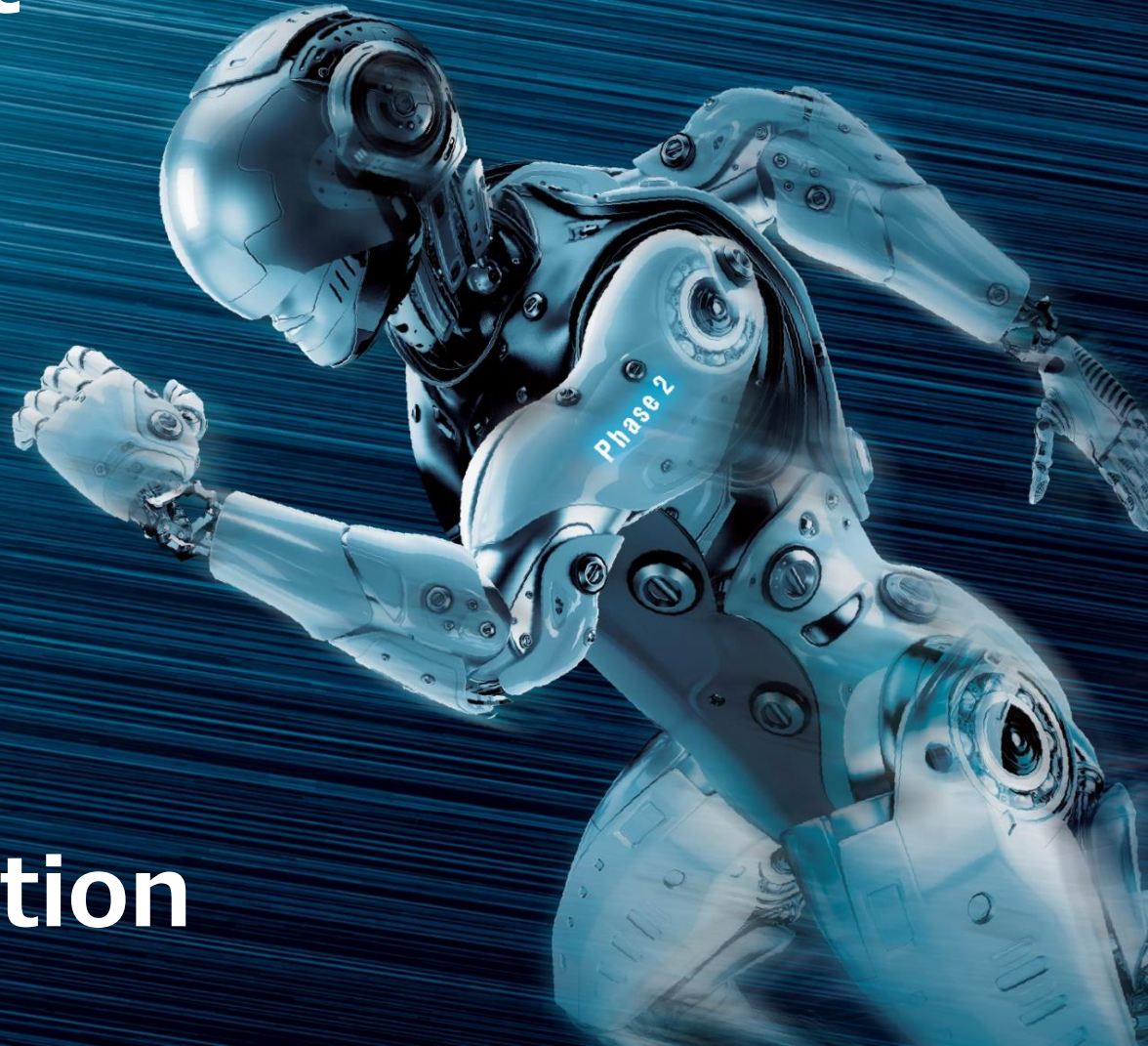


Consolidated Financial Results for the First Quarter of FY2021

NTN
Make the world **NAMERAKA**



August 4, 2021
NTN Corporation

Outline of Financial Result for 1Q of FY2021

- ✓ **Net sales: 156.6 billion yen:** Significant recovery in demand due to the impact of the coronavirus in 1Q of the previous year (YoY+70%)
- ✓ **Operating income: 1.7 billion yen:** Increased due to recovery in scale, despite the impact of semiconductor shortage (YoY+11.4 billion yen)
- ✓ **Profit attributable to owners of parent: 1.2 billion yen**
- ✓ **Inventories: 191.4 billion yen** Temporary increased due to the impact of a semiconductor shortage more than expected (+14.5 billion yen compared to the end of March)
- ✓ **Free cash flow: 8.6 billion yen:** Made a profit despite a temporary increase in inventories

(billion yen)

(billion yen)	FY2020		FY2021		
	1Q Result	Full Year Result	1Q Result	YoY	Full Year Forecast
Net sales	91.9	562.8	156.6	+64.7(+70%) Excl. forex +57.2(+62%)	660.0
Operating income (Operating margin)	-9.7 (-10.6%)	-3.1 (-0.6%)	1.7 1.1%	+11.4 (+11.6pt)	15.0 -2.30%
Ordinary income	-9.8	-5.7	2.6	+12.4	10.0
Extraordinary income/loss	-1.6	4.5	0.0	+1.6	0.0
Income before income taxes	-11.4	-1.3	2.6	+13.9	10.0
Profit attributable to owners of parent	-12.1	-11.6	1.2	+13.3	5.0
Inventories	192.8	176.8	191.4	+14.5(compared to end of March) (Excl. forex+13.1)	180.0
Capital expenditure	7.3	23.8	4.1	-3.2	22.0
FCF	-19.9	18.5	8.6	+28.5	5.5
Exchange rates US\$	¥107.5	¥106.0	¥109.4		¥107
€	¥118.4	¥123.7	¥131.9		¥128

Outline of Financial Result for 1Q of FY2021 by Business Sector

Year on year, both sales and income increased in all businesses

- Aftermarket:** Sales and income increased due to an increase in demand caused by a recovery in market from the pandemic in the previous year.
- Industrial machinery:** Demand recovered mainly in construction machinery, agricultural machinery, gearboxes, and machine tools. Efforts to improve profitability led to increased sales and income.
- Automotive:** Significant recovery from the lock-down in the previous 1Q. Sales increased.

Compared to the announcement in May, automotive production reduced due to the worldwide semiconductor shortage. Sales in 1Q reduced more than expected. On the other hand, sales of Aftermarket and Industrial machinery business increased and the demand are expected to increase in both 1H and 2H. As a result, the full year forecast is unchanged.

(billion yen)

	Aftermarket			Industrial Machinery			Automotive			Total		
	FY2020		FY2021	FY2020		FY2021	FY2020		FY2021	FY2020		FY2021
	1Q	4Q	1Q	1Q	4Q	1Q	1Q	4Q	1Q	1Q	4Q	1Q
Net sales	19.6	24.7	27.0	22.6	30.1	30.7	49.7	108.5	98.9	91.9	163.3	156.6
year on year	-8.7	-2.1	7.4	-5.5	3.4	8.1	-65.6	5.2	49.2	-79.8	6.5	64.7
Operating income	0.8	3.4	3.4	-0.9	1.7	0.5	-9.6	0.6	-2.2	-9.7	5.7	1.7
year on year	-2.6	0.0	2.7	-0.5	1.9	1.3	-9.7	1.5	7.4	-12.8	3.4	11.4
Operating margin	3.9%	13.6%	12.7%	-3.8%	5.6%	1.5%	-19.3%	0.6%	-2.3%	-10.6%	3.5%	1.1%

★Financial Results for 1Q of FY2021: Key Factors

- 1. Consolidated Statements of Operation**
- 2. Net Sales by Region**
- 3. Net Sales and Operating Income by Business Sector**
- 4. Results by Business Sector (Quarterly Trend)**
- 5. Analysis of Operating Income**
- 6. Net Sales and Operating Income by Company Location**
- 7. Inventories**
- 8. Capital Expenditure and Depreciation**
- 9. Interest-Bearing Debt**
- 10. Cash Flows**
- 11. Key Factors to Achieve the Forecast**

Results of FY2021 First Quarter (April–June)

- ◇ Net sales: **¥156.6 billion**
 - Increase of **+¥64.7 billion**, year-on-year
(Excluding exchange rates: increase of **+¥57.2 billion**)
- ◇ Operating income: **¥1.7 billion**
 - Increase of **+¥11.4 billion**, year-on-year
(Excluding exchange rates: increase of **+¥11.0 billion**)
- ◇ Ordinary income: **¥2.6 billion**
 - Increase of **+¥12.4 billion**, year-on-year
(Excluding exchange rates: increase of **+¥11.9 billion**)
- ◇ Profit attributable to owners of parent: **¥1.2 billion**
 - Increase of **+¥13.3 billion**, year-on-year
(Excluding exchange rates: increase of **+¥13.0 billion**)
- ◇ Free cash flow: **¥8.6 billion**, increase of **+¥28.5 billion**, year-on-year

1. Consolidated Statements of Operation

(billion yen)

	FY2020					FY2021		Year on year		
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results	Full year Forecast	②-①		
	①					②		Total	Volume	Forex
Net sales	91.9	147.3	160.3	163.3	562.8	156.6	660.0	64.7	57.2	7.5
Operating income	-9.7	-2.6	3.5	5.7	-3.1	1.7	15.0	11.4	11.0	0.4
Operating margin	(-10.6%)	(-1.8%)	(2.2%)	(3.5%)	(-0.6%)	(1.1%)	(2.3%)	(11.6%)		
Ordinary income	-9.8	-3.6	2.5	5.2	-5.7	2.6	10.0	12.4	11.9	0.4
Extraordinary income/loss	-1.6	2.1	-0.1	4.0	4.5	-	0.0	1.6	1.6	-
Profit/loss attributable to owners of parent	-12.1	-2.3	1.1	1.6	-11.6	1.2	5.0	13.3	13.0	0.3
Exchange rate	US\$	107.5	106.2	104.5	105.8	106.0	109.4	107.0	1.9	
	EURO	118.4	124.1	124.5	127.6	123.7	131.9	128.0	13.5	

2. Net Sales by Region

(billion yen)

	FY2020					FY2021		Year on year		
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results	Full year Forecast	②-①		
	①					②		Total	Volume	Forex
Japan	28.5	40.5	46.6	47.2	162.8	44.5	187.0	16.0	16.0	0.0
Americas	19.2	41.6	41.4	42.2	144.4	42.7	178.5	23.5	22.1	1.4
Europe	18.1	30.1	33.4	35.6	117.2	33.3	140.5	15.2	11.7	3.4
Asia and others	26.0	35.1	39.0	38.2	138.4	36.1	154.0	10.1	7.4	2.7
Total	91.9	147.3	160.3	163.3	562.8	156.6	660.0	64.7	57.2	7.5

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(billion yen)

	FY2020					FY2021		Year on year		
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results	Full year Forecast	②-①		
	①					②		Total	Volume	Forex
Aftermarket	19.6	23.3	23.9	24.7	91.5	27.0	101.0	7.4	6.0	1.5
Industrial machinery	22.6	24.2	24.9	30.1	101.9	30.7	105.0	8.1	6.7	1.3
Automotive	49.7	99.7	111.6	108.5	369.5	98.9	454.0	49.2	44.5	4.7
Total	91.9	147.3	160.3	163.3	562.8	156.6	660.0	64.7	57.2	7.5

< Operating Income by Business Sector >

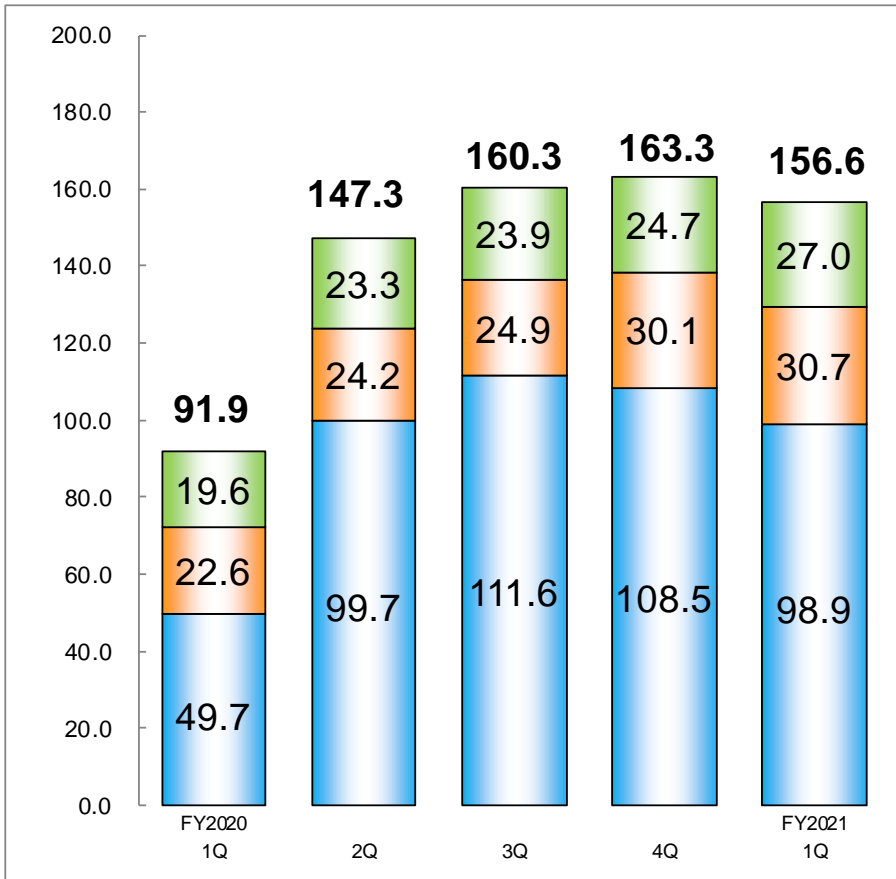
	FY2020					FY2021		Year on year
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results	Full year Forecast	②-①
	①					②		
Aftermarket	0.8	1.5	3.3	3.4	8.9	3.4	12.0	2.7
Industrial machinery	-0.9	-0.5	0.0	1.7	0.4	0.5	1.0	1.3
Automotive	-9.6	-3.6	0.2	0.6	-12.4	-2.2	2.0	7.4
Total	-9.7	-2.6	3.5	5.7	-3.1	1.7	15.0	11.4

4. Results by Business Sector (Quarterly Trend)

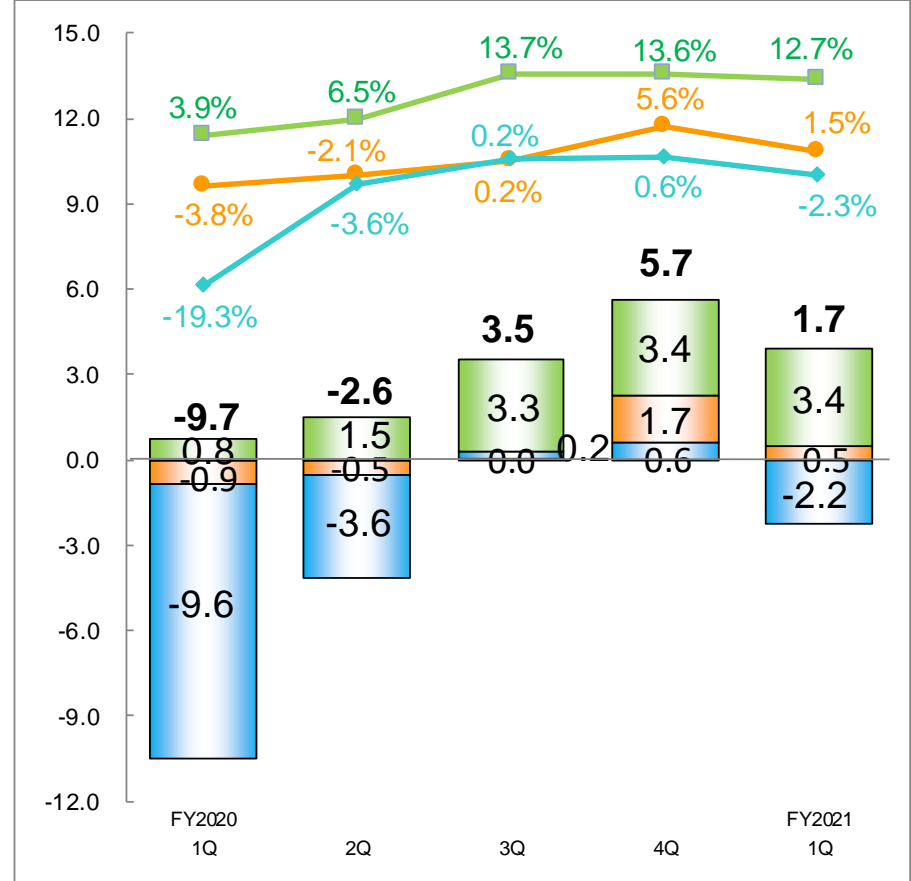
Automotive Industrial machinery Aftermarket

(billion yen)

Net Sales

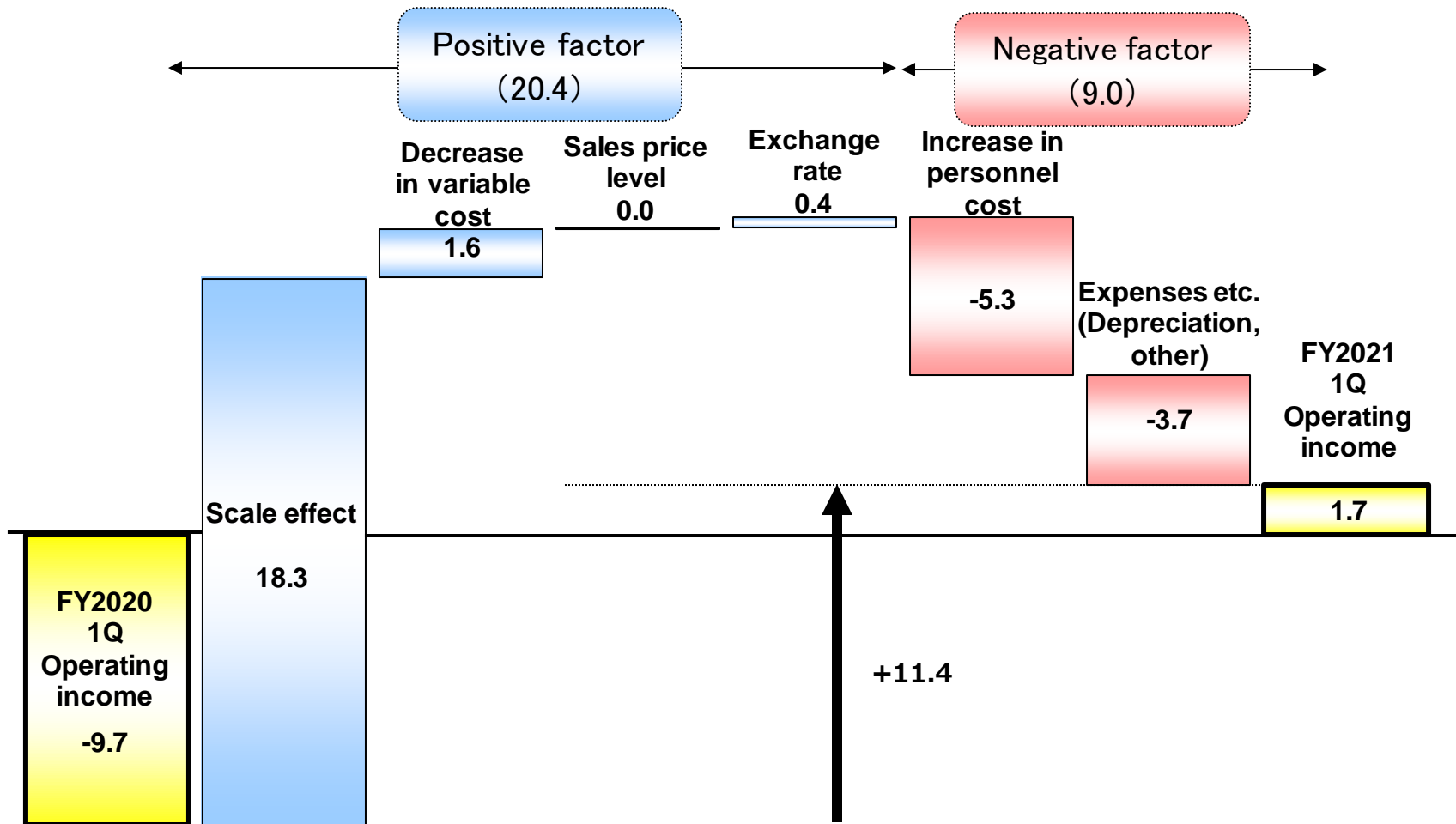


(billion yen) Operating Income/Operating Margin



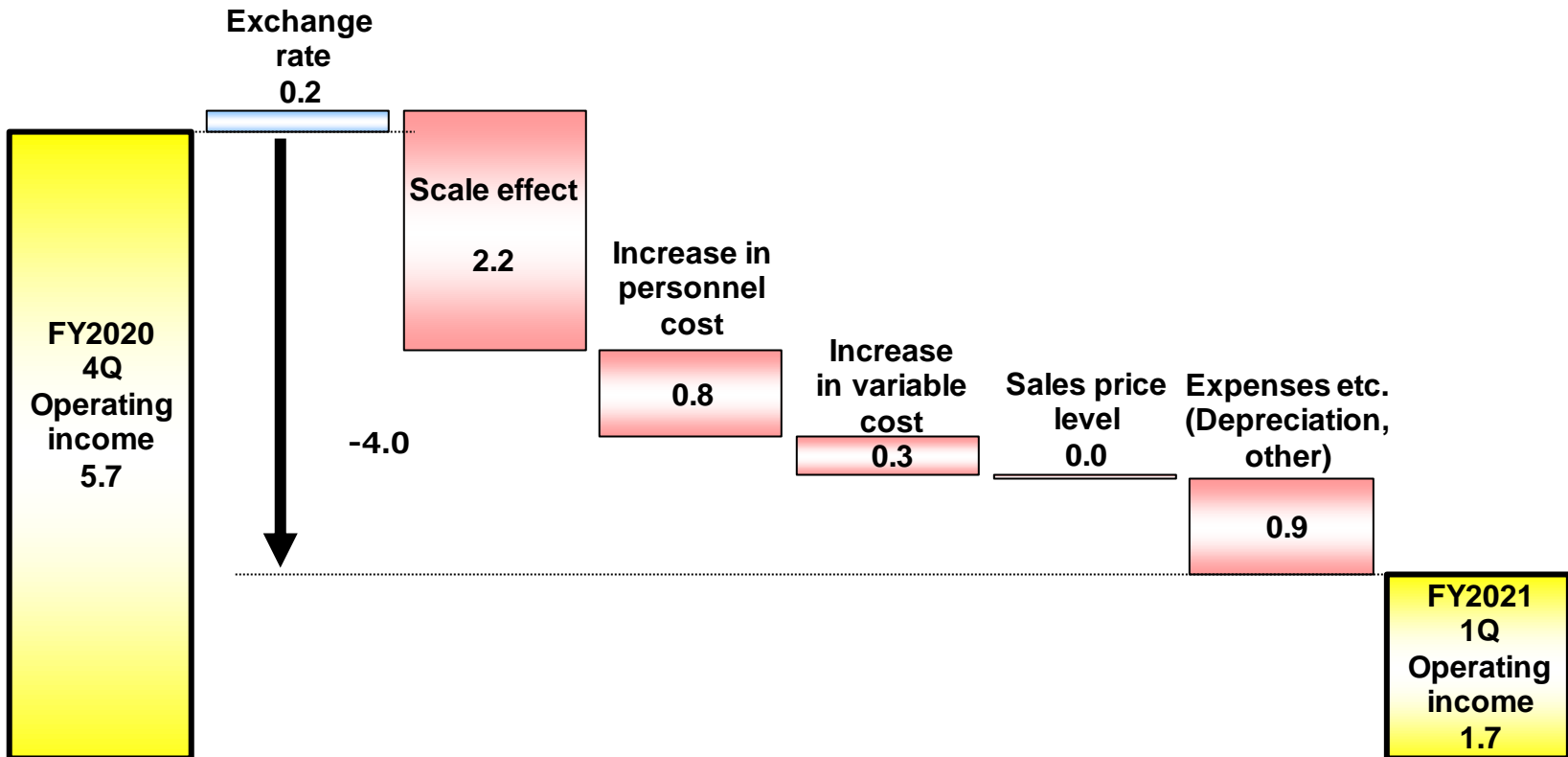
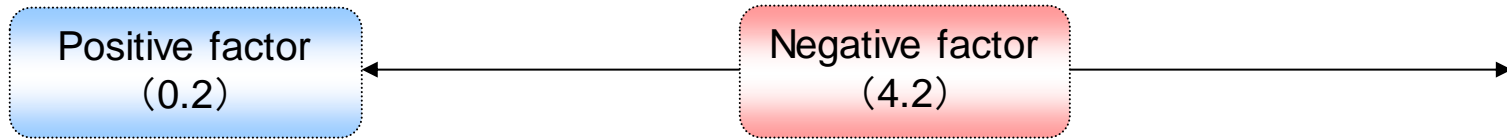
5-1. Analysis of Operating Income (FY2020 1Q vs FY2021 1Q)

* All figures in billion yen.



5-2. Analysis of Operating Income (FY2020 4Q vs FY2021 1Q)

* All figures in billion yen.

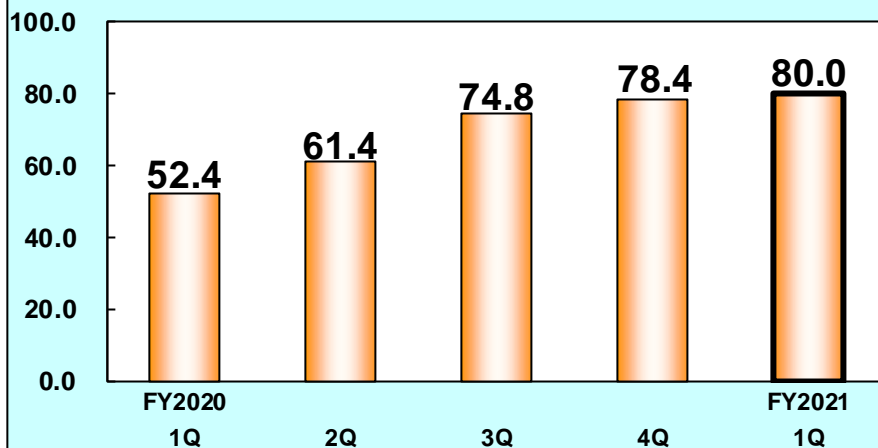


6-1. Net Sales and Operating Income by Company Location

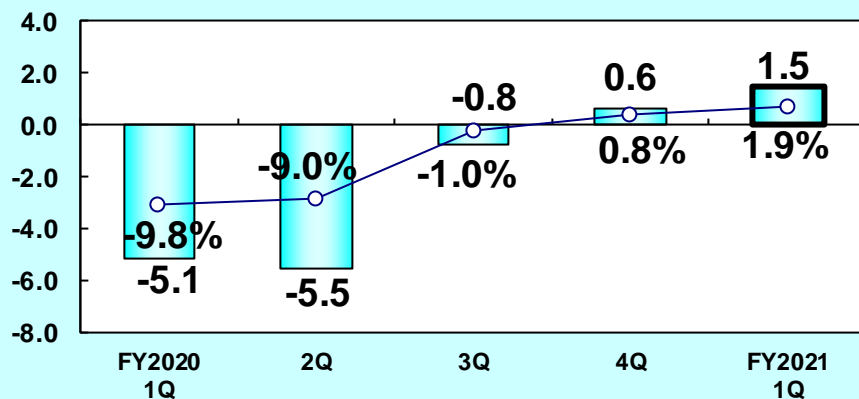
* All figures in billion yen

《 Japan 》

Net Sales

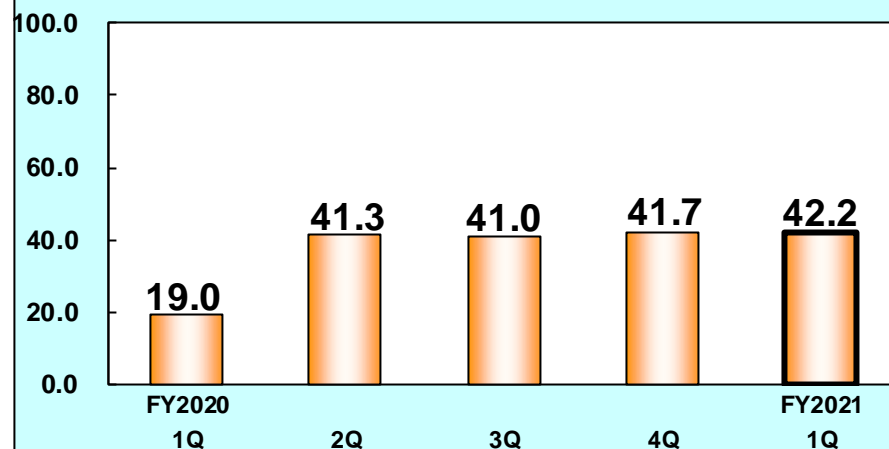


Operating Income

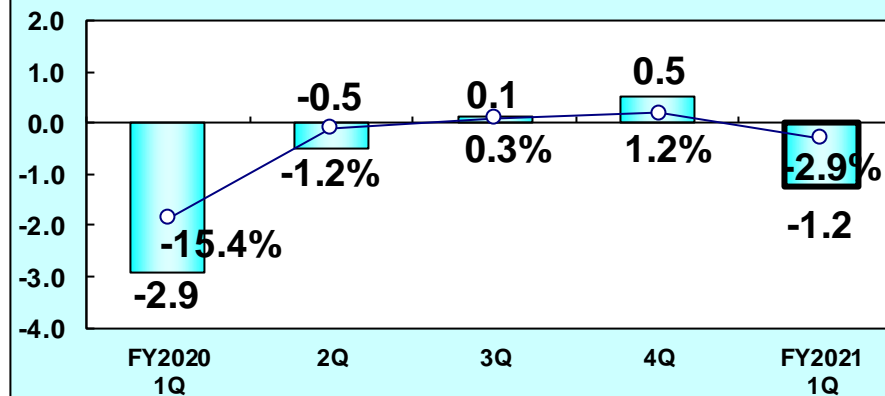


《 Americas 》

Net Sales



Operating Income



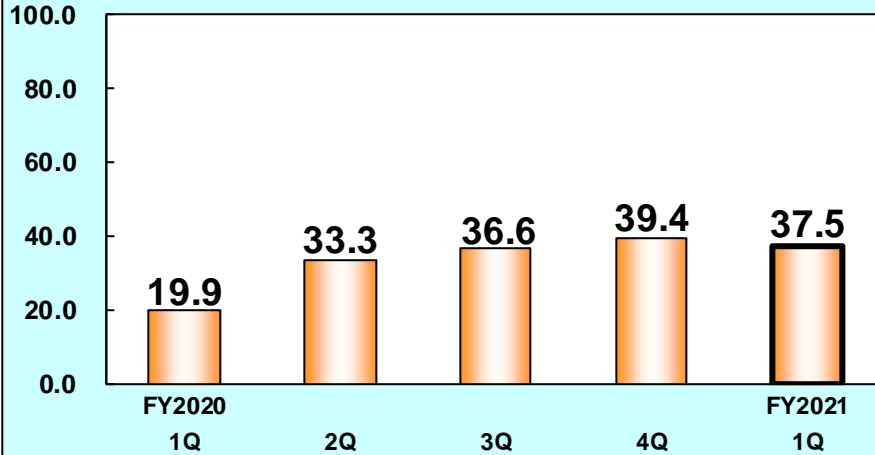
6-2. Net Sales and Operating Income by Company Location

* All figures in billion yen

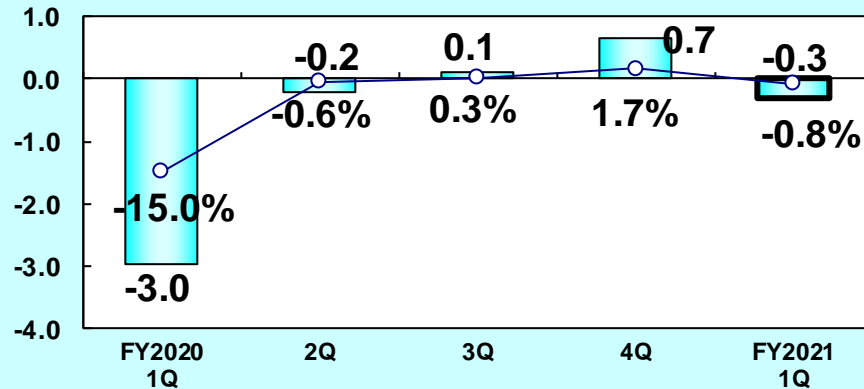
《 Europe 》

《 Asia and others 》

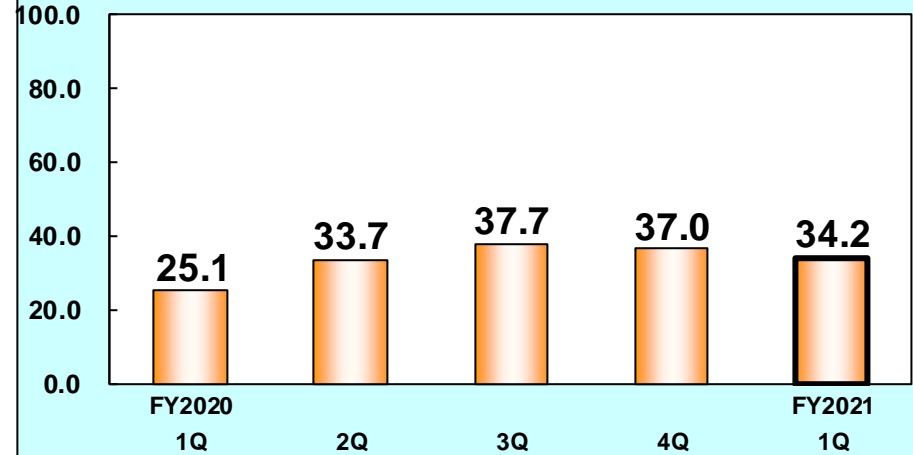
Net Sales



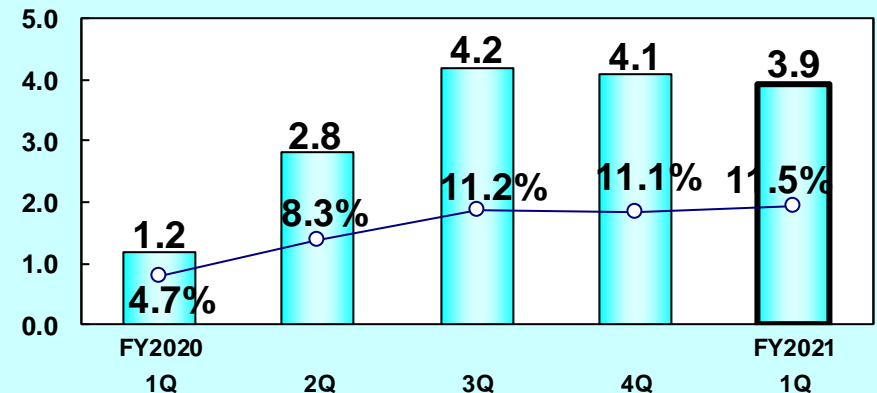
Operating Income



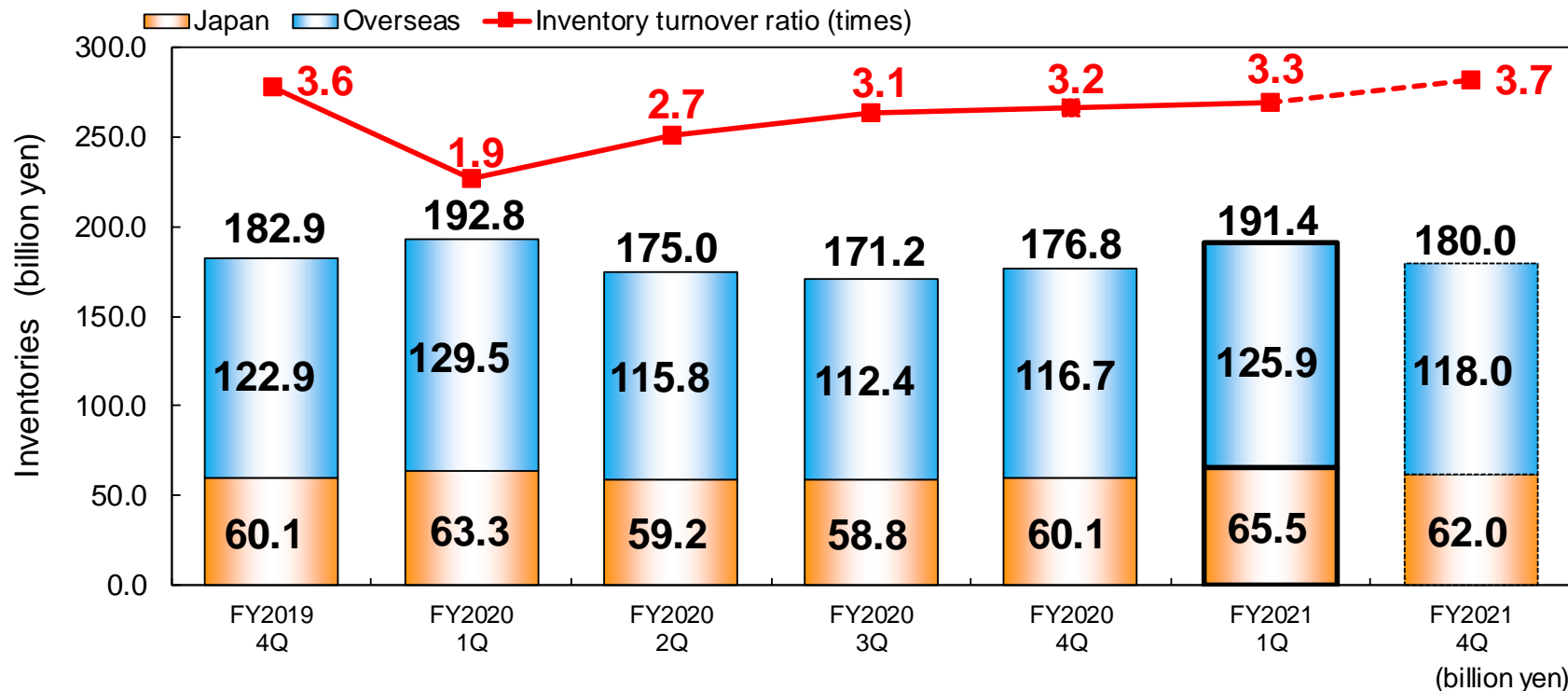
Net Sales



Operating Income

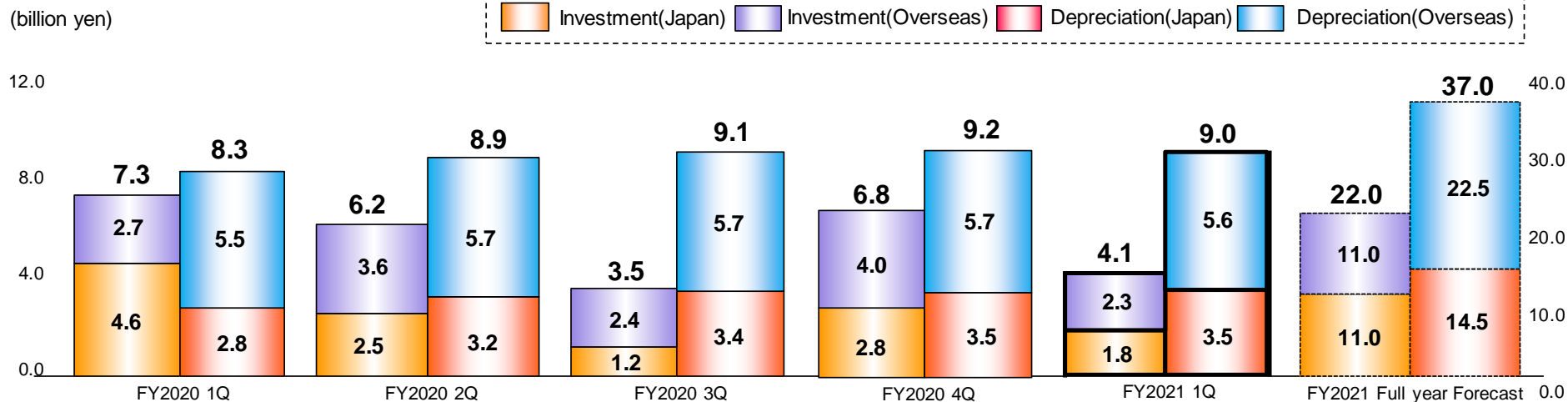


7. Inventories



	FY2019 4Q	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 4Q
	Results	Results	Results	Results	Results	Results	Forecast
Inventories	182.9	192.8	175.0	171.2	176.8	191.4	180.0
Overseas	(122.9)	(129.5)	(115.8)	(112.4)	(116.7)	(125.9)	(118.0)
Japan	(60.1)	(63.3)	(59.2)	(58.8)	(60.1)	(65.5)	(62.0)
Inventory turnover ratio (times)	3.6	1.9	2.7	3.1	3.2	3.3	3.7

8. Capital Expenditure and Depreciation

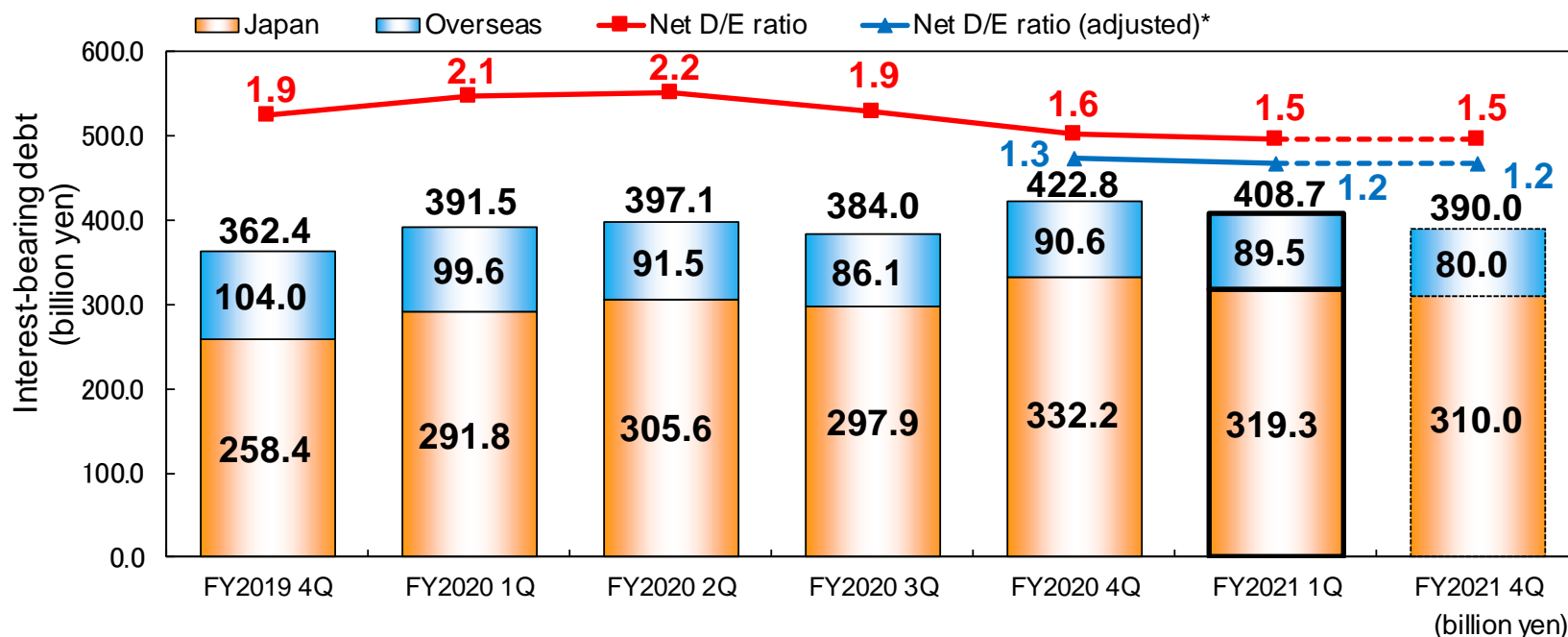


	FY2020					FY2021	Year on year	FY2021
	1Q Results①	2Q Results	3Q Results	4Q Results	Full year	1Q Results②	②-①	Forecast
Capital expenditure	7.3	6.2	3.5	6.8	23.8	※ 4.1	-3.2	22.0
Overseas	(2.7)	(3.6)	(2.4)	(4.0)	(12.7)	(2.3)	(-0.5)	(11.0)
Japan	(4.6)	(2.5)	(1.2)	(2.8)	(11.1)	(1.8)	(-2.8)	(11.0)

※ In addition, capital expenditure of intangible fixed assets: ¥1.8 billion (1Q), ¥7.0 billion (Full year forecast)

	FY2020					FY2021	Year on year	FY2021
	1Q Results①	2Q Results	3Q Results	4Q Results	Full year	1Q Results②	②-①	Forecast
Depreciation	8.3	8.9	9.1	9.2	35.5	9.0	0.7	37.0
Overseas	(5.5)	(5.7)	(5.7)	(5.7)	(22.6)	(5.6)	(0.1)	(22.5)
Japan	(2.8)	(3.2)	(3.4)	(3.5)	(12.9)	(3.5)	(0.7)	(14.5)

9. Interest-Bearing Debt

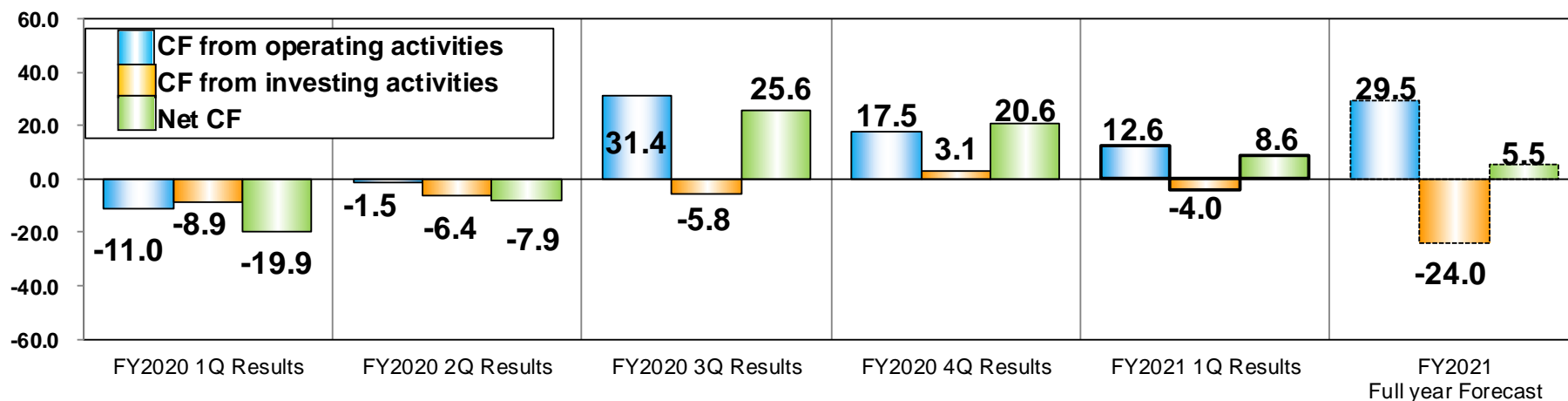


	FY2019 4Q Results	FY2020 1Q Results	FY2020 2Q Results	FY2020 3Q Results	FY2020 4Q Results	FY2021 1Q Results	FY2021 4Q Forecast
Interest-bearing debt	362.4	391.5	397.1	384.0	422.8	408.7	390.0
Overseas	(104.0)	(99.6)	(91.5)	(86.1)	(90.6)	(89.5)	(80.0)
Japan	(258.4)	(291.8)	(305.6)	(297.9)	(332.2)	(319.3)	(310.0)
Net Interest-bearing debt	291.3	311.3	317.4	292.4	275.6	268.0	270.0

*Taking into account a part of the subordinated bonds through public offering that is recognized as equity (50%).

10. Cash Flows

(billion yen)	FY2020					FY2021	②-①	FY2021 Forecast
	1Q Results①	2Q Results	3Q Results	4Q Results	Full year	1Q Results②		
I . Cash flow from operating activities	-11.0	-1.5	31.4	17.5	36.5	12.6	23.6	29.5
II . Cash flow from investing activities	-8.9	-6.4	-5.8	3.1	-17.9	-4.0	4.9	-24.0
I + II . Net cash flow	-19.9	-7.9	25.6	20.6	18.5	8.6	28.5	5.5
III . Cash flow from financing activities	28.3	7.7	-14.5	33.2	54.7	-15.5	-43.8	-32.5
IV . Effect of exchanging rate translation on cash and cash equivalents	0.6	-0.3	0.8	1.8	2.9	0.3	-0.3	0.0
V . Net increase in cash and cash equivalents	9.0	-0.5	11.9	55.6	76.1	-6.5	-15.5	-27.0



11. Key Factors to Achieve the Forecast

- ◇ Respond to recovering demand of automobiles
- ◇ Expand supply for aftermarket which is highly profitable
- ◇ Absorb raising steel prices and transportation costs, etc. by passing on higher selling prices, etc.
- ◇ Control fixed costs when scale increases



**Achieved full year operating income of
15.0 billion yen or more**

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NTN100



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Make the world **NAMERAKA**

Digitalization, **R**esources, **I**nnovation, **V**ariable cost reformation, **E**fficiency improvement
NTN Transformation for **New 100** years