

Financial Results for the Three Months Ended June 30, 2021
[Japanese Accounting Standards] (Consolidated)
(Unaudited)

July 30, 2021

NTN Corporation

Security Code: 6472

Listings: Tokyo Stock Exchanges

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Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

1. Consolidated Financial Results for the three months ended June 30, 2021
 (April 1, 2021 to June 30, 2021)

(Amounts rounded down to the nearest million yen)

(Percentage figures represent year-on-year changes)

(1) Operating Results

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2021	156,623	70.4	1,654	—	2,554	—	1,184	—
Three months ended June 30, 2020	91,929	-46.5	-9,715	—	-9,799	—	-12,126	—

Note: comprehensive income: Three months ended June 30, 2021 : 4,535 million yen (-%)
 Three months ended June 30, 2020: -8,154 million yen (-%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2021	2.23	—
Three months ended June 30, 2020	-22.83	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three months ended June 30, 2021	840,310	191,922	20.8
Year ended March 31, 2021	836,563	183,751	20.4

Note: Shareholders' equity Three months ended June 30, 2021 : 174,453 million yen
 Year ended March 31, 2021 : 170,526 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, 2021	—	0.00	—	0.00	0.00
Year ending March 31, 2022	—				
Year ending March 31, 2022 (forecast)		0.00	—	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, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
First half (cumulative)	320,000	33.8	4,000	—	1,500	—	-1,000	—	-1.88
Full year	660,000	17.3	15,000	—	10,000	—	5,000	—	9.41

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

* 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 11 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: | Yes |
| 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, 2021:	532,463,527 shares
Year ended March 31, 2021:	532,463,527 shares

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

Three months ended June 30, 2021:	1,300,131 shares
Year ended March 31, 2021:	1,299,641 shares

3) Average number of shares outstanding during the quarter:

Three months ended June 30, 2021:	531,163,621 shares
Three months ended June 30, 2020:	531,148,535 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. For the forecast above, refer to “(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings in Qualitative Information of Consolidated Financial Statements for the Three Months ended June 30, 2021 on page 4 of attached documents.

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1. Qualitative Information of Consolidated Financial Statements for the three months ended June 30, 2021

(1) Explanation regarding Consolidated Operating Results

Regarding the global economy in the first quarter of the current fiscal year (from April 1, 2021 to June 30, 2021), economic conditions remained severe in some areas although there was a significant recovery compared to the same period of the previous fiscal year, when conditions were extremely severe due to the spread of the new coronavirus. As for the Japanese economy, due to the effects of the new coronavirus and the semiconductor shortage, weakness in economy continued in some areas of personal consumption such as service spending. Although there were signs of a recovery in production and capital investment, the recovery was at a standstill. Although the situation was also severe due to the effects of the new coronavirus infection and semiconductor shortages overseas, the U.S. economy, the Chinese economy, and the economy of other emerging countries in Asia and others continued to recovery. On the other hand, the European economy continued to be weak as economic activities were restrained due to the impact of the re-emergence of the infection.

Under these business environment, the Company will steadily implement the measures in the New Medium-term Management Plan "DRIVE NTN100" Phase 2 which started in April this year, accelerate the transformation of our business structure, strengthen our financial position and organization, and aim to build a business structure that can flexibly respond to changes in the business environment.

Net sales for the first quarter drastically increased compared to the same period of the previous fiscal year when the situation was very severe and amounted to 156,623 million yen (up 70.4% year on year). Regarding profit and loss, operating income was 1,654 million yen (loss of 9,715 million yen in the same period of the previous fiscal year), ordinary income was 2,554 million yen (loss of 9,799 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent was 1,184 million yen (loss attributable to owners of parent of 12,126 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 applications. Sales in the industrial machinery applications increased in construction machinery and gearboxes, and decreased in aircrafts and rolling stocks. Sales in automotive applications increased due to increased customer demand and other factors. As a result, net sales increased significantly compared to the same period of the previous fiscal year when the situation was very severe and amounted to 80,006 million yen (up 52.7% year on year). Segment income was 1,512 million yen (loss of 5,137 million yen in the same period of the previous fiscal year) due to an increase in sales volume and other factors.

(2) Americas

Sales in the aftermarket applications increased in industrial machinery and automotive aftermarket applications. Sales in industrial machinery applications increased in construction machinery and agricultural machinery. Sales in automotive applications also increased due to increased customer demand. As a result, net sales increased significantly compared to the same period of the previous fiscal year when the situation was very severe and amounted to 42,216 million yen (up 122.5% year on year). Despite an increase in sales volume and other factors, segment loss was 1,238 million yen (loss of 2,929 million yen in the same period of the previous fiscal year) due to an increase in fixed cost and other factors.

(3) Europe

Sales in the aftermarket applications increased in industrial machinery and automotive aftermarket applications. Sales in industrial machinery applications increased in aircrafts and gearboxes. Sales in automotive applications also increased due to increased customer demand. As a result, net sales increased significantly compared to the same period of the previous fiscal year when the situation was very severe and amounted to 37,496 million yen (up 88.3% year on year). Despite an increase in sales volume and other factors, segment loss was of 304 million yen (loss of 2,980 million yen in the same period of the previous fiscal year) due to an increase in fixed cost and other factors.

(4) Asia and other areas

Sales in the aftermarket applications increased in industrial machinery and automotive aftermarket applications. Sales in industrial machinery applications increased in construction machinery but decreased in wind turbines. Sales in automotive applications increased mainly due to increased customer demand. As a result, net sales was 34,234 million yen (up 36.2% year on year). Segment income was 3,941 million yen (up 231.7% year on year) due to an increase in sales volume and other factors.

Operating results by business sector were as follows.

(1) Aftermarket applications

Due to an increase in customer demand and other factors, net sales amounted to 26,981 million yen (up 38.0% year on year). Operating income was 3,415 million yen (up 352.3% year on year) due to an increase in sales volume and other factors.

(2) Industrial machinery applications

Net sales amounted to 30,701 million yen (up 35.6% year on year) due to increased sales of construction machinery and agricultural machinery. Operating income amounted to 465 million yen (operating loss of 853 million yen in the same period of the previous fiscal year) due to an increase in sales volume and other factor.

(3) Automotive applications

Net Sales increased compared to the same period of the previous fiscal year when many customers stopped the operation and amounted to 98,941 million yen (up 98.9% year on year). However, the decline in the production of customers due to the semiconductor shortage was larger than expected. Despite an increase in sales volume, operating loss was 2,226 million yen (operating loss of 9,618 million yen in the same period of the previous fiscal year) due to an increase in fixed cost and a decrease in the production of customers and other factors.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Current assets increased 190 million yen (up 0.0%) from the previous consolidated fiscal year end and amounted to 485,946 million yen. This is mainly due to an increase of 8,248 million yen in raw materials and supplies and an increase of 4,037 in work in process, a decrease of 6,379 million yen in cash and bank deposits and a decrease of 4,306 million yen in notes and accounts receivable-trade. Fixed assets increased 3,558 million yen (up 1.0%) from the previous consolidated fiscal year end and amounted to 354,364 million yen. This is mainly due to an increase of 5,422 million yen in machinery, equipment and vehicles, an increase of 1,667 million yen in goodwill and a decrease of 3,862 million yen in investment securities. As a result, total assets increased 3,747 million yen (up 0.4%) from the previous consolidated fiscal year end and amounted to 840,310 million yen.

Current liabilities increased 7,892 million yen (up 2.7%) from the previous consolidated fiscal year end and amounted to 300,283 million yen. This is mainly due to an increase of 2,764 million yen in electronically-recorded monetary claims and an increase of 1,110 million yen in notes and accounts payable-trade. Long-term liabilities decreased 12,316 million yen (down 3.4%) from the previous consolidated fiscal year end and amounted to 348,150 million yen. This is mainly due to a decrease of 15,037 million yen in long-term loans. As a result, total liabilities decreased 4,424 million yen (down 0.7%) and amounted to 648,388 million yen compared to the end of the previous consolidated fiscal year.

Total net assets increased 8,171 million yen (up 4.4%) from the previous consolidated fiscal year end and amounted to 191,922 million yen. This is mainly due to an increase of 4,245 million yen in non-controlling shareholders' equity, an increase of 2,769 million yen in translation adjustment and an increase of 1,185 million yen in retained earnings.

(Cash flows)

Net cash provided by operating activities was 12,598 million yen (expense of 10,971 million yen in the same period of the previous fiscal year). This was mainly due to proceeds of 9,040 million yen of depreciation and amortization, a decrease in trade receivables of 5,393 million yen, an increase in trade payables of 3,050 million yen and income before income taxes and equity in earnings of affiliated companies of 2,554 million yen and expense of 12,433 million yen of inventory asset.

Net cash used in investing activities was 3,974 million yen (4,937 million yen in the same period of the previous fiscal year, down 55.4%). This was mainly due to expenses of 3,848 million yen of tangible fixed assets.

Net cash used in financing activities was 15,462 million yen (proceeds of 28,322 million yen in the same period of the previous fiscal year). This was mainly due to the proceed of 6,966 million yen of long-term loans and the expense of 20,888 million yen of long-term loans.

After adding an increase of 337 million yen of translation adjustments, cash and cash equivalents at the end of the first quarter of the fiscal year under review was 140,748 million yen, a decrease of 6,500 million yen (down 4.4%) from the end of the previous consolidated fiscal year.

(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings

The Company has made no modification to the consolidated earnings forecast announced on May 14, 2021.

2. Consolidated Financial Statements for the Three Months

(1) Balance Sheets

	(In million yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and bank deposits	154,969	148,590
Notes and accounts receivable-trade	116,604	112,298
Electronically-recorded monetary claims	4,996	5,357
Finished goods & purchased goods	91,848	94,069
Work in process	48,600	52,637
Raw materials and supplies	36,397	44,645
Short-term loans receivable	68	50
Other	33,282	29,352
Allowance for doubtful accounts	-1,011	-1,054
Total current assets	485,756	485,946
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	87,314	87,815
Machinery, equipment and vehicles, net	112,164	117,586
Other, net	60,965	57,541
Total property, plant and equipment	260,443	262,944
Intangible fixed assets		
Goodwill	—	1,667
Other	40,363	43,819
Total intangible fixed assets	40,363	45,486
Investments and other assets		
Investment securities	43,836	39,974
Deferred tax assets	2,437	2,245
Other	3,938	3,923
Allowance for doubtful accounts	-213	-210
Total investments and other assets	49,999	45,932
Total fixed assets	350,806	354,364
Total assets	836,563	840,310

(In million yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	55,468	56,578
Electronically-recorded monetary claims	62,815	65,579
Short-term loans	121,836	122,783
Accrued income taxes	2,125	2,317
Accrued bonuses for directors and statutory auditors	36	13
Other	50,064	52,965
Total current liabilities	292,346	300,238
Long-term liabilities		
Bonds	80,000	80,000
Long-term loans	220,967	205,930
Reserve for product defect compensation	1,082	401
Liabilities for retirement benefits	39,920	40,608
Other	18,495	21,209
Total long-term liabilities	360,466	348,150
Total liabilities	652,812	648,388
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,970	67,970
Retained earnings	52,786	53,971
Treasury stock	-782	-782
Total shareholders' equity	174,321	175,505
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,646	8,366
Translation adjustments	-6,865	-4,096
Accrued retirement benefits adjustments	-5,575	-5,322
Total accumulated other comprehensive income	-3,794	-1,052
Non-controlling shareholders' equity	13,224	17,469
Total net assets	183,751	191,922
Total liabilities and net assets	836,563	840,310

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

(In million yen)

	Three months ended June 30, 2020 <small>(April 1, 2020 – June 30, 2020)</small>	Three months ended June 30, 2021 <small>(April 1, 2021 – June 30, 2021)</small>
Net sales	91,929	156,623
Cost of sales	81,469	130,119
Gross profit	10,459	26,504
Selling, general and administrative expenses	20,175	24,849
Operating income/loss (-)	-9,715	1,654
Non-operating income		
Interest income	224	213
Dividend income	330	355
Equity in earnings of unconsolidated subsidiaries	—	207
Derivative transaction gains	—	560
Foreign exchange gains	759	95
Other	678	992
Total non-operating income	1,992	2,424
Non-operating expenses		
Interest expenses	840	1,090
Equity in loss of non-consolidated subsidiaries	20	—
Derivative transaction losses	705	—
Other	509	434
Total non-operating expenses	2,076	1,525
Ordinary income/loss (-)	-9,799	2,554
Extraordinary income		
Proceeds from subsidy	*1 1,736	—
Total extraordinary income	1,736	—
Extraordinary losses		
Special factory operating loss	*2 3,327	—
Total extraordinary losses	3,327	—
Income/loss (-) before income taxes and equity in earnings of affiliated companies	-11,390	2,554
Income and other taxes	576	977
Net income/loss (-)	-11,967	1,577
Profit attributable to non-controlling shareholders	159	392
Profit/loss (-) attributable to owners of parent	-12,126	1,184

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)	Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)
Net income/loss (-)	-11,967	1,577
Other comprehensive income		
Net unrealized holding gain on other securities	1,854	-279
Translation adjustments	2,249	2,246
Accrued retirement benefits adjustments	233	263
Equity in equity-method affiliates	-524	728
Total other comprehensive income	3,812	2,958
Comprehensive income	-8,154	4,535
(breakdown)		
Comprehensive income attributable to owners of parent company	-8,352	3,926
Comprehensive income related to non-controlling shareholders	197	608

(3) Statements of Cash Flows

(In million yen)

	Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)	Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)
Net cash provided by operating activities		
Income/loss (-) before income taxes and equity in earnings of affiliated companies	-11,390	2,554
Depreciation and amortization	8,293	9,040
Proceeds from subsidy	-1,736	—
Special factory operating loss	3,327	—
Increase/decrease (-) in allowance for doubtful accounts	47	21
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditor	-8	-22
Increase/decrease (-) in reserve for product defect compensation	-120	-676
Increase/decrease (-) in liabilities in retirement benefits	-7	871
Interest and dividend income	-554	-568
Interest expenses	840	1,090
Foreign currency translation adjustments / foreign exchange losses/gains (-)	-874	252
Loss or gain (-) on derivative transactions	705	-560
Equity in earnings (-) /loss of non-consolidated subsidiaries	20	-207
Decrease (-) / increase in trade receivables	22,505	5,393
Decrease (-) / increase in inventories	-8,599	-12,433
Increase/decrease (-) in trade payables	-25,178	3,050
Other	3,763	5,598
Subtotal	-8,967	13,404
Interest and dividend income received	841	892
Interest paid	-828	-768
Subsidies received	1,245	—
Payment of special factory operating loss	-2,464	—
Loss related to Anti-Monopoly Act	—	-192
Income taxes paid	-797	-738
Net cash provided by operating activities	-10,971	12,598
Net cash used in investing activities		
Increase in time deposits	-1,523	-6
Decrease in time deposits	303	—
Purchases of property, plant and equipment	-5,363	-3,848
Purchase of intangible fixed assets	-2,414	-1,623
Proceeds from purchase of subsidiaries' stock resulting in change in scope of consolidation	—	1,200
Decrease/increase (-) in short-term loans receivable, net	0	16
Other	87	286
Net cash used in investing activities	-8,911	-3,974
Net cash provided by financing activities		
Increase/decrease (-) in short-term loans, net	-2,755	-1,044
Proceeds from long-term loans	45,946	6,966
Repayment of long-term loans	-14,537	-20,888
Repayment of lease payable	-330	-495
Other	0	0
Net cash provided by financing activities	28,322	-15,462
Effect of exchange rate changes on cash and cash equivalents	603	337
Increase/decrease (-) in cash and cash equivalents	9,043	-6,500
Cash and cash equivalents at beginning of the year	71,165	147,249
Cash and cash equivalents, at end of the quarter	80,209	140,748

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company applied "Accounting Standard for Revenue Recognition, etc.," (ASBJ Statement No. 29, March 31, 2020; hereafter "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current fiscal year and recognizes the revenue at the amount expected to be received in exchange when control of the promised goods or services is transferred to the customer.

The application of the Revenue Recognition Accounting Standard follows the transitional treatment prescribed in the proviso to paragraph 84 of the revenue recognition accounting standard but it has no impact on the opening balance of retained earnings. As a result of this application, net sales and cost of sales for the first quarter of the current fiscal year decreased by 546 million yen compared with the previous method, but operating income, ordinary income, and income/loss before income taxes and equity in earnings of affiliated companies were not affected.

(Application of Accounting Standard for Calculation of Fair Value, etc.)

The Company applied "Application of Accounting Standard for Measurement of Fair Value, etc." (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year and applied the new accounting standard prospectively with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019.) There is no impact on the quarterly consolidated financial statements.

(Notes to Balance Sheet)

1. Contingency liabilities

(Guarantee etc.)

The Company provides the following debt guarantees for loans from financial institutions of companies other than consolidated subsidiaries.

	Year ended March 31, 2021	Three months ended June 30, 2021
PT. Astra NTN Driveshaft Indonesia	448 million yen	617 million yen

(Lawsuits, etc.)

(1) There is an ongoing investigation by the competition authority in India in relation to overseas sale of bearings.

(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 December 2020, Renault changed the claiming amount for damages to 32.5 million euros (provisional amount). 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. This lawsuit was transferred to the United Kingdom Competition Appeal Tribunal on July 14, 2020.

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 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 loss. 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

(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 first quarter under review, after the application 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)

(Application of Tax Effect Accounting in Relation to the Transition from the Consolidated Tax Payment System to the Group Taxation System)

In the Company and some of its domestic consolidated subsidiaries, we do not applied the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) on the items which were reviewed in the transition to the group taxation system established in the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8, 2020) and the non-consolidated taxation system in conjunction with the transition to the group taxation system in accordance with paragraph 3 of the "Treatment of Application of Tax Effect Accounting Related to Transition from Consolidated Taxation System to Group-wide Accounting System" (Practical Issues Task Force No. 39, March 31, 2020). Also, the amount of deferred tax assets and liabilities is based on the provisions of the tax law before the revision.

(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, 2020 (April 1, 2020 – June 30, 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	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

II. Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

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	45,951	41,989	36,335	32,347	156,623	—	156,623
Inter-segment sales or transfers	34,055	227	1,160	1,886	37,330	(37,330)	—
Total	80,006	42,216	37,496	34,234	193,954	(37,330)	156,623
Segment income (Operating income/loss (-))	1,512	-1,238	-304	3,941	3,910	(2,256)	1,654

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. Information on impairment loss of fixed assets, goodwill, etc. by reportable segment

(Important difference of the amount of goodwill)

In the segment of Japan, the company acquired additionally the stock of the Taira Forging, the equity-method affiliates of the company and made it a subsidiary. The increase of the goodwill due to this change was 1,667 million yen. The amount of goodwill is the estimated amount because the distribution of the acquisition of original prices is not completed in the first quarter under review.

(Significant Subsequent Events)

None

3. Supplementary Information

(1) Explanatory Materials

(In million yen)

		FY2020					FY2021	
		1Q	2Q	3Q	4Q	Full year	1Q	
Consolidated operating results (Lower: Net sales ratio)	Net sales	91,929 100%	147,292 100%	160,330 100%	163,294 100%	562,847 100%	156,623 100%	
	Operating income	-9,715 -10.6%	-2,607 -1.8%	3,531 2.2%	5,652 3.5%	-3,138 -0.6%	1,654 1.1%	
	Ordinary income	-9,799 -10.7%	-3,627 -2.5%	2,525 1.6%	5,158 3.2%	-5,742 -1.0%	2,554 1.6%	
	Extraordinary income	-1,591 -1.7%	2,123 1.4%	-77 -0.0%	4,031 2.5%	4,486 0.8%	0 -0.0%	
	Profit attributable to owners of parent	-12,126 -13.2%	-2,286 -1.6%	1,128 0.7%	1,643 1.0%	-11,641 -2.1%	1,184 0.8%	
Net sales by region (Lower: Net sales ratio)	Japan	28,537 31.0%	40,481 27.5%	46,621 29.1%	47,172 28.9%	162,814 28.9%	44,492 28.4%	
	Americas	19,203 20.9%	41,625 28.3%	41,366 25.8%	42,237 25.9%	144,431 25.7%	42,707 27.3%	
	Europe	18,148 19.7%	30,088 20.4%	33,353 20.8%	35,644 21.8%	117,235 20.8%	33,305 21.3%	
	Asia and other areas	26,039 28.3%	35,096 23.8%	38,990 24.3%	38,239 23.4%	138,365 24.6%	36,118 23.1%	
	Total	91,929 100.0%	147,292 100.0%	160,330 100.0%	163,294 100.0%	562,847 100.0%	156,623 100.0%	
Net sales / Operating income by company location	Japan	Net sales	52,409	61,350	74,806	78,404	266,971	80,006
		Operating income	-5,137	-5,544	-750	639	-10,792	1,512
		Operating margin	-9.8%	-9.0%	-1.0%	0.8%	-4.0%	1.9%
	Americas	Net sales	18,970	41,272	40,977	41,713	142,934	42,216
		Operating income	-2,929	-514	130	509	-2,803	-1,238
		Operating margin	-15.4%	-1.2%	0.3%	1.2%	-2.0%	-2.9%
	Europe	Net sales	19,908	33,277	36,590	39,420	129,197	37,496
		Operating income	-2,980	-215	103	663	-2,427	-304
		Operating margin	-15.0%	-0.6%	0.3%	1.7%	-1.9%	-0.8%
	Asia and other areas	Net sales	25,126	33,653	37,683	36,956	133,419	34,234
		Operating income	1,188	2,809	4,206	4,101	12,305	3,941
		Operating margin	4.7%	8.3%	11.2%	11.1%	9.2%	11.5%
	Deletion	Net sales	-24,486	-22,262	-29,726	-33,200	-109,676	-37,330
		Operating income	143	857	-158	-262	579	-2,256
	Total	Net sales	91,929	147,292	160,330	163,294	562,847	156,623
Operating income		-9,715	-2,607	3,531	5,652	-3,138	1,654	
Operating margin		-10.6%	-1.8%	2.2%	3.5%	-0.6%	1.1%	

(In million yen)

			FY2020					FY2021
			1Q	2Q	3Q	4Q	Full year	1Q
Net sales / Operating income by business applications	Aftermarket	Net sales	19,552	23,311	23,895	24,733	91,492	26,981
		Operating income	755	1,515	3,266	3,366	8,904	3,415
		Operating margin	3.9%	6.5%	13.7%	13.6%	9.7%	12.7%
	Industrial machinery	Net sales	22,637	24,236	24,874	30,104	101,853	30,701
		Operating income	-853	-510	47	1,671	354	465
		Operating margin	-3.8%	-2.1%	0.2%	5.6%	0.3%	1.5%
	Automotive	Net sales	49,739	99,744	111,560	108,457	369,501	98,941
		Operating income	-9,618	-3,612	218	614	-12,397	-2,226
		Operating margin	-19.3%	-3.6%	0.2%	0.6%	-3.4%	-2.3%
	Total	Net sales	91,929	147,292	160,330	163,294	562,847	156,623
		Operating income	-9,715	-2,607	3,531	5,652	-3,138	1,654
		Operating margin	-10.6%	-1.8%	2.2%	3.5%	-0.6%	1.1%
Capital expenditures / Depreciation and amortization	Capital expenditures		7,346	6,163	3,526	6,781	23,817	4,105
	Depreciation and amortization	Domestic	2,769	3,220	3,431	3,454	12,875	3,456
		Overseas	5,523	5,669	5,659	5,749	22,602	5,584
	Total		8,293	8,889	9,091	9,204	35,478	9,040
R&D expenditures			4,471	4,066	4,231	4,716	17,485	4,502
Ratio of R&D expenditures to net sales			4.9%	2.8%	2.6%	2.9%	3.1%	2.9%
Inventories			192,786	174,993	171,207	176,847	176,847	191,351
Inventory turnover ratio (times)			1.9	3.4	3.7	3.7	3.2	3.3
Interest- bearing debts	Loans		361,478	367,138	353,965	342,803	342,803	328,714
	Bonds		30,000	30,000	30,000	80,000	80,000	80,000
	Total		391,478	397,138	383,965	422,803	422,803	408,714
Major management indicators	Ordinary income ratio to total assets		-5.2%	-1.9%	1.3%	2.6%	-0.7%	1.2%
	Return on assets (ROA)		-6.4%	-1.2%	0.6%	0.8%	-1.5%	0.6%
	Return on equity (ROE)		-31.9%	-6.2%	3.0%	4.1%	-7.1%	2.7%
	Shareholder's equity ratio		19.7%	19.6%	20.1%	20.4%	20.4%	20.8%
	Net assets per share (yen)		278.27	277.24	288.79	321.04	321.04	328.44
	Net income per share (yen)		-22.83	-4.31	2.13	3.09	-21.92	2.23
Employees	Domestic (persons)	8,878	8,833	8,823	8,735	8,735	8,837	
	Overseas (persons)	14,943	14,712	14,690	14,557	14,557	14,485	
	Total (persons)	23,821	23,545	23,513	23,292	23,292	23,322	
Exchange rates	Average	Dollar (yen)	107.53	106.16	104.50	105.83	106.01	109.44
		Euro (yen)	118.37	124.09	124.54	127.63	123.66	131.89
	At term end	Dollar (yen)	107.58	105.66	103.19	110.36	110.36	110.58
		Euro (yen)	120.93	124.06	126.92	129.32	129.32	131.55