabilities for retirement benefits	46,726	47,672
Other	9,494	11,186
<b>Total long-term liabilities</b>	<b>302,479</b>	<b>315,211</b>
<b>Total liabilities</b>	<b>589,443</b>	<b>597,625</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,970	67,970
Retained earnings	62,138	49,207
Treasury stock	-787	-782
<b>Total shareholders' equity</b>	<b>183,668</b>	<b>170,742</b>
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	5,094	10,615
Translation adjustments	-19,998	-16,267
Accrued retirement benefits adjustments	-12,607	-11,693
<b>Total accumulated other comprehensive income</b>	<b>-27,511</b>	<b>-17,345</b>
Non-controlling shareholders' equity	12,221	12,542
<b>Total net assets</b>	<b>168,378</b>	<b>165,940</b>
<b>Total liabilities and net assets</b>	<b>757,822</b>	<b>763,565</b>

(2) Consolidated statement of operation and consolidated statement of comprehensive income  
(Consolidated income statements)

(In million yen)

	Nine months ended December 31, 2019 <small>(April 1, 2019 – December 31, 2019)</small>	Nine months ended December 31, 2020 <small>(April 1, 2020 – December 31, 2020)</small>
Net sales	495,184	399,552
Cost of sales	416,047	343,043
Gross profit	79,136	56,509
Selling, general and administrative expenses	73,851	65,300
Operating income/loss (-)	5,284	-8,791
Non-operating income		
Interest income	782	668
Dividend income	1,004	550
Foreign exchange gains	—	1,317
Other	1,940	1,904
Total non-operating income	3,727	4,441
Non-operating expenses		
Interest expenses	3,037	2,504
Equity in loss of non-consolidated subsidiaries	957	8
Derivative transaction losses	—	1,526
Other	4,050	2,512
Total non-operating expenses	8,045	6,551
Ordinary income/loss (-)	966	-10,901
Extraordinary income		
Proceeds from subsidy	—	<sup>*1</sup> 4,784
Total extraordinary income	—	4,784
Extraordinary losses		
Special factory operating loss	—	<sup>*2</sup> 3,331
Loss related to Anti-Monopoly Act	<sup>*3</sup> 690	<sup>*3</sup> 999
Total extraordinary losses	690	4,330
Income/loss (-) before income taxes and equity in earnings of affiliated companies	276	-10,446
Income and other taxes	1,105	1,741
Net income/loss (-)	-828	-12,188
Net income attributable to shareholder (non-controlling shareholder)	299	1,096
Net income/loss (-) attributable to shareholder (parent company)	-1,128	-13,284



(Consolidated statement of comprehensive income)

(In million yen)

	Nine months ended December 31, 2019 <small>(April 1, 2019 – December 31, 2019)</small>	Nine months ended December 31, 2020 <small>(April 1, 2020 – December 31, 2020)</small>
Net income/loss (-)	-828	-12,188
Other comprehensive income		
Net unrealized holding gain on other securities	-906	5,521
Translation adjustments	-4,665	5,269
Accrued retirement benefits adjustments	345	894
Equity in equity-method affiliates	-458	-689
Total other comprehensive income	-5,685	10,996
Comprehensive income	-6,514	-1,192
(breakdown)		
Comprehensive income attributable to owners of parent company	-6,125	-2,758
Comprehensive income related to non-controlling shareholders	-388	1,565

### (3) Statements of cash flows

(In million yen)

	Nine months ended December 31, 2019 <small>(April 1, 2019 – December 31, 2019)</small>	Nine months ended December 31, 2020 <small>(April 1, 2020 – December 31, 2020)</small>
<b>Net cash provided by operating activities</b>		
Income/loss (-) before income taxes and equity in earnings of affiliated companies	276	-10,446
Depreciation and amortization	27,745	26,274
Proceeds from subsidy	—	-4,784
Special factory operating loss	—	3,331
Loss related to Anti-Monopoly Act	690	999
Increase/decrease (-) in allowance for doubtful accounts	-45	-120
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditor	-26	33
Increase/decrease (-) in reserve for product defect compensation	-15	-107
Increase/decrease (-) in liabilities in retirement benefits	833	1,416
Interest and dividend income	-1,786	-1,219
Interest expenses	3,037	2,504
Foreign currency translation adjustments / foreign exchange losses/gains (-)	21	-1,707
Loss or gain (-) on derivative transactions	-4	1,526
Equity in earnings (-) /loss of non-consolidated subsidiaries	957	8
Decrease (-) / increase in trade receivables	16,103	-1,758
Decrease (-) / increase in inventories	-5,982	13,844
Increase/decrease (-) in trade payables	-10,506	-14,104
Other	-482	4,776
Subtotal	30,815	20,464
Interest and dividend income received	2,191	1,543
Interest paid	-3,050	-2,516
Subsidies received	—	4,509
Payment of special factory operating loss	—	-2,241
Loss related to Anti-Monopoly Act	-1,210	-990
Income taxes paid	-3,081	-1,817
<b>Net cash provided by operating activities</b>	<b>25,664</b>	<b>18,950</b>
<b>Net cash used in investing activities</b>		
Increase in time deposits	-34	-1,622
Decrease in time deposits	9	971
Purchases of property, plant and equipment	-46,059	-17,120
Purchase of intangible fixed assets	-7,767	-6,205
Income on sales of stock of the consolidated subsidiary	4,301	0
Loss on purchase of stock of equity-method affiliates	-497	—
Decrease/increase (-) in short-term loans receivable, net	-1	2,636
Other	73	278
<b>Net cash used in investing activities</b>	<b>-49,977</b>	<b>-21,060</b>
<b>Net cash provided by financing activities</b>		
Increase/decrease (-) in short-term loans, net	13,863	-5,479
Proceeds from long-term loans	21,759	56,337
Repayment of long-term loans	-14,187	-29,237
Dividend payment	-6,645	—
Repayment of lease payable	-956	-1,196
Proceeds from sale and leaseback	—	2,271
Other	-322	-1,238
<b>Net cash provided by financing activities</b>	<b>13,510</b>	<b>21,458</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-339</b>	<b>1,086</b>
<b>Increase/decrease (-) in cash and cash equivalents</b>	<b>-11,141</b>	<b>20,434</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>83,474</b>	<b>71,165</b>
<b>Decrease in cash and cash equivalents from exclusion from consolidation</b>	<b>-70</b>	<b>—</b>
<b>Cash and cash equivalents, at end of the quarter</b>	<b>72,262</b>	<b>91,600</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) 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.

- (3) 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 quarterly statements of income)

\*1 4,784 million yen of proceeds from subsidy was recorded as an extraordinary income in the third 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 third quarter of the fiscal year under review, we recorded 3,331 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 impact of the worldwide spread of the new coronavirus.

\*3 In the previous consolidated cumulative 3rd quarter, the Company has negotiated the compensation of damages with a part of customers in association with investigations by the authorities about the competition laws. We considered the effects to our business by the long-term negotiation and reached the conclusion to pay the settlement amount to make the benefits for both parties by amicably and early resolution.

In addition, in the current consolidated cumulative 3rd quarter, the Company and its subsidiaries in the U.S. reached a settlement with the direct purchaser plaintiffs regarding a class-action in U.S. District Court for the Eastern District of Michigan in November 2020. By this settlement, all class actions in the U.S. will be ended.

With regard to these settlement etc., the Company recorded 999 million yen in the current consolidated cumulative 3rd quarter and 690 million yen in the previous consolidated cumulative 3rd quarter as Loss related to Anti-Monopoly Act in Extraordinary Losses.

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

None

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

(Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the nine months ended December 31, 2020, after the applications of tax effect accounting. 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 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 fiscal year has been reclassified.

Consequently, in consolidated balance sheet of the previous 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 35,557 million yen. Also 255 million yen 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” and 255 million yen increased in “net sales” and became 495,184 million yen, and “operating income” became 5,284 million yen. There is no effect on ordinary income/loss and net income/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, 23 million yen of accounts receivable, which was included in “other” in consolidated statement of cash flow of the third quarter of the previous fiscal year was reclassified as “decrease (-) / increase in trade receivables.” As a result, “decrease / increase in trade receivable” was 16,103 million yen and “other” was -482 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. Nine months ended December 31, 2019 (April 1, 2019 – December 31, 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	155,220	127,703	114,367	97,893	495,184	—	495,184
Inter-segment sales or transfers	97,484	1,001	2,219	8,751	109,457	(109,457)	—
Total	252,704	128,705	116,587	106,644	604,642	(109,457)	495,184
Segment income (Operating income)	447	-4,644	-472	9,958	5,288	(4)	5,284

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. Nine months ended December 31, 2020 (April 1, 2020 – December 31, 2020)

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	119,539	100,645	88,324	91,042	399,552	—	399,552
Inter-segment sales or transfers	69,027	574	1,452	5,420	76,475	(76,475)	—
Total	188,566	101,220	89,777	96,463	476,028	(76,475)	399,552
Segment income (Operating income)	-11,432	-3,313	-3,091	8,204	-9,632	841	-8,791

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 second quarter has reflected this change. Net sales and segment income increased compared with the previous indication: increase of 2,477 million yen in "Japan" segment and increase of 10 million yen in "Europe" segment.

(Significant subsequent events)

None

### 3. Supplementary information

#### (1) Explanatory materials

##### Consolidated Financial Results

(in million yen)

		FY2019						FY2020				
		1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total	
Consolidated operating results (Lower: Net sales ratio)	Net sales	171,684	163,007	160,492	495,184	156,772	651,956	91,929	147,292	160,330	399,552	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	Operating income	3,128	1,555	599	5,284	2,233	7,517	-9,715	-2,607	3,531	-8,791	
		1.8%	1.0%	0.4%	1.1%	1.4%	1.2%	-10.6%	-1.8%	2.2%	-2.2%	
	Ordinary income	2,603	229	-1,866	966	-2,665	-1,698	-9,799	-3,627	2,525	-10,901	
		1.5%	0.1%	-1.2%	0.2%	-1.7%	-0.3%	-10.7%	-2.5%	1.6%	-2.7%	
Extraordinary loss	—	-687	-2	-690	-31,561	-32,251	-1,591	2,123	-77	454		
	—	-0.4%	-0.0%	-0.1%	-20.1%	-4.9%	-1.7%	1.4%	-0.0%	0.1%		
Net income attributable to shareholder (parent company)	2,396	-1,262	-2,262	-1,128	-42,864	-43,992	-12,126	-2,286	1,128	-13,284		
	1.4%	-0.8%	-1.4%	-0.2%	-27.3%	-6.7%	-13.2%	-1.6%	0.7%	-3.3%		
Net sales by region (Lower: Net sales ratio)	Japan	49,468	50,693	49,269	149,430	48,670	198,100	28,537	40,481	46,621	115,641	
		28.8%	31.1%	30.7%	30.2%	31.0%	30.4%	31.0%	27.5%	29.1%	28.9%	
	Americas	47,866	42,758	40,636	131,262	43,046	174,308	19,203	41,625	41,366	102,194	
		27.9%	26.2%	25.3%	26.5%	27.5%	26.7%	20.9%	28.3%	25.8%	25.6%	
	Europe	38,834	33,373	33,578	105,786	35,052	140,839	18,148	30,088	33,353	81,590	
		22.6%	20.5%	20.9%	21.4%	22.4%	21.6%	19.7%	20.4%	20.8%	20.4%	
Asia and other areas	35,515	36,181	37,008	108,704	30,002	138,707	26,039	35,096	38,990	100,126		
	20.7%	22.2%	23.1%	22.0%	19.1%	21.3%	28.3%	23.8%	24.3%	25.1%		
Total	171,684	163,007	160,492	495,184	156,772	651,956	91,929	147,292	160,330	399,552		
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Net sales / Operating income by location	Japan	Net sales	84,244	85,663	82,796	252,704	79,813	332,517	52,409	61,350	74,806	188,566
		Operating income	385	-371	433	447	1,691	2,138	-5,137	-5,544	-750	-11,432
		Operating margin	0.5%	-0.4%	0.5%	0.2%	2.1%	0.6%	-9.8%	-9.0%	-1.0%	-6.1%
	Americas	Net sales	47,107	41,729	39,868	128,705	42,367	171,072	18,970	41,272	40,977	101,220
		Operating income	21	-2,032	-2,632	-4,644	-1,793	-6,438	-2,929	-514	130	-3,313
		Operating margin	0.0%	-4.9%	-6.6%	-3.6%	-4.2%	-3.8%	-15.4%	-1.2%	0.3%	-3.3%
	Europe	Net sales	42,610	37,069	36,908	116,587	39,063	155,651	19,908	33,277	36,590	89,777
		Operating income	105	-213	-364	-472	886	413	-2,980	-215	103	-3,091
		Operating margin	0.2%	-0.6%	-1.0%	-0.4%	2.3%	0.3%	-15.0%	-0.6%	0.3%	-3.4%
	Asia and other areas	Net sales	34,976	35,144	36,523	106,644	28,284	134,929	25,126	33,653	37,683	96,463
		Operating income	2,875	3,533	3,549	9,958	1,459	11,418	1,188	2,809	4,206	8,204
		Operating margin	8.2%	10.1%	9.7%	9.3%	5.2%	8.5%	4.7%	8.3%	11.2%	8.5%
	Deletion	Net sales	-37,254	-36,598	-35,604	-109,457	-32,756	-142,214	-24,486	-22,262	-29,726	-76,475
		Operating income	-258	639	-385	-4	-10	-14	143	857	-158	841
	Total	Net sales	171,684	163,007	160,492	495,184	156,772	651,956	91,929	147,292	160,330	399,552
Operating income		3,128	1,555	599	5,284	2,233	7,517	-9,715	-2,607	3,531	-8,791	
Operating margin		1.8%	1.0%	0.4%	1.1%	1.4%	1.2%	-10.6%	-1.8%	2.2%	-2.2%	

(in million yen)

			FY2019						FY2020			
			1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total
Net sales / Operating income by business application	Aftermarket	Net sales	28,224	27,773	26,617	82,615	26,813	109,428	19,552	23,311	23,895	66,758
		Operating income	3,324	3,337	2,761	9,423	3,326	12,750	755	1,515	3,266	5,537
		Operating margin	11.8%	12.0%	10.4%	11.4%	12.4%	11.7%	3.9%	6.5%	13.7%	8.3%
	Industrial machinery	Net sales	28,165	25,785	24,568	78,520	26,689	105,210	22,637	24,236	24,874	71,748
		Operating income	-317	-764	-590	-1,672	-191	-1,863	-853	-510	47	-1,316
		Operating margin	-1.1%	-3.0%	-2.4%	-2.1%	-0.7%	-1.8%	-3.8%	-2.1%	0.2%	-1.8%
	Automotive	Net sales	115,294	109,448	109,305	334,048	103,268	437,317	49,739	99,744	111,560	261,044
		Operating income	121	-1,017	-1,571	-2,467	-902	-3,369	-9,618	-3,612	218	-13,012
		Operating margin	0.1%	-0.9%	-1.4%	-0.7%	-0.9%	-0.8%	-19.3%	-3.6%	0.2%	-5.0%
	Total	Net sales	171,684	163,007	160,492	495,184	156,772	651,956	91,929	147,292	160,330	399,551
		Operating income	3,128	1,555	599	5,284	2,233	7,517	-9,715	-2,607	3,532	-8,791
		Operating margin	1.8%	1.0%	0.4%	1.1%	1.4%	1.2%	-10.6%	-1.8%	2.2%	-2.2%
Capital expenditures / Depreciation and amortization	Capital expenditures		10,611	23,224	10,180	44,016	13,659	57,675	7,346	6,163	3,526	17,036
	Depreciation and amortization	Domestic	3,214	3,306	3,377	9,899	3,524	13,424	2,769	3,220	3,431	9,421
		Overseas	5,949	5,850	6,045	17,845	6,036	23,882	5,523	5,669	5,659	16,853
	Total		9,163	9,157	9,423	27,745	9,561	37,306	8,293	8,889	9,091	26,274
R&D expenditures			5,180	5,068	4,968	15,218	4,743	19,961	4,471	4,066	4,231	12,769
Ratio of R&D expenditures to net sales			3.0%	3.1%	3.1%	3.1%	3.0%	3.1%	4.9%	2.8%	2.6%	3.2%
Inventories			197,441	192,909	197,088	197,088	182,923	182,923	192,786	174,993	171,207	171,207
Inventory turnover ratio (times)			3.5	3.4	3.3	3.3	3.4	3.6	1.9	3.4	3.7	3.1
Interest-bearing debts	Loans		321,455	318,754	339,308	339,308	332,416	332,416	361,478	367,138	353,965	353,965
	Bonds		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	Total		351,455	348,754	369,308	369,308	362,416	362,416	391,478	397,138	383,965	383,965
Major management indicators	Ordinary income ratio to total assets		1.2%	0.1%	-0.9%	0.2%	-1.3%	-0.2%	-5.2%	-1.9%	1.3%	-1.9%
	Return on assets (ROA)		1.1%	-0.6%	-1.1%	-0.2%	-21.7%	-5.5%	-6.4%	-1.2%	0.6%	-2.3%
	Return on equity (ROE)		4.2%	-2.3%	-4.2%	-0.7%	-91.8%	-22.8%	-31.9%	-6.2%	3.0%	-11.4%
	Shareholder's equity ratio		26.9%	26.3%	26.3%	26.3%	20.6%	20.6%	19.7%	19.6%	20.1%	20.1%
	Net assets per share (yen)		418.37	406.74	409.27	409.27	294.00	294.00	278.27	277.24	288.79	288.79
	Net income per share (yen)		4.51	-2.38	-4.26	-2.12	-80.70	-82.83	-22.83	-4.31	2.13	-25.01
Employees	Domestic (persons)		8,869	8,830	8,781	8,781	8,718	8,718	8,878	8,833	8,823	8,823
	Overseas (persons)		16,227	15,902	15,906	15,906	15,481	15,481	14,943	14,712	14,690	14,690
	Total (persons)		25,096	24,732	24,687	24,687	24,199	24,199	23,821	23,545	23,513	23,513
Exchange rates	Average	Dollar (yen)	109.94	107.29	108.72	108.65	108.97	108.73	107.53	106.16	104.50	106.06
		Euro (yen)	123.52	119.34	120.33	121.06	120.16	120.84	118.37	124.09	124.54	122.33
	At term end	Dollar (yen)	107.82	107.99	108.88	108.88	107.85	107.85	107.58	105.66	103.19	103.19
		Euro (yen)	122.58	118.16	121.93	121.93	119.13	119.13	120.93	124.06	126.92	126.92