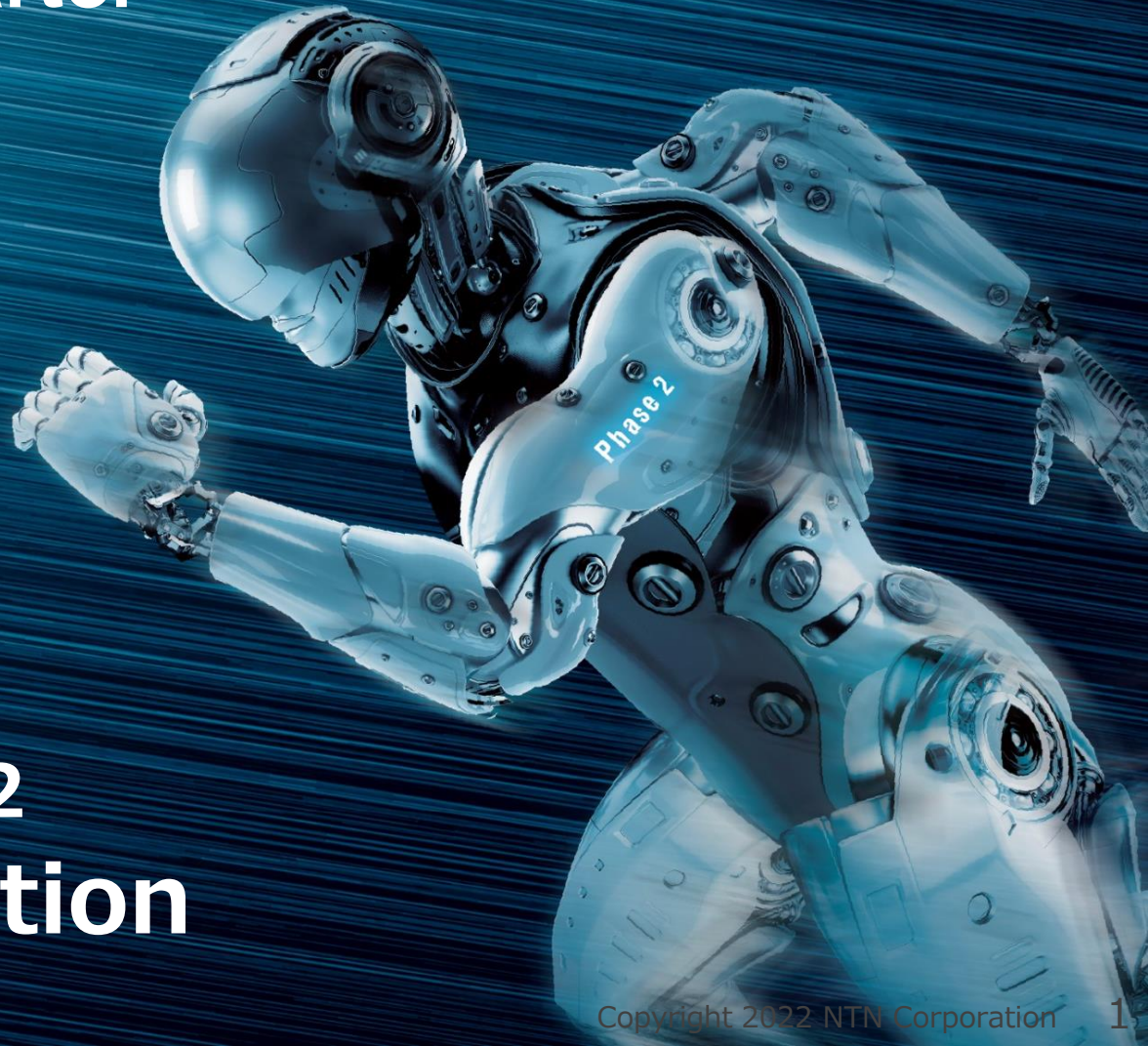


# Consolidated Financial Results for the Third Quarter of FY2021

**NTN**  
Make the world **NAMERAKA**



February 2, 2022  
NTN Corporation

## Results of FY2021 3Q (April, 2021-December, 2021)

- ◇ Net Sales: **¥468.1 billion**
  - Increase of **+¥ 68.6 billion**, year-on-year  
(Excluding exchange rates: increase of **+¥48.3 billion**)
- ◇ Operating Income: **¥2.5 billion**
  - Increase of **+¥11.3 billion**, year-on-year  
(Excluding exchange rates : increase of **+8.0 billion**)
- ◇ Ordinary Income: **+¥1.8 billion**
  - Increase of **+¥12.7 billion**, year-on-year  
(Excluding exchange rates: increase of **+¥9.2 billion**)
- ◇ Profit attributable to owners of parent: **-¥1.5 billion**
  - Increase of **+¥11.8 billion**, year-on-year  
(Excluding exchange rates: Increase of **+¥9.3 billion**)
- ◇ Inventories: **+¥207.1 billion**
  - Increase of **+¥30.3 billion**, year-on-year  
(Excluding exchange rates: increase of **+¥26.0 billion**)
- ◇ Free Cash Flow: **-¥ 4.9 billion**, Decrease of **-¥2.8 billion**, year-on-year



## 2. Consolidated Statements of Operation

		FY2020			FY2021			Year on year		
		3Q Results	1-3Q Results ①	Full year Results	3Q Results	1-3Q Results ②	Full year Forecast	②-①		
(billion yen)								Total	Excl.Forex	Forex
Net sales		160.3	399.6	562.8	<b>162.3</b>	<b>468.1</b>	<b>630.0</b>	<b>68.6</b>	<b>48.3</b>	<b>20.2</b>
Operating income		3.5	-8.8	-3.1	<b>0.9</b>	<b>2.5</b>	<b>6.0</b>	<b>11.3</b>	<b>8.0</b>	<b>3.3</b>
Operating margin		(2.2%)	(△2.2%)	(△0.6%)	<b>(0.6%)</b>	<b>(0.5%)</b>	<b>(1.0%)</b>	<b>(2.7%)</b>		
Ordinary income		2.5	-10.9	-5.7	<b>0.1</b>	<b>1.8</b>	<b>5.0</b>	<b>12.7</b>	<b>9.2</b>	<b>3.5</b>
Extraordinary income/loss		-0.1	0.5	4.5	<b>1.0</b>	<b>0.9</b>	<b>3.0</b>	<b>0.4</b>	<b>0.4</b>	<b>-0.0</b>
Profit/loss attributable to owners of parent		1.1	-13.3	-11.6	<b>-0.5</b>	<b>-1.5</b>	<b>2.0</b>	<b>11.8</b>	<b>9.3</b>	<b>2.4</b>
Exchange rate	1USD	104.5	106.1	106.0	<b>113.7</b>	<b>111.1</b>	<b>109.9</b>	<b>5.0</b>		
	1EURO	124.5	122.3	123.7	<b>130.0</b>	<b>130.6</b>	<b>130.4</b>	<b>8.2</b>		

# 3. Net Sales by Region

(billion yen)	FY2020			FY2021			Year on year		
	3Q Results	1-3Q Results	Full year Results	3Q Results	1-3Q Results	Full year Forecast	②-①		
		①			②		Total	Excl.Forex	Forex
Japan	46.6	115.6	162.8	47.1	133.4	178.5	17.8	17.8	0.0
Americas	41.4	102.2	144.4	44.9	130.2	179.5	28.0	21.3	6.7
Europe	33.4	81.6	117.2	29.6	91.7	122.0	10.1	4.2	5.9
Asia and others	39.0	100.1	138.4	40.8	112.8	150.0	12.7	5.0	7.6
Total	160.3	399.6	562.8	162.3	468.1	630.0	68.6	48.3	20.2

# 4. Net Sales and Operating Income by Business Sector

## <Net Sales by Business Sector>

(billion yen)	FY2020			FY2021			Year on year		
	3Q Results	1-3Q Results	Full year Results	3Q Results	1-3Q Results	Full year Forecast	②-①		
		①			②		Total	Excl.Forex	Forex
Aftermarket	23.9	66.8	91.5	28.0	82.1	111.0	15.3	11.7	3.6
Industrial machinery	24.9	71.7	101.9	31.3	92.4	124.5	20.6	17.1	3.5
Automotive	111.6	261.0	369.5	103.1	293.7	394.5	32.6	19.5	13.1
Total	160.3	399.6	562.8	162.3	468.1	630.0	68.6	48.3	20.2

## <Operating Income by Business Sector>

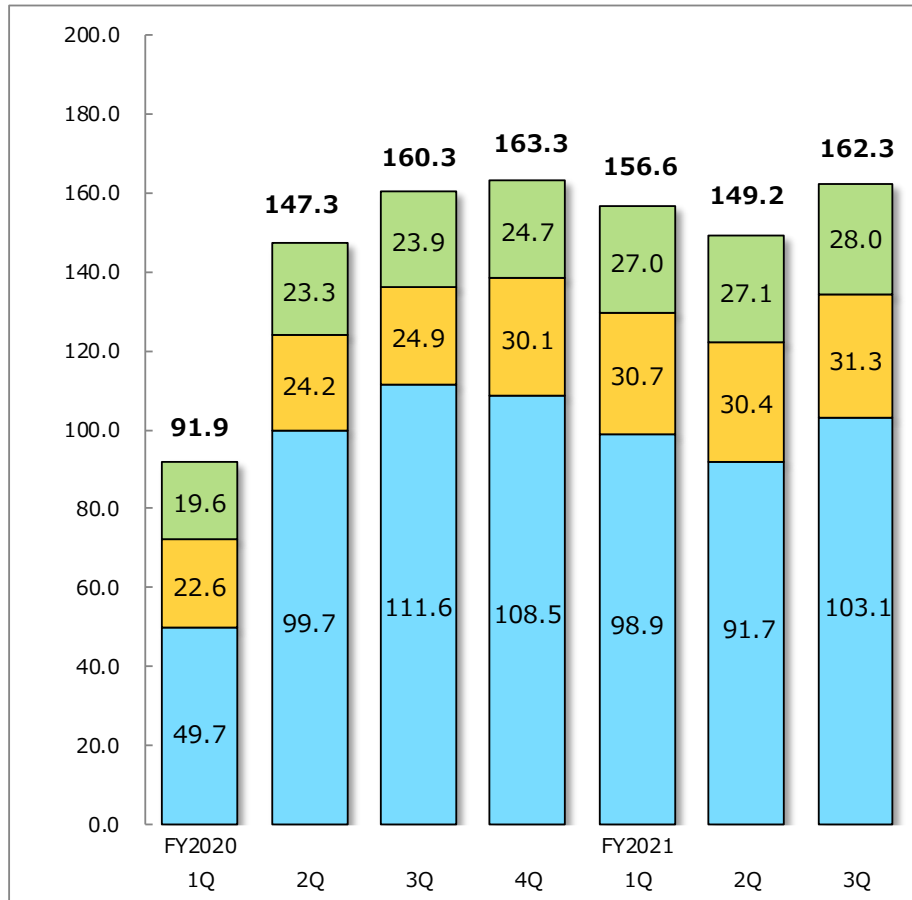
(billion yen)	FY2020			FY2021			Year on year
	3Q Results	1-3Q Results	Full year Results	3Q Results	1-3Q Results	Full year Forecast	②-①
		①			②		
Aftermarket	3.3	5.5	8.9	3.7	10.5	14.5	5.0
Industrial machinery	0.0	-1.3	0.4	1.3	2.7	3.5	4.0
Automotive	0.2	-13.0	-12.4	-4.1	-10.7	-12.0	2.3
Total	3.5	-8.8	-3.1	0.9	2.5	6.0	11.3

# 5. Results by Business Sector (Quarterly Trend)

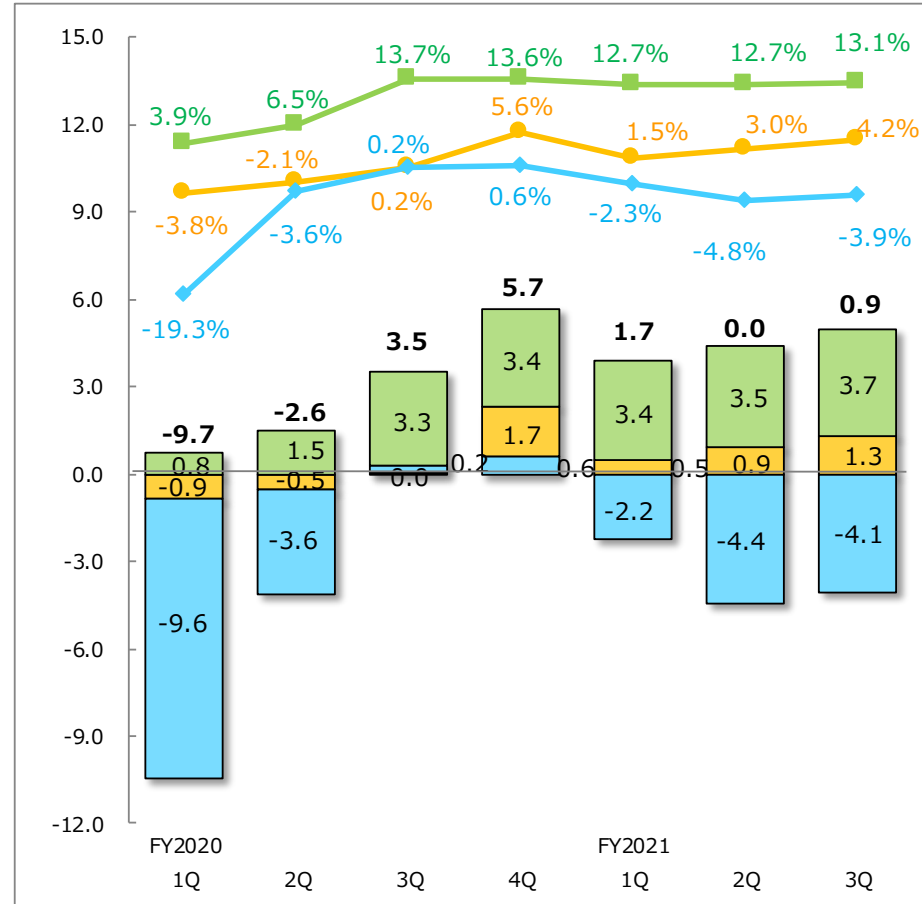
\* All figures in billion yen

Automotive Industrial Machinery Aftermarket

Net sales

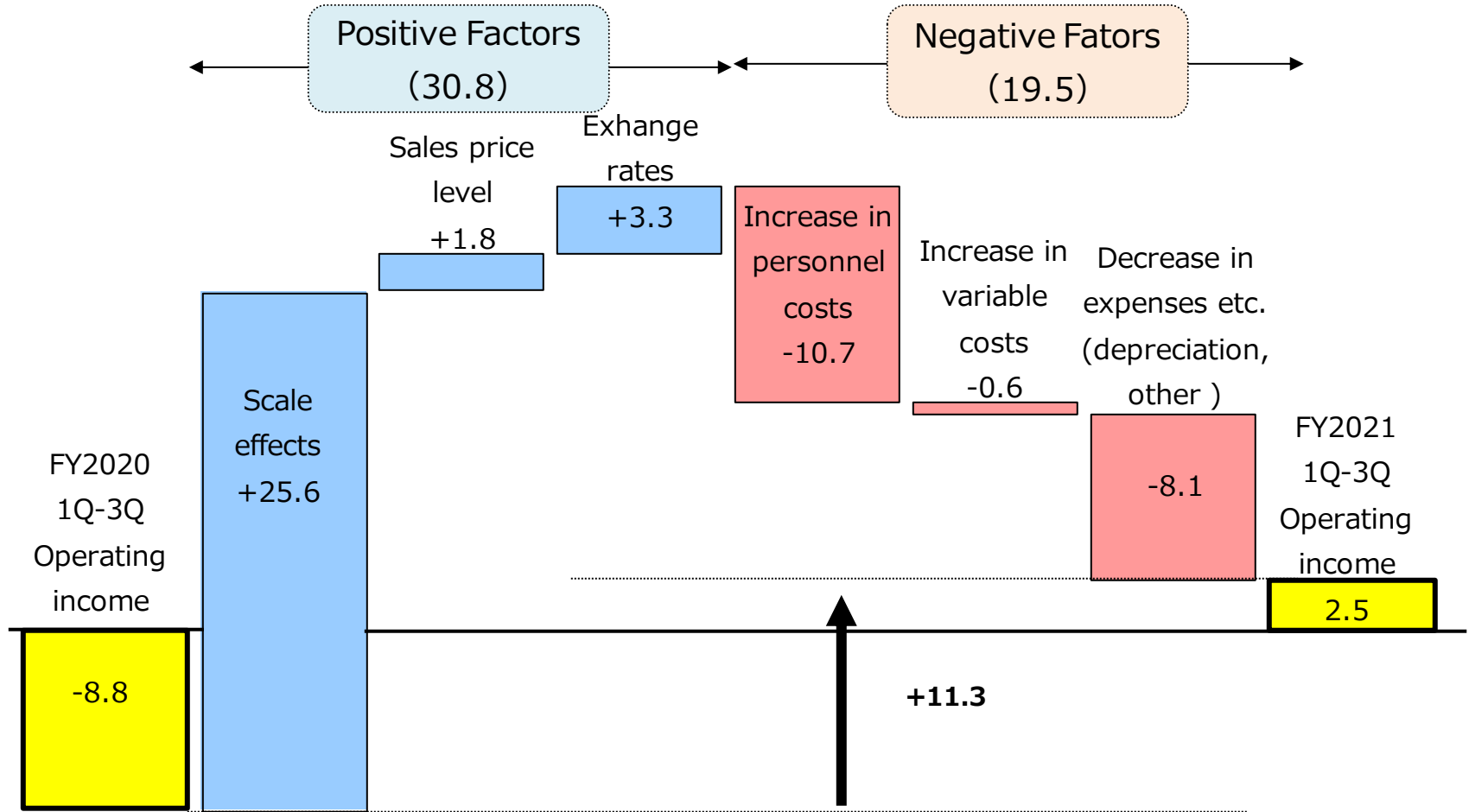


Operating income/Operating margin



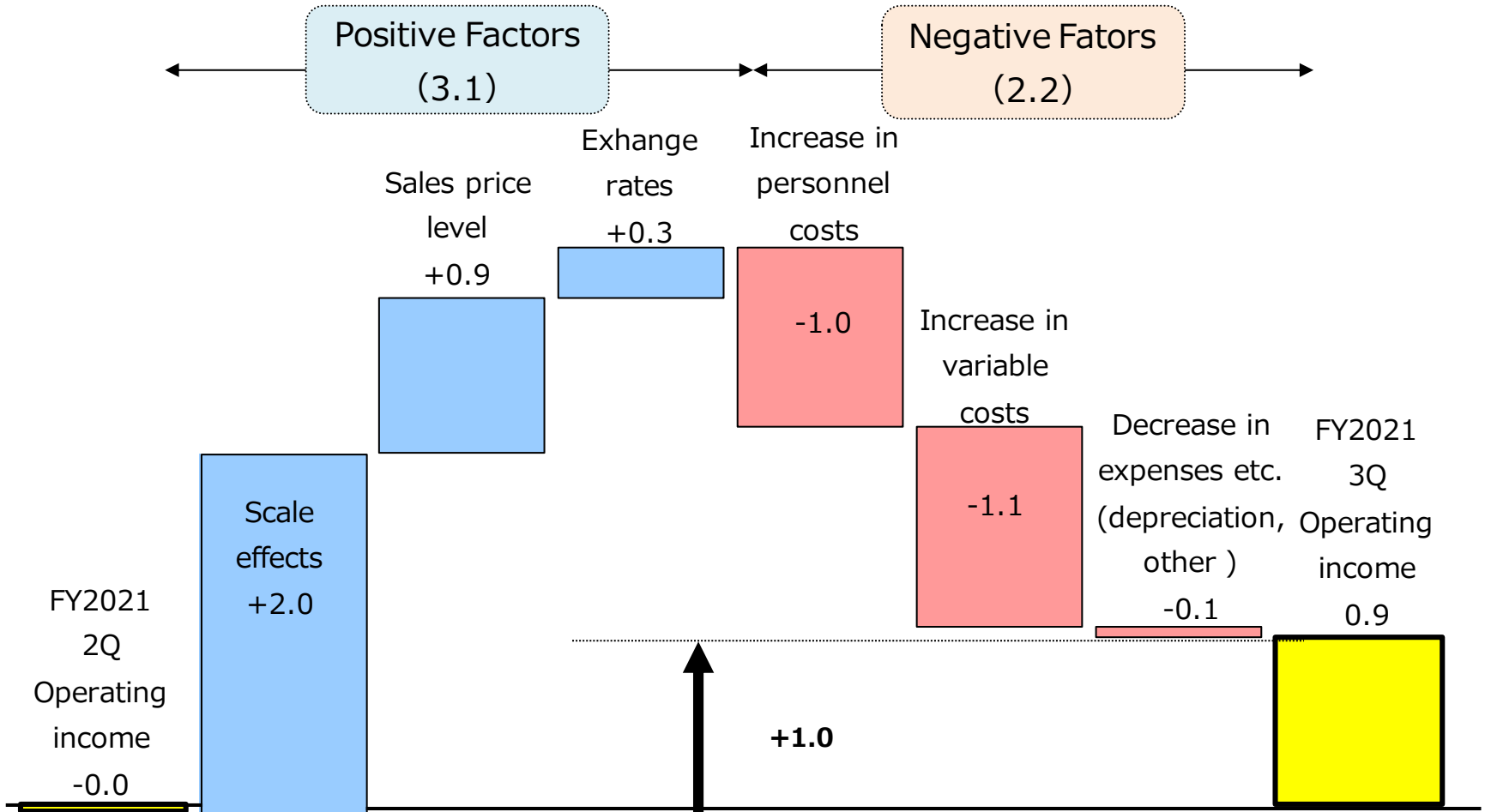
# 6-1. Analysis of Operating Income ( FY2020 1Q-3Q vs FY2021 1Q-3Q )

\* All figures in billion yen



# 6-2. Analysis of Operating Income (FY2021 2Q vs FY2021 3Q)

\* All figures in billion yen





## Result against Previous Forecast (3Q: Oct.-Dec.) (Fixed Cost)

- ◇ Compared to the initial forecast for the 3Q announced in May 2021 (660.0 billion yen of full year net sales and operating income of 15.0 billion yen) , the previous forecast announced in November 2021 (630.0 billion yen and 6.0 billion yen) included reduction of fixed cost, deterioration of variable cost, and increase in the price and control to reduction in the price in response to the sales decline.

### <Reduction of fixed costs>

- ◇ Previous forecast included 15% reduction in fixed costs in response to the decline in sales volume.
- ◇ The actual reduction rate was 14%. However it was 16% when excluding the impact of the rising labor costs in North America.

### 【Difference compared to initial forecast】

Fixed cost (billion yen)	FY2021 3Q		Difference (excl.Forex) ②-①
	Previous forecast ①	Results ②	
Sales volume	-16.1	-9.9	(+6.2)
Fixed cost reduction	+2.4	+1.4	(-1.0)
(Fixed cost reduction rate)	(15%)	(14%)	(-1%)

## 7-2 Progress Against Previous Forecast on November 2021 (Variable Cost)

### Result against Previous Forecast (3Q: Oct.-Dec.) (Variable Cost)

#### <Variable Cost>

- ◇ In previous forecast, included a rise in steel prices (2.2 billion yen) in variable costs
- ◇ Although there was an increase in steel prices exceeding the previous forecast, the increase was almost completely absorbed by additional cost reductions, increase in the price and control to reduction in the price

#### 【Difference compared to initial forecast】

(up + / down -)

Variable cost (billion yen)	FY2021 3Q		Difference (excl.Forex) ②-①
	Previous forecast ①	Results ②	
Cost up (incl. steel price)	-2.2	-3.2	(-1.0)
Cost down	-	+0.3	(+0.3)
Total	-2.2	-2.9	(-0.7)

(Raise + / discount -)

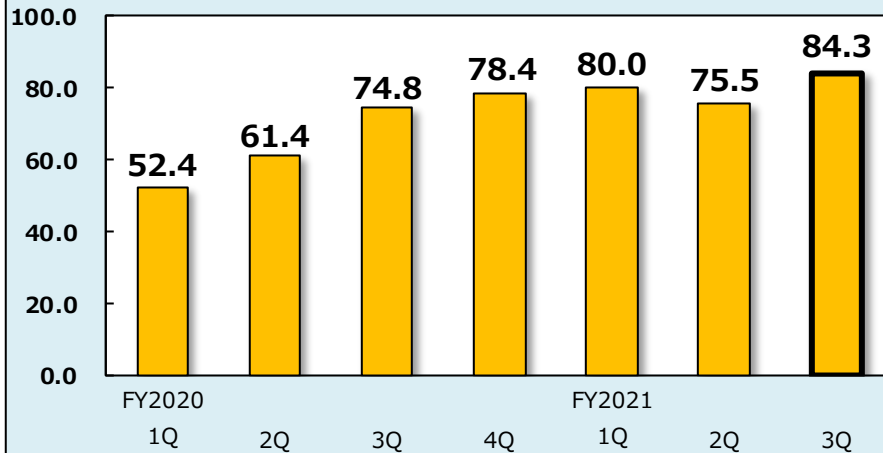
Raise price / suppress discount (billion yen)	FY2021 3Q		Difference (excl.Forex) ②-①
	Previous forecast ①	Results ②	
Raise price / suppress discount	+1.5	+2.1	(+0.6)

# 8-1. Net Sales and Operating Income by Company Location

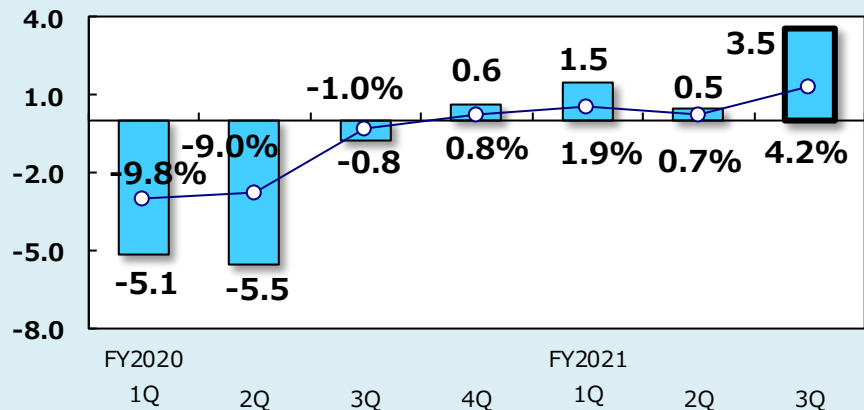
\* All figures in billion yen

## 《 Japan 》

### Net Sales

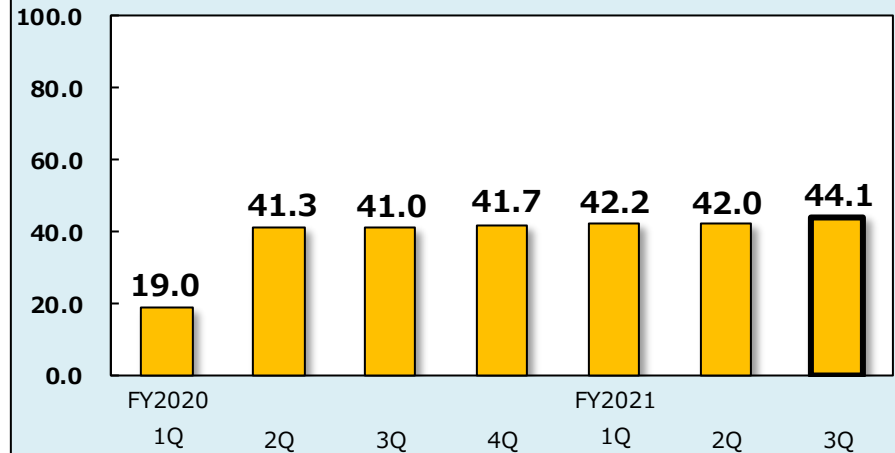


### Operating Income

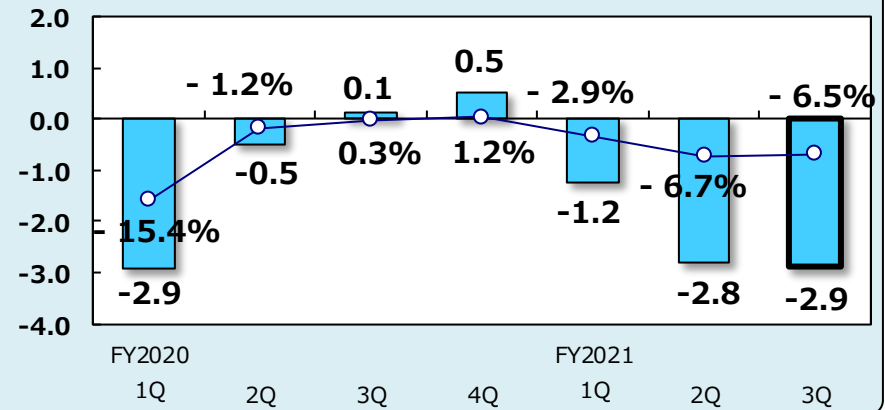


## 《 Americas 》

### Net Sales



### Operating Income

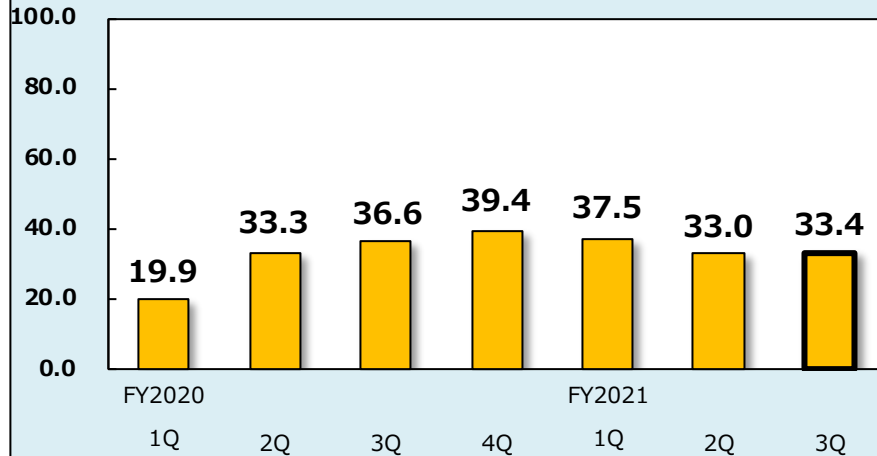


# 8-2. Net Sales and Operating Income by Company Location

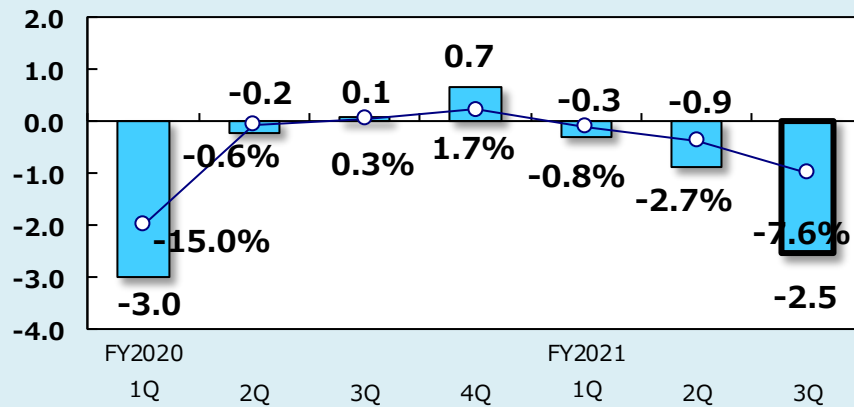
\* All figures in billion yen

## 《 Europe 》

### Net Sales

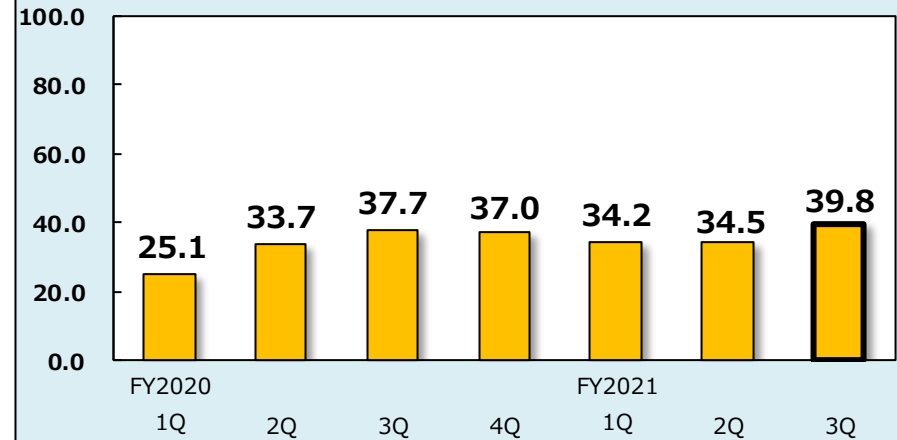


### Operating Income

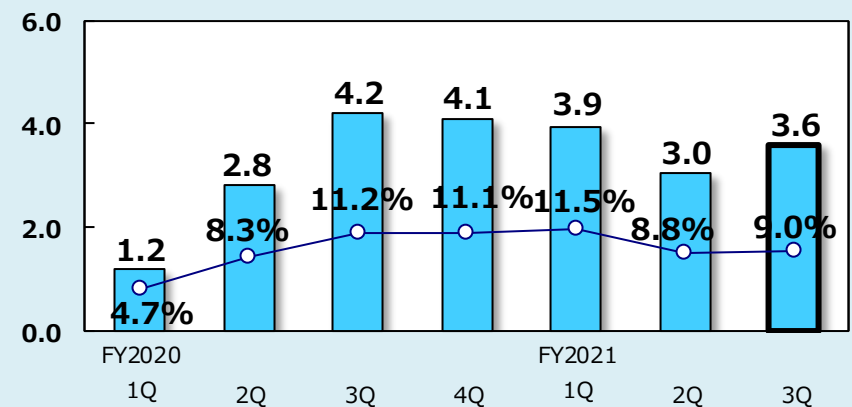


## 《 Asia and others 》

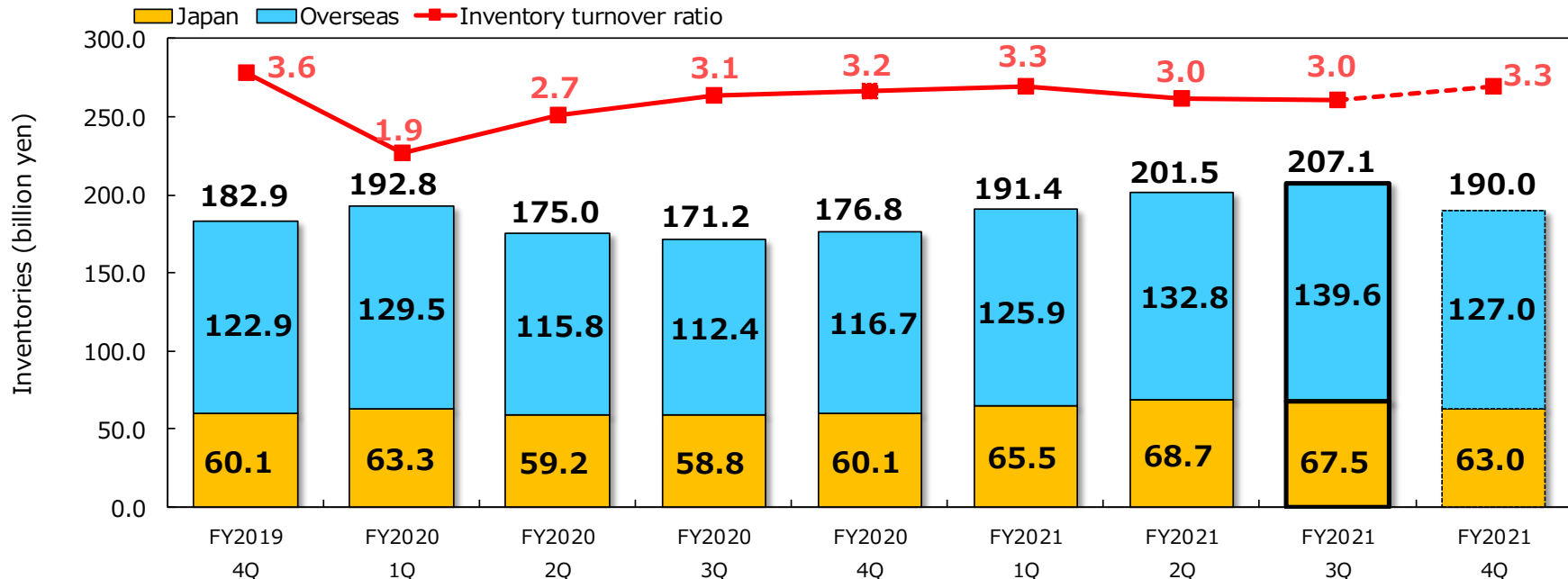
### Net Sales



### Operating Income

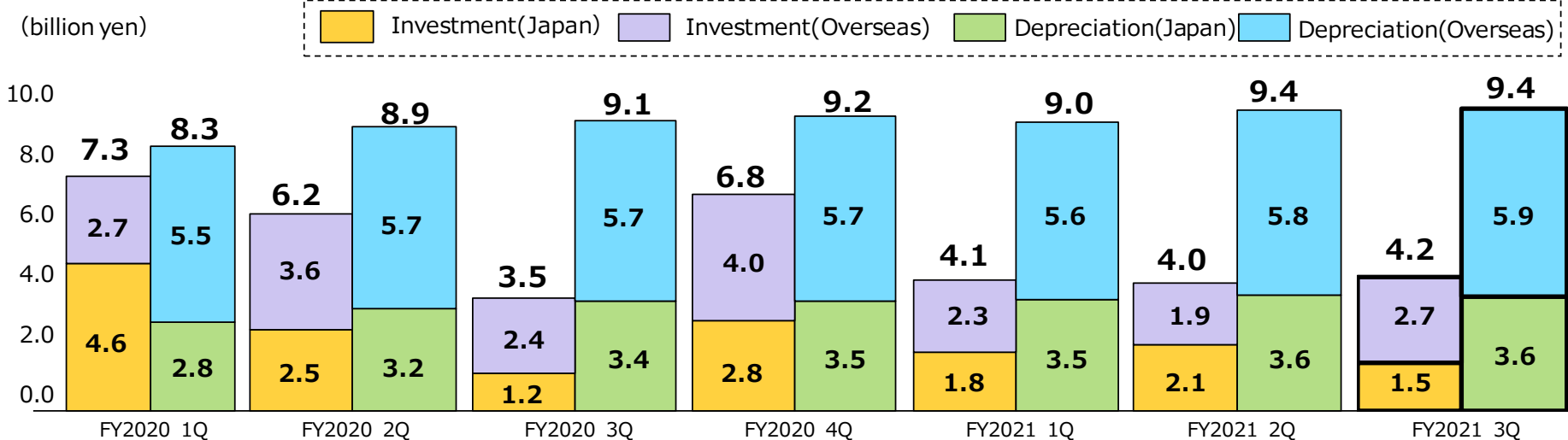


# 9. Inventories



(billion yen)	FY2019 4Q Results	FY2020 1Q Results	FY2020 2Q Results	FY2020 3Q Results	FY2020 4Q Results	FY2021 1Q Results	FY2021 2Q Results	FY2021 3Q Results	FY2021 4Q Forecast
Inventories	182.9	192.8	175.0	171.2	176.8	191.4	201.5	<b>207.1</b>	190.0
(Oversea)	(122.9)	(129.5)	(115.8)	(112.4)	(116.7)	(125.9)	(132.8)	<b>(139.6)</b>	(127.0)
(Japan)	(60.1)	(63.3)	(59.2)	(58.8)	(60.1)	(65.5)	(68.7)	<b>(67.5)</b>	(63.0)
Inventory turnover ratio (times)	3.6	1.9	2.7	3.1	3.2	3.3	3.0	<b>3.0</b>	3.3

# 10. Capital Expenditure and Depreciation



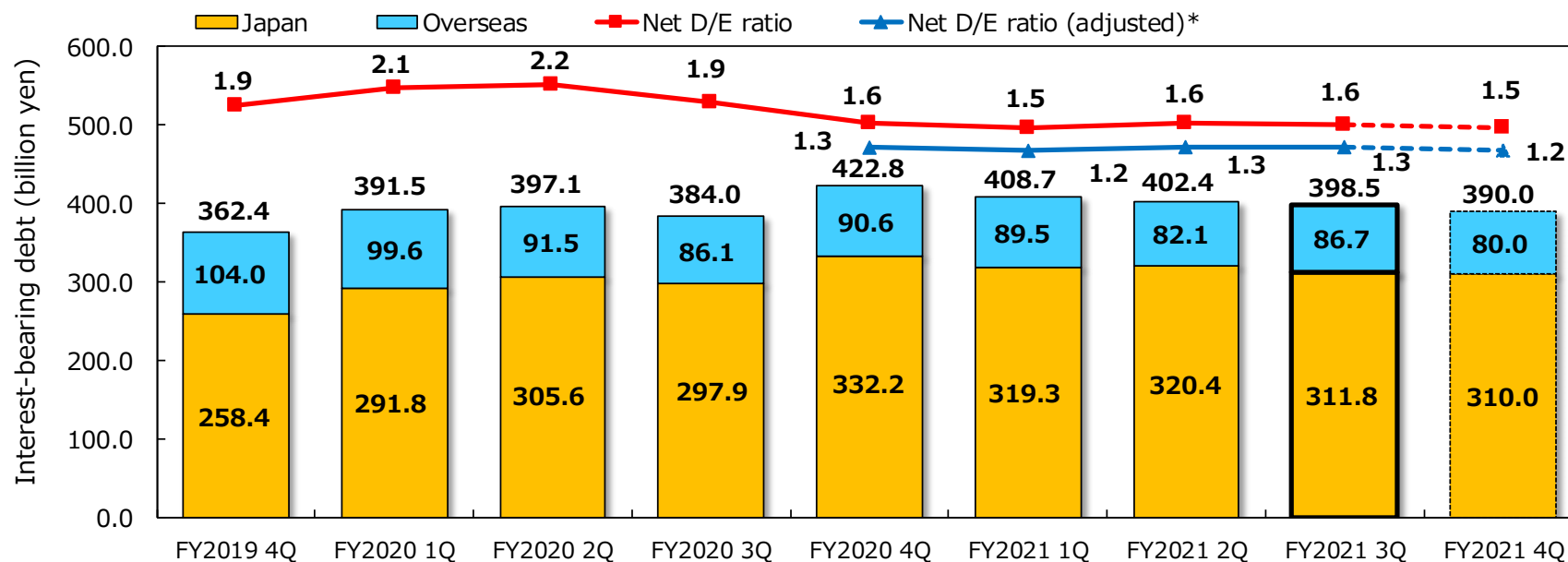
(billion yen)	FY2020		FY2021	Year on Year	FY2021
	①1Q-3Q	Full year	②1Q-3Q	②-①	Full year forecast
Capital expenditure	17.0	23.8	※ 12.3	-4.7	20.0
(Overseas)	(8.7)	(12.7)	(6.9)	(-1.9)	(10.0)
(Japan)	(8.3)	(11.1)	(5.4)	(-2.9)	(10.0)

※In addition, intangible fixed assets of ¥4.6 billion (1Q-3Q) and ¥7.0 billion (full year forecast)

(billion yen)	FY2020		FY2021	Year on Year	FY2021
	①1Q-3Q	Full year	②1Q-3Q	②-①	Full year forecast
Depreciation	26.3	35.5	27.9	1.6	38.0
(Overseas)	(16.9)	(22.6)	(17.3)	(0.4)	(23.5)
(Japan)	(9.4)	(12.9)	(10.6)	(1.2)	(14.5)



# 11. Interest-Bearing Debt

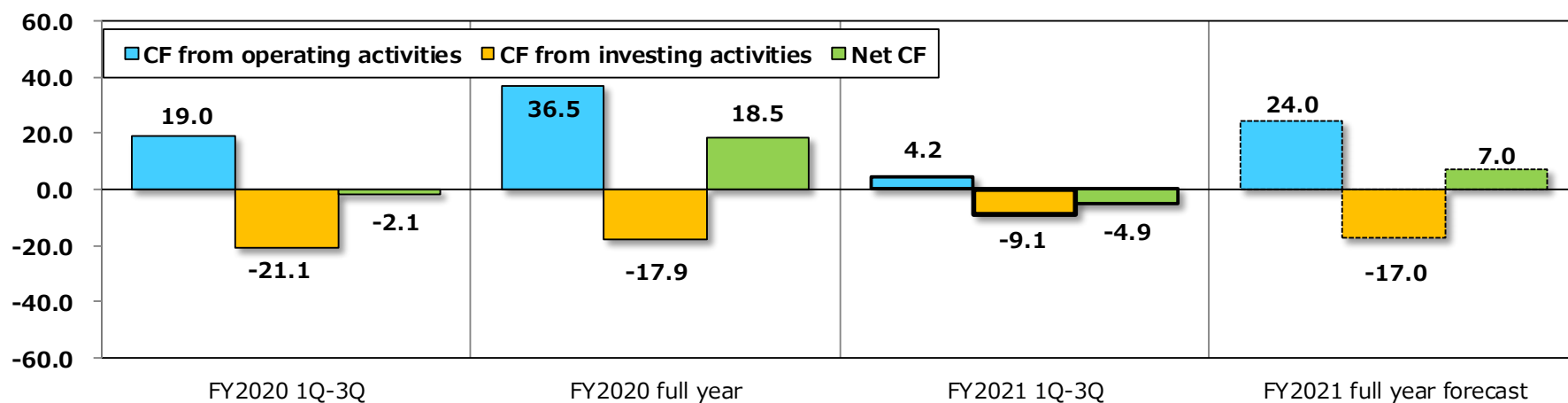


	FY2019 4Q	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q
(billion yen)	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	362.4	391.5	397.1	384.0	422.8	408.7	402.4	398.5	390.0
(Overseas)	(104.0)	(99.6)	(91.5)	(86.1)	(90.6)	(89.5)	(82.1)	(86.7)	(80.0)
(Japan)	(258.4)	(291.8)	(305.6)	(297.9)	(332.2)	(319.3)	(320.4)	(311.8)	(310.0)
Net interest-bearing debt	291.3	311.3	317.4	292.4	275.6	268.0	276.9	285.3	268.0

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

# 12. Cash Flows

(billion yen)	FY2020		FY2021	②-①	FY2021
	①1-3Q	Full year	②1-3Q		Full year forecast
<b>I. Cash flow from operating activities</b>	19.0	36.5	4.2	-14.7	24.0
<b>II. Cash flow from investing activities</b>	-21.1	-17.9	-9.1	11.9	-17.0
<b>I + II. Net cash flow</b>	-2.1	18.5	-4.9	-2.8	7.0
<b>III. Cash flow from financing activities</b>	21.5	54.7	-30.8	-52.3	-32.5
IV. Effect of exchanging rate trans: on cash and cash equivalents	1.1	2.9	1.7	0.6	0.0
<b>V. Net increase in cash and cash equivalents</b>	20.4	76.1	-34.0	-54.4	-25.5



# 13. Progress against the Full-year Forecast at the IR Meeting of FY2021 1H (November 2021)

## FY2021 3Q (Oct.-Dec.)

- ◇ Demand for automobiles did not decline as much as expected, the volume increased as a result.
- ◇ Managed fixed cost according to the volume.
- ◇ Almost completely absorbed the increase in the steel price by the promotion of increase in the price and control to reduction in the price

## FY2021 4Q (Jan.-Mar.)

- ◇ Promote the increase in the price, control to reduction in the price and thorough control of fixed costs
- ⇒ Achieve full-year forecast in operating income (6.0 billion yen) and become to profitable (2.0 billion yen)
- ◇ Despite an increase in inventories, we will aim to achieve the targets of free cash flow (7.0 billion yen) and net D/E ratio (1.5)

**DRIVE**  
*Digitalization Resources Innovation Variable cost reformation Efficiency improvement*  
**NTN100** *Phase 2*



**NTN**  
Make the world **NAMERAKA**

**D**igitalization, **R**esources, **I**nnovation, **V**ariable cost reformation, **E**fficiency improvement  
**NTN T**ransformation for **N**ew **100**years