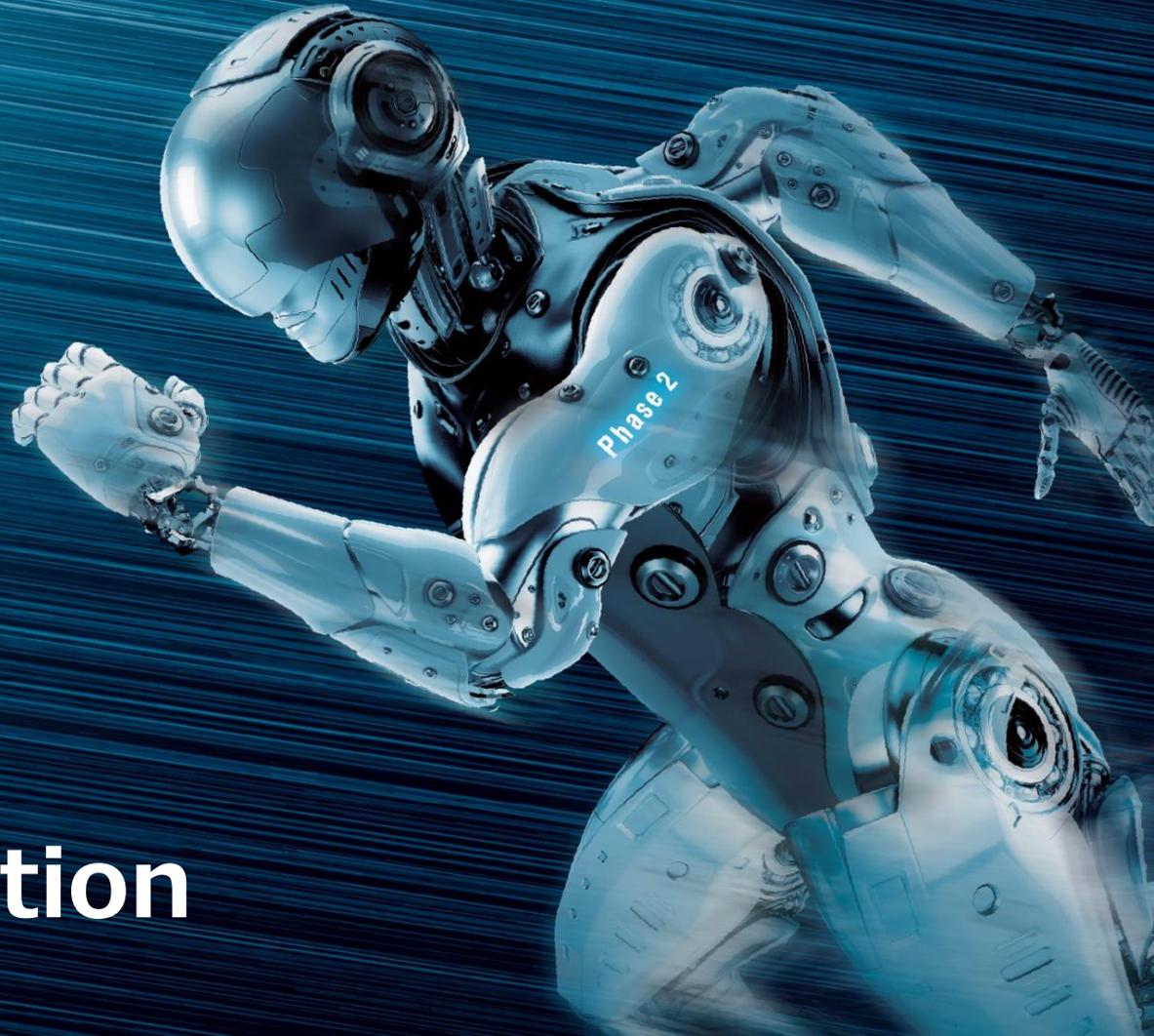


Consolidated Financial Results for the First Half of FY2021

NTN
Make the world **NAMERAKA**



November 4, 2021
NTN Corporation

- I. Key Point of Financial Result and Progress of “DRIVE NTN100” Phase 2
- II. Financial Result of 1st Half of FY2021 and Full Year Forecast

1. Key Point of Financial Result of 1st Half

Sales and income increased compared to the previous first half. Announced figures were not achieved due to semiconductor shortage, etc.

Key Point of 1st Half

- ✓ Automobile production decreased and sharp drop in sales due to growing impact of semiconductor shortage, etc.
- ✓ Despite efforts to reduce costs and improve selling prices, operating income did not reach the announced target due to a significant decline in scale
- ✓ Net loss was as announced due to non-operating income from foreign exchange, etc.
- ✓ Inventories increased due to a sharp drop in demand for automobiles in Aug. and Sept.
- ✓ Continue cost reduction and restrain capital investment. Secure positive free cash flow

(billion yen)	FY2020		FY2021			
	1H Result ^①	Full yeat result	1H Result ^②	YoY ^① vs ^②	1H (announced) ^③	Difference ^② vs ^③
Net Sales	239.2	562.8	305.8	+66.6(+28%) exclud. exchange rate(+23%)	320.0	-14.2(-4%) exclud. exchange rate(-6%)
Operating Income/Loss (ratio)	-12.3 (-5.2%)	-3.1 (-0.6%)	1.6 0.5%	+13.9 (+5.7pt)	4.0 1.3%	-2.4 (-0.8pt)
Ordinary Income/Loss	-13.4	-5.7	1.7	+15.1	1.5	+0.2
Profit Attributable to Owners of Parent	-14.4	-11.6	-1.0	+13.4	-1.0	+0.0
Exchange Rate	1USD 106.9JPY	106.0JPY	109.8JPY	+2.9JPY	107JPY	+2.8JPY
	1EURO	123.7JPY	130.8JPY	+9.6JPY	128JPY	+2.8JPY
InVENTORY	175.0	176.8	201.5	+24.7 (compared to End of March)		
Capital Investment	13.5	23.8	8.1	-5.4		
FCF	-27.8	18.5	1.1	28.9		

2. Key Point of Financial Result of 1st Half by Business Sector

Aftermarket and industrial machinery performed strong, but sales and income of automotive business declined compared to 2Q YoY.

Aftermarket

- ✓ Sales increased in Japan, Americas, Europe, and Asia compared to the announcement due to vitalized economic activity
- ✓ General-purpose inventory keeping system “FIRST” start its operation. [Focus on selling products](#)

Industrial Machinery

- ✓ [Strong demand](#) for construction machinery, agricultural machinery, gearboxes, and machine tools, etc.
- ✓ [Improved business profitability](#) through raising price in negotiations and restraint on price discounting

Automotive

- ✓ [Automotive customers reduced its production after 2Q](#) due to global semiconductor shortage, etc.
- ✓ [Impact of -30.0 billion yen in sales in 1H](#) compared to public announcement
- ✓ 2Q (Jul-Sep) sales and income decreased YoY

(billion yen)	Aftermarket			Industrial machinery			Automotive			All businesses		
	FY2021			FY2021			FY2021			FY2021		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Net Sales	27.0	27.1	54.1	30.7	30.4	61.1	98.9	91.7	190.6	156.6	149.2	305.8
Difference YoY	+7.4	+3.8	+11.2	+8.1	+6.2	+14.2	+49.2	-8.1	+41.1	+64.7	+1.9	+66.6
Difference IR May			+5.6			+10.1			-29.9			-14.2
Operating Income	3.4	3.5	6.9	0.5	0.9	1.4	-2.2	-4.4	-6.6	1.7	0.0	1.6
Difference YoY	+2.7	+1.9	+4.6	+1.3	+1.4	+2.7	+7.4	-0.8	+6.6	+11.4	+2.6	+13.9
Difference IR May			+1.4			+1.9			-5.6			-2.4
Operating Margin	12.7%	12.7%	12.7%	1.5%	3.0%	2.3%	-2.3%	-4.8%	-3.5%	1.1%	0.0%	0.5%

3. Key Point of 2nd Half and Full Year Forecast

Earnings forecast revised downward by reflecting delay of recovery in demand for automobiles

Key Point of 2nd Half

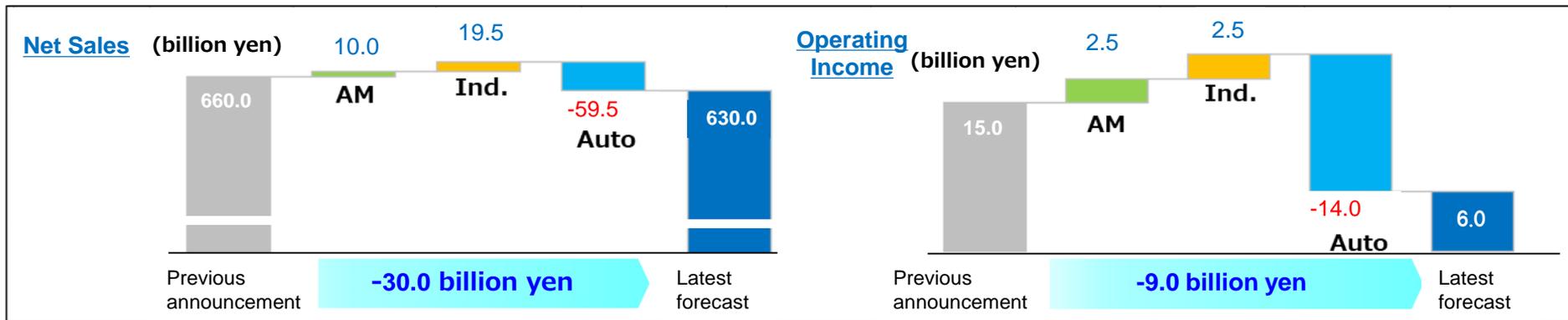
- ✓ Automotive production is expected to continue to reduce in the second half of the year due to shortage of semiconductors
- ✓ Steel price and ocean freight rates will be raised, but taking measures such as passing on selling prices and restraining price discounting.
- ✓ Inventory to be reduced to 180.0 billion yen, as previously announced, and FCF to improve due to asset sales.

(billion yen)	FY2020	FY2021				
	Full year result	1H result	FY2021	Full year forecast	Full year (previous)	Difference with previous forecast
Net Sales	562.8	305.8	324.2	630.0	660.0	-30.0(-5%)
Operating Income/Loss (ratio)	-3.1 (-0.6%)	1.6 0.5%	4.4 1.4%	6.0 1.0%	15.0 2.3%	-9.0 (-1.3pt)
Ordinary Income/Loss	-5.7	1.7	3.3	5.0	10.0	-5.0
Profit Attributable to Owners of Parent	-11.6	-1.0	3.1	2.0	5.0	-3.0
Exchange Rate	1USD 106.0JPY 1EURO 123.7JPY	109.8JPY 130.8JPY	110JPY 130JPY	110JPY 130JPY	107JPY 128JPY	+3JPY +2JPY
Inventory	176.8	201.5	180.0	180.0	180.0	0.0
Capital Investment	23.8	8.1	13.9	22.0	22.0	0.0
FCF	18.5	1.1	5.9	7.0	5.5	+1.5

4. Forecast by Business Sector

Aftermarket and industrial machinery performed strongly but automotive business sales revised downward by reflecting reduction in production

		FY2021					
		Revised announcement			Previous announcement		
(billion yen)		1H result	2H forecast	Full year Forecast	1H	2H	Full year
Net sales	Aftermarket	54.1	56.9	111.0	48.5	52.5	101.0
	Industrial Machinery	61.1	63.4	124.5	51.0	54.0	105.0
	Automotive	190.6	203.9	394.5	220.5	233.5	454.0
	Total	305.8	324.2	630.0	320.0	340.0	660.0
Operating Margin(%)	Aftermarket	6.9 12.7%	7.6 13.4%	14.5 13.1%	5.5 11.3%	6.5 12.4%	12.0 11.9%
	Industrial Machinery	1.4 2.3%	2.1 3.3%	3.5 2.8%	-0.5 -1.0%	1.5 2.8%	1.0 1.0%
	Automotive	-6.6 -3.5%	-5.4 -2.6%	-12.0 -3.0%	-1.0 -0.5%	3.0 1.3%	2.0 0.4%
	Total	1.6 0.5%	4.4 1.4%	6.0 1.0%	4.0 1.3%	11.0 3.2%	15.0 2.3%



Efforts on 2nd Half

- Utilize resources for automobile to expand sales for aftermarket
- Scaling back or withdrawing from unprofitable businesses, and rebuilding businesses in Europe and North America

- Transfer of steel prices and logistics costs to selling prices
- Variable cost reduction through procurement reform

5. Aftermarket Business

Strengthen supply capacity to ensure that recovery in repair demand leads to sales.

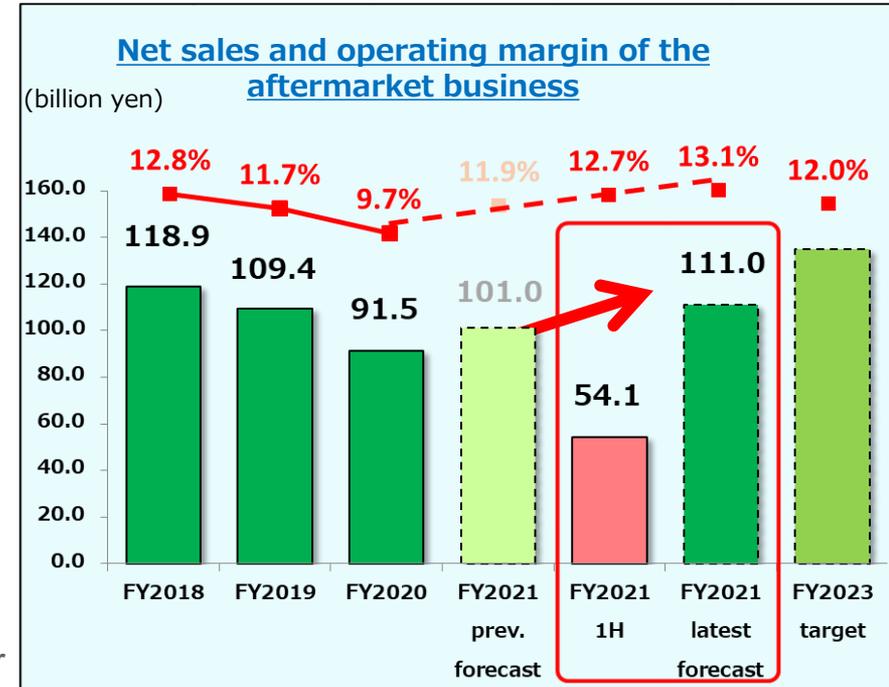


1 Strengthen supply capacity

- ✓ General-purpose inventory keeping system “FIRST” start its operation in April.
- ✓ Despite the disruptions in SCM including international logistics, expand supply in response to the recovery in demand from the pandemic, and sales increased steadily.
- ✓ Promote streamlining of logistics, including system improvement, and expansion of inventory for aftermarket (production enhancement).
- ✓ Strengthen our ability to supply products for the aftermarket by utilizing the production capacity of our overseas plants, as well as facilities and personnel for the domestic automotive business.

2 Improve profitability

- ✓ Promote to raise price by revising the fixed price list in response to the impact of soaring steel prices and logistics costs.



Strengthen supply capacity

Improve profitability



Strengthen Hard +Soft

Strengthen service



6. Industrial Machinery Business

Strong demand continued, promoting production response and reduction/withdrawal of unprofitable businesses

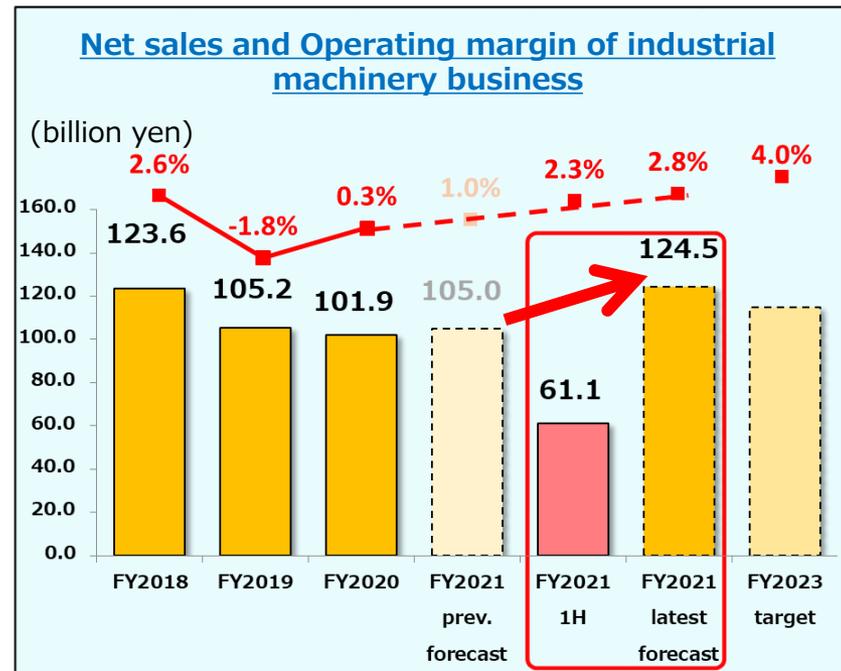


1 Production response

- ✓ Respond to the rapid increase in demand from major industries such as construction machinery, agricultural machinery, gearboxes, and machine tools. Cost control through appropriate allocation of personnel and production reform.
- ✓ Despite a temporary decrease in demand for wind turbines in China, we are strengthening our manufacturing facilities in order to further increase production in the next fiscal year and respond to ultra-large bearings with outer diameter of over 3m.

2 Improve profitability

- ✓ Reduce or withdraw from unprofitable businesses and raised prices of unprofitable model numbers, resulting in increased profits from this fiscal year (aircraft, construction machinery, gearboxes, etc.).
- ✓ Passing on the cost of steel materials and logistics to sales price will be implemented in parallel.
- ✓ Create cost reduction items through task force activities such as those for railway rolling stock. Promoted activities to obtain customer approval.



**Create
New area**



**Growth
Expand
business**



**Harvest
Secure
profit**



7. Automotive Business

Significant decrease in demand due to semiconductor shortage and other factors. Strengthen profitability improvement



1 Impact of semiconductor shortage

- ✓ Decline in production due to tight supply-demand for semiconductors and supply issues for wire harnesses, etc. (Asian region lockdown)
- ✓ IR(May) Latest Forecast ※Source IHS
 1H 41.24 million → 35.25 million (-15%)
 2H 45.14 million → 38.65 million (-14%)

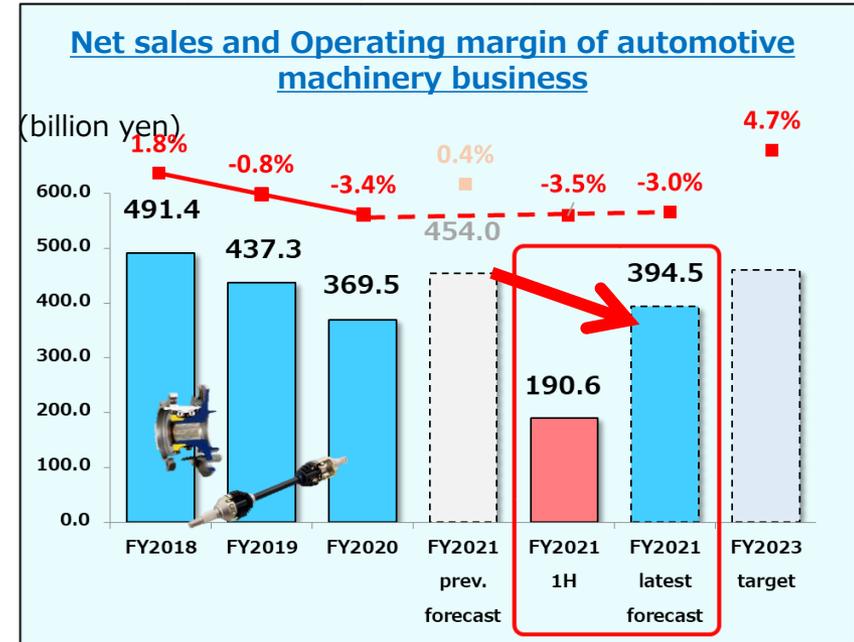
2 Profitability improvement

Minimize profit decline due to external factors(2H)

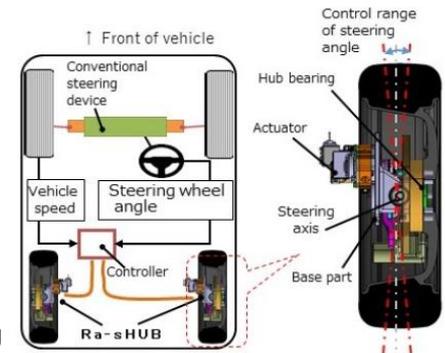
- ✓ Reduction of price discounting and promotion of passing on the selling price of steel and logistics costs
- ✓ Achieve a steady increase in profits through the smooth launch of high profit and net increase projects in North America and Southeast Asia
- ✓ Utilize excess production capacity and manpower for AM and industrial machinery in response to declining demand

Improving the structure for re-growth during the demand recovery period(Mid-term)

- ✓ Lowering the break-even point by reorganizing unprofitable businesses and reforming procurement (lowering variable costs)
- ✓ Accelerate development and launch of high-function products for EVs and electrification



“Ra-sHUB” Hub Bearings with Steering Function for Rear Wheels



8. Initiatives for ESG Management

Please refer to the NTN Report for more details about ESG
<https://www.ntnglobal.com/en/csr/ntnreport.html>

NTN Group aims to realize a “NAMERAKA Society” through practicing its corporate philosophy
 Promote setting **goals(KGI) and KPI regarding the materiality**
 Supported **TCFD recommendations** in May, conducted the analysis of risk and opportunities

Corporate Philosophy

We shall contribute to international society through creating new technologies and developing new products.

13 Materiality

Contribute to society through creation of original technologies(Strengthen positive impacts)

- Environment** (1) Reduce energy loss
- (2) Realize a sustainable society using natural energy
- Society** (3) Provide safety and comfort

Form management systems / corporate organization which are essential for NTN, as a global company
 (Reduce negative impacts)

- Environment** (4) Respond to climate change
- (5) Resource recycling and pollution prevention
- (6) Improve the reliability of products and services
- (7) Procurement activities with an emphasis on environment and society
- Society** (8) Respect for human rights
- (9) Promote safety and health
- (10) Human resource development
- (11) Promote diversity
- Governance** (12) Thorough compliance
- (13) Strengthen governance

Promote setting **goals(KGI) and KPI**

Realization of
 A "NAMERAKA Society"

<Materiality> Climate change

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

May 2021
 Supported TCFD recommendations

Analyze the risks and opportunities posed by climate change to business, reflect them in management strategies, and disclose information in 2022

Opportunities (value creation)



Contribution to a decarbonized society with Our Products and Services



Risk (Problem solving)

Initiatives for decarbonization in business
 Carbon neutrality

Develop result of analysis into management strategy and business

*A society where people can easily lead a secure and fulfilling life in harmony with nature.

Reference : Business Operation Policy for the Three Years of the Medium-Term Plan (from Medium-term plan)

*Please refer to the NTN HP for more detail : <https://www.ntnglobal.com/en/investors/mtermplan.html>

DRIVE NTN100

Basic Policy

Drive Forward Transformation of Business Structure for the new 100 years

Basic strategy

Digitalization (latest digital technology) x **R**esources (Management resources that NTN has developed)
Innovation (development of innovative technologies products and services)
Variable cost reformation (procurement reformation)
Efficiency improvement (achievement of the world's No1 productivity and quality)

Business operating policy

Phase 1
(FY2018-FY2019)

Crisis Response Period FY2020

Phase 2
(FY2021-FY2023)

Phase 3
(FY2024-)

Improve profitability and investment efficiency of existing products and businesses

Ensure the health and safety of employees

Improve profitability and investment efficiency of existing products and businesses

Build new businesses and core business area

Materialize new business by creating products and businesses

Secure cash and continue business

Select new business and review the allocation of management resources

- Create
- Grow
- Harvest

Establish management system to facilitate reform of business structure

Prepare for future growth

Strengthen corporate governance

Phase 1
Sharp deterioration of financial structure

External Environment
EV, electrification, and re-acceleration of DX
COVID-19 (uncertainty)
Emphasize on safety
Changes in work styles

Phase 2
1. Focus on NTN Revitalization in the next 3 years (rebuild BS and improve CF)
2. Seeding for future growth

NTN in FY2027

Net sales growth
GDP growth rate in each region + something extra

Operating margin
10% or more

Total asset turnover
1.0 or more

Foreign exchange sensitivity
50% reduction

- I. Key Point of Financial Result and
Progress of “DRIVE NTN100” Phase 2
- II. Financial Result of 1st Half of FY2021 and
Full Year Forecast

★ Financial Results for FY2021 First Half :

Key Factors & Full Year Forecast

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. Major Initiatives of 2H of FY2021
12. Lowering Break-even Point for Revitalization

Results of FY2021 1H (April, 2021-September, 2021)

- ◇ Net Sales: **¥305.8 billion**
 - Increase of **+¥ 66.6 billion**, year-on-year
(Excluding exchange rates: increase of **+¥54.1 billion**)
- ◇ Operating Income: **¥1.6 billion**
 - Increase of **+¥13.9 billion**, year-on-year
(Excluding exchange rates : increase of **+12.1 billion**)
- ◇ Ordinary Income: **+¥1.7 billion**
 - Increase of **+¥15.1 billion**, year-on-year
(Excluding exchange rates: increase of **+¥13.3 billion**)
- ◇ Profit attributable to owners of parent: **-¥1.0 billion**
 - Increase of **+¥13.4 billion**, year-on-year
(Excluding exchange rates: Increase of **+¥12.1 billion**)
- ◇ Free Cash Flow: **¥ 1.1 billion**, Increase of **+¥28.9 billion**, year-on-year

Revised FY2021 full year forecast

- ◇ Net Sales: **¥630.0 billion**
Decrease of **-¥30.0 billion** compared with previous announcement (¥660.0 billion)
- ◇ Operating Income: **¥6.0 billion**
Decrease of **-¥9.0 billion** compared with previous announcement (¥15.0 billion)
- ◇ Extraordinary Income: **¥3.0 billion**
Increase of **3.0 billion** compared with previous announcement (¥0.0 billion)
- ◇ Profit attributable to owners of parent: **¥2.0 billion**
Decrease of **-¥3.0 billion** compared with previous announcement (¥5.0 billion)
- ◇ In regards to dividends, the Company plans **¥0 (No Dividend)** for this fiscal year
- ◇ Exchange-rate form the third quarter:
1USD = **¥110** (previous announcement, ¥107)
1EURO = **¥130** (previous announcement, ¥128)

1. Consolidated Statements of Operation

(billion yen)

	FY2020			FY2021			Year on year		
	1H Results ①	2H Results	Full year Results	1H Results ②	2H Forecast	Full year Forecast	②-①		
							Total	Excl. Forex	Forex
Net sales	239.2	323.6	562.8	305.8	324.2	630.0	66.6	54.1	12.5
Operating income	-12.3	9.2	-3.1	1.6	4.4	6.0	13.9	12.1	1.8
Operating margin	(-5.2%)	(2.8%)	(-0.6%)	(0.5%)	(1.4%)	(1.0%)	(5.7%)		
Ordinary income	-13.4	7.7	-5.7	1.7	3.3	5.0	15.1	13.3	1.8
Extraordinary income/loss	0.5	4.0	4.5	-0.1	3.1	3.0	-0.6	-0.6	-
Profit/loss attributable to owners of parent	-14.4	2.8	-11.6	-1.0	3.0	2.0	13.4	12.1	1.3
Exchange rate	US \$	106.8	105.2	106.0	109.8	110.0	109.9	2.9	
	EURO	121.2	126.1	123.7	130.8	130.0	130.4	9.6	

2. Net Sales by Region

(billion yen)

	FY2020			FY2021			Year on year		
	1H Results ①	2H Results	Full year Results	1H Results ②	2H Forecast	Full year Forecast	②-①		
							Total	Excl. Forex	Forex
Japan	69.0	93.8	162.8	86.4	92.1	178.5	17.3	17.3	0.0
Americas	60.8	83.6	144.4	85.3	94.2	179.5	24.5	21.3	3.2
Europe	48.2	69.0	117.2	62.1	59.9	122.0	13.9	9.2	4.6
Asia and others	61.1	77.2	138.4	72.0	78.0	150.0	10.9	6.2	4.7
Total	239.2	323.6	562.8	305.8	324.2	630.0	66.6	54.1	12.5

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(billion yen)

	FY2020			FY2021			Year on year		
	1H Results ①	2H Results	Full year Results	1H Results ②	2H Forecast	Full year Forecast	②-①		
							Total	Excl. Forex	Forex
Aftermarket	42.9	48.6	91.5	54.1	56.9	111.0	11.2	8.9	2.3
Industrial machinery	46.9	55.0	101.9	61.1	63.4	124.5	14.2	12.0	2.2
Automotive	149.5	220.0	369.5	190.6	203.9	394.5	41.1	33.2	8.0
Total	239.2	323.6	562.8	305.8	324.2	630.0	66.6	54.1	12.5

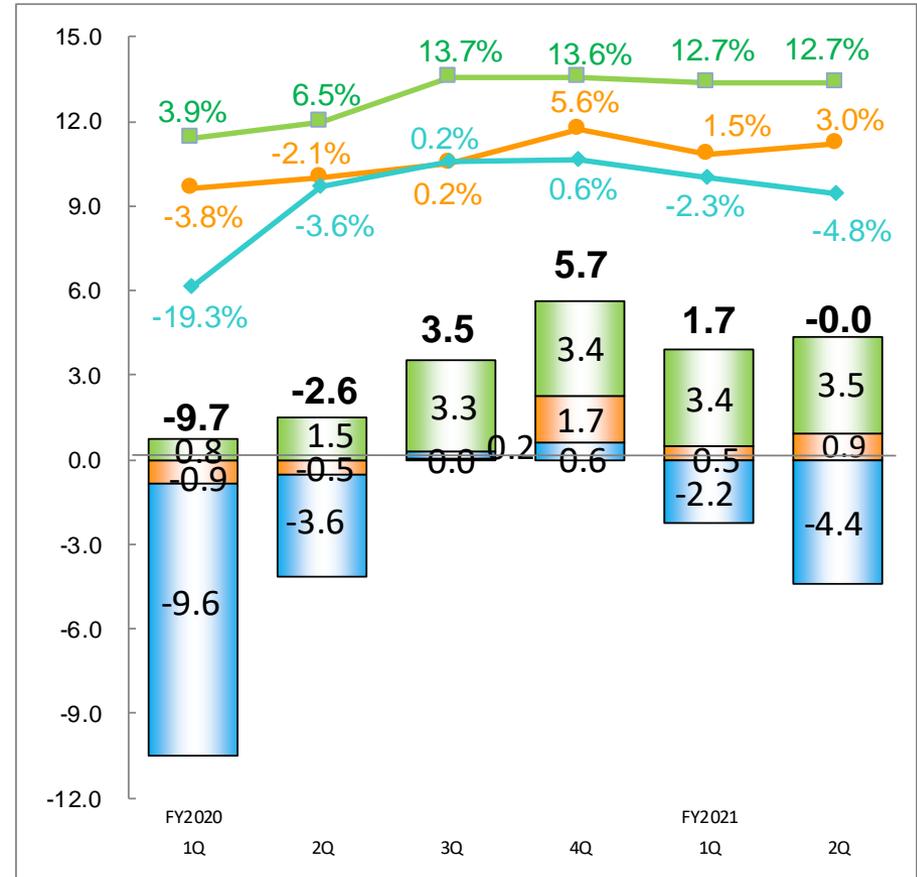
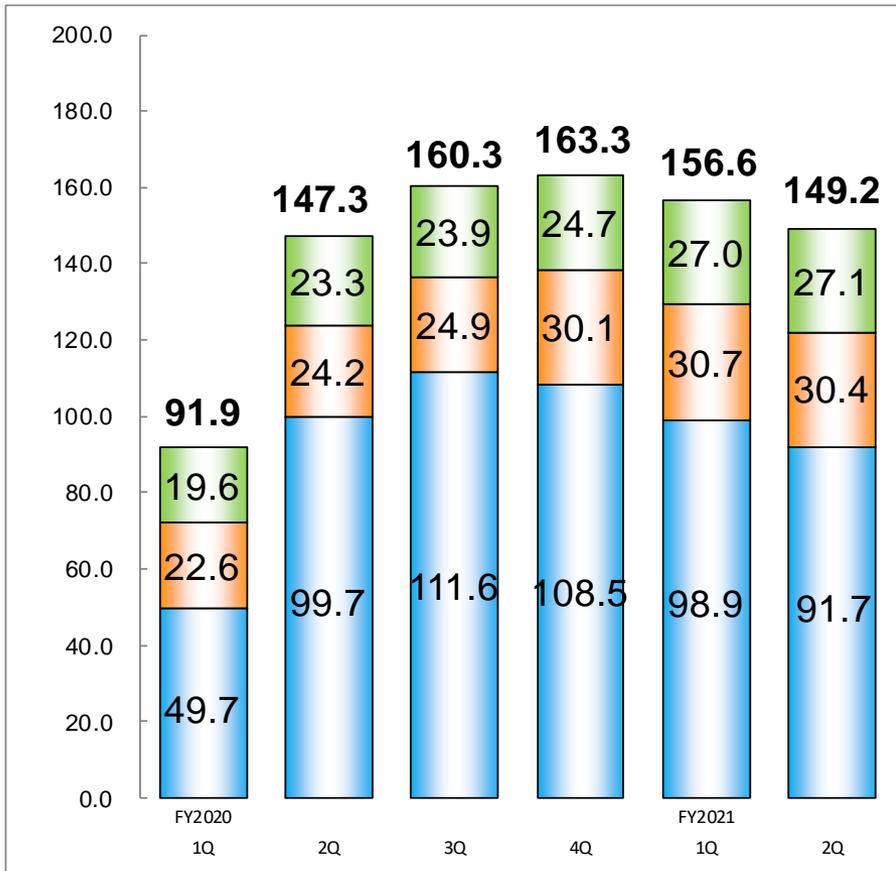
< Operating Income by Business Sector >

	FY2020			FY2021			Year on year
	1H Results ①	2H Results	Full year Results	1H Results ②	2H Forecast	Full year Forecast	②-①
Aftermarket	2.3	6.6	8.9	6.9	7.6	14.5	4.6
Industrial machinery	-1.4	1.7	0.4	1.4	2.1	3.5	2.7
Automotive	-13.2	0.8	-12.4	-6.6	-5.4	-12.0	6.6
Total	-12.3	9.2	-3.1	1.6	4.4	6.0	13.9

4. Results by Business Sector (Quarterly Trend)

* All figures in billion yen.

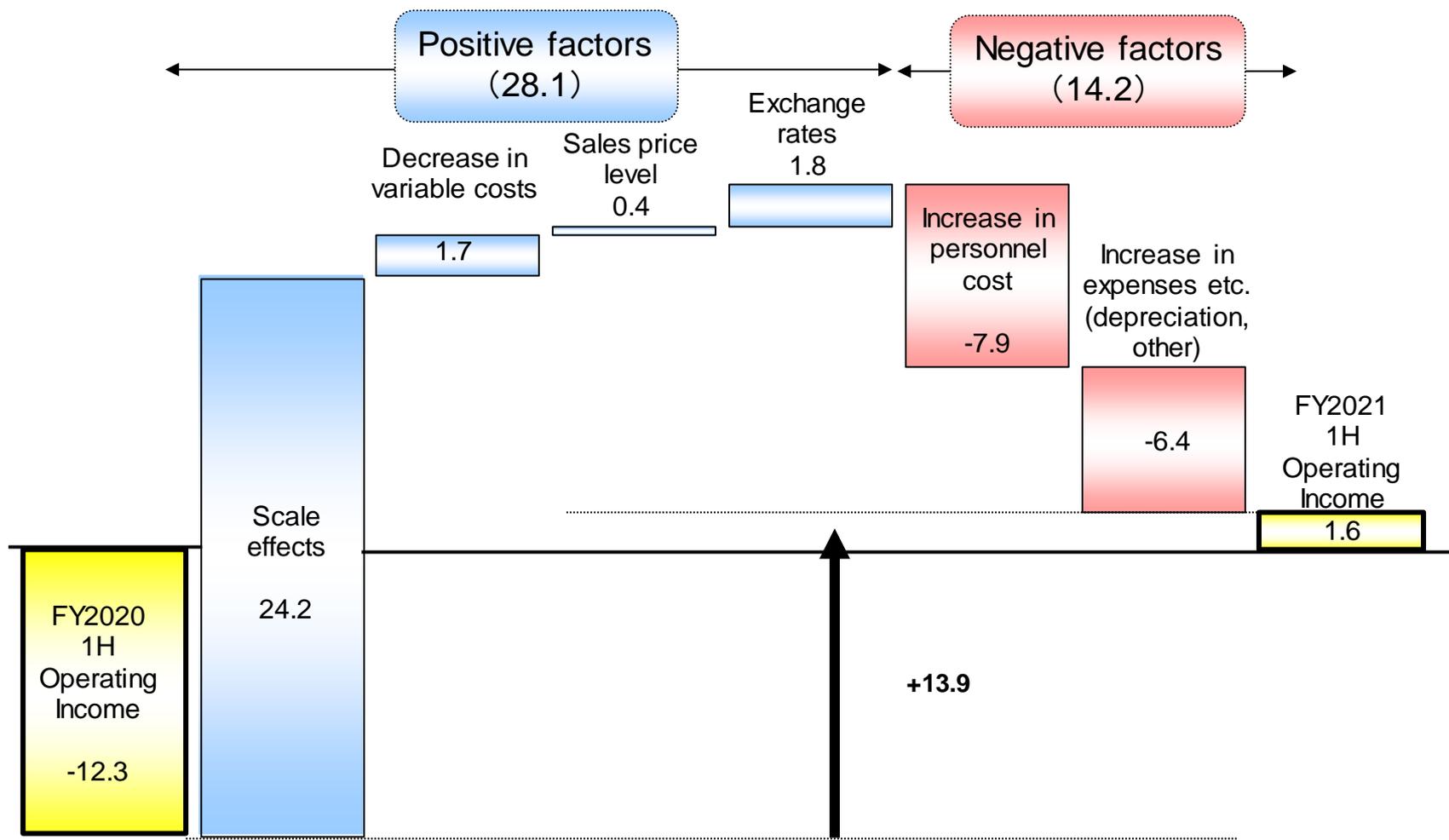
Automotive Industrial machinery Aftermarket



5-1. Analysis of Operating Income (FY2020 1H vs FY2021 1H) **NTN**

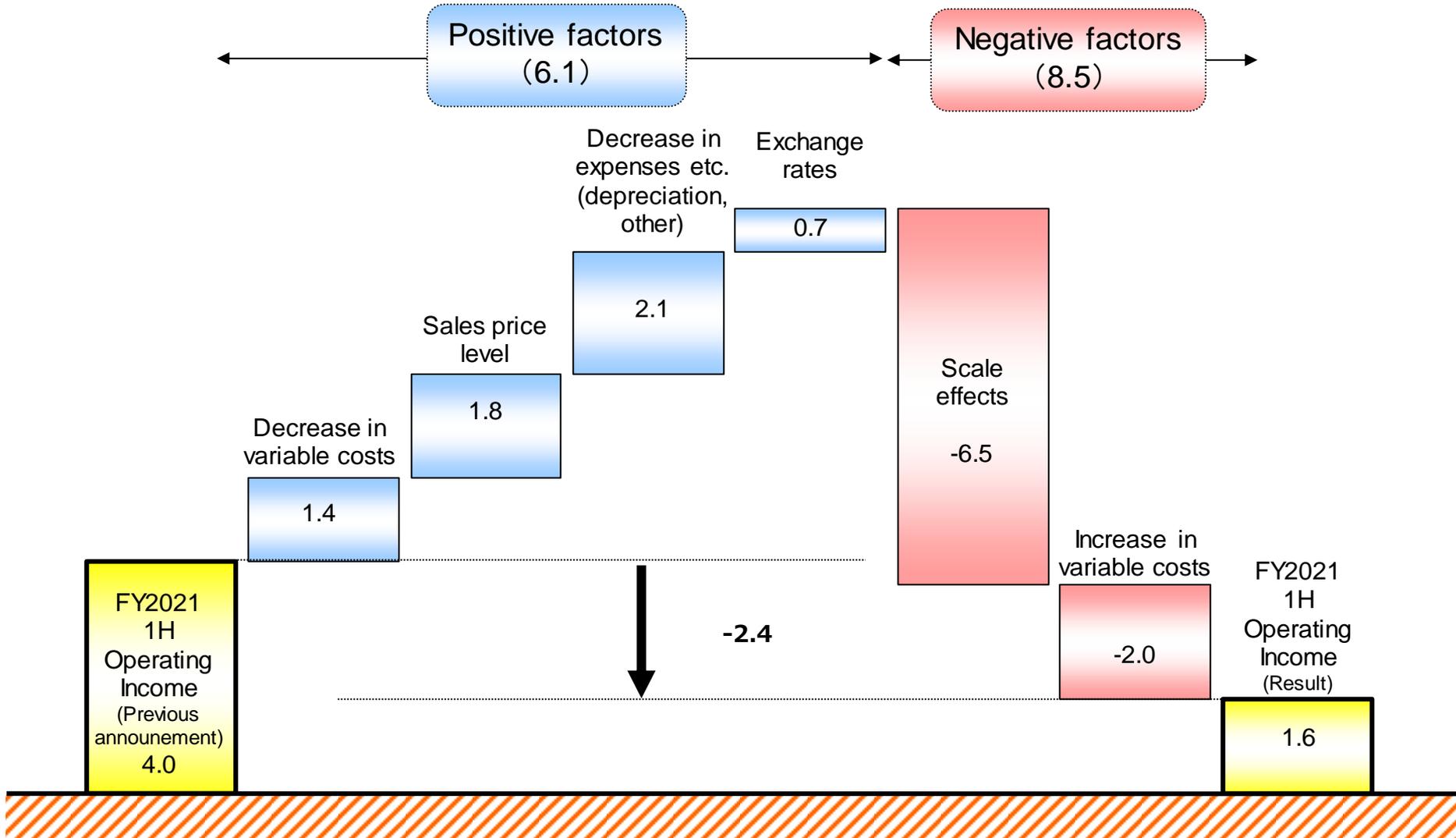
Make the world **NAMERAKA**

* All figures in billion yen.



5-2. Analysis of Operating Income (FY2021 1H Previous Announcement vs FY2021 1H Result)

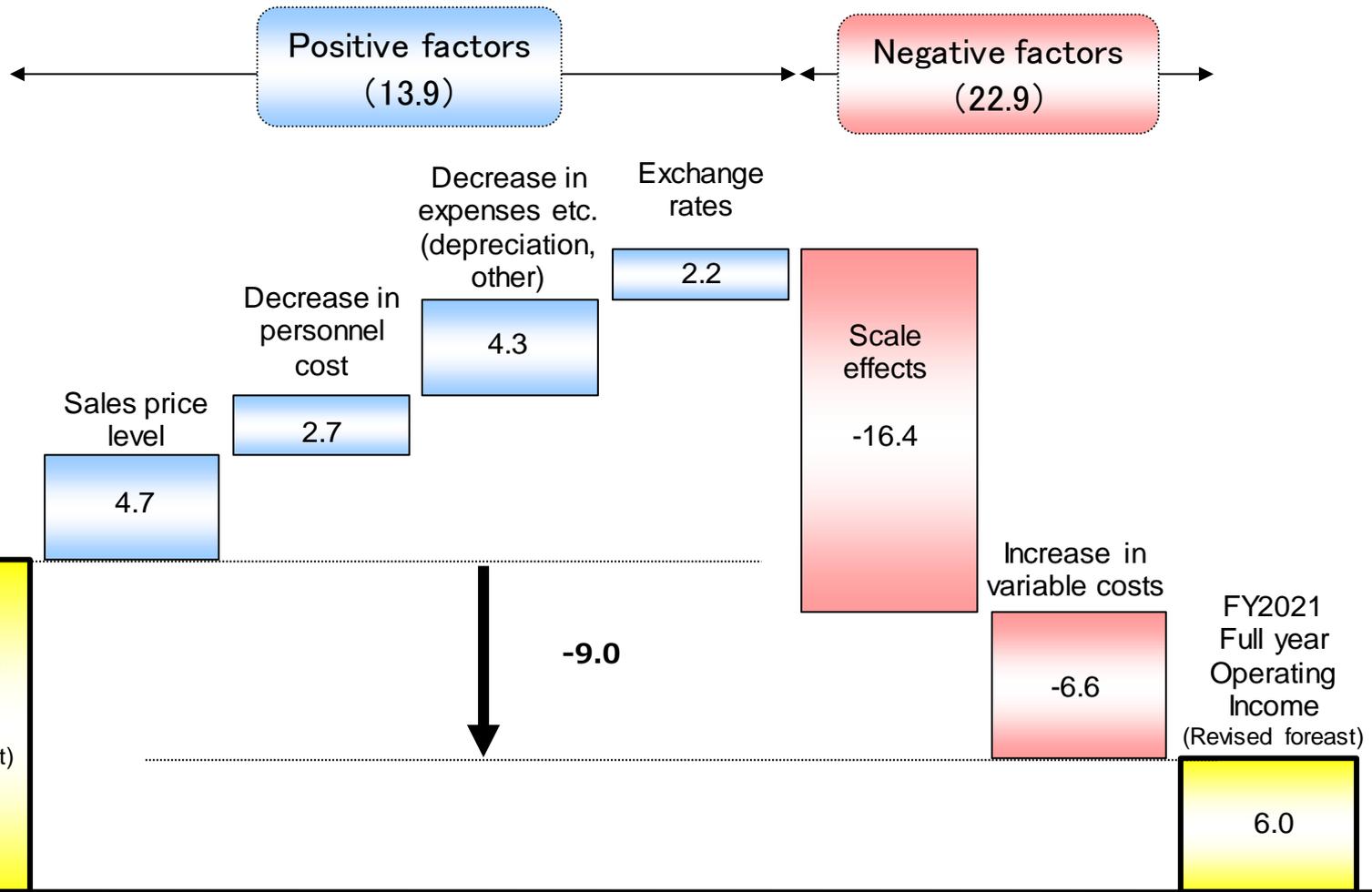
* All figures in billion yen.



5-3. Analysis of Operating Income

(FY2021 Full Year Previous Announcement vs FY2021 Full Year Revised Forecast)

* All figures in billion yen.

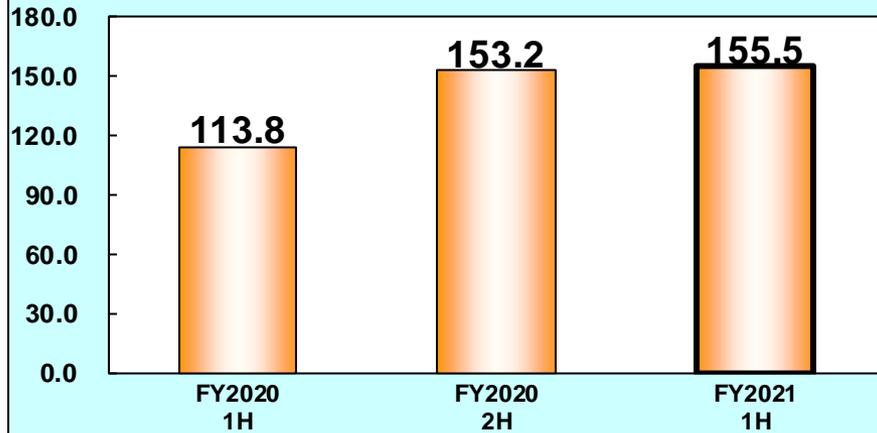


6-1. Net Sales and Operating Income by Company Location

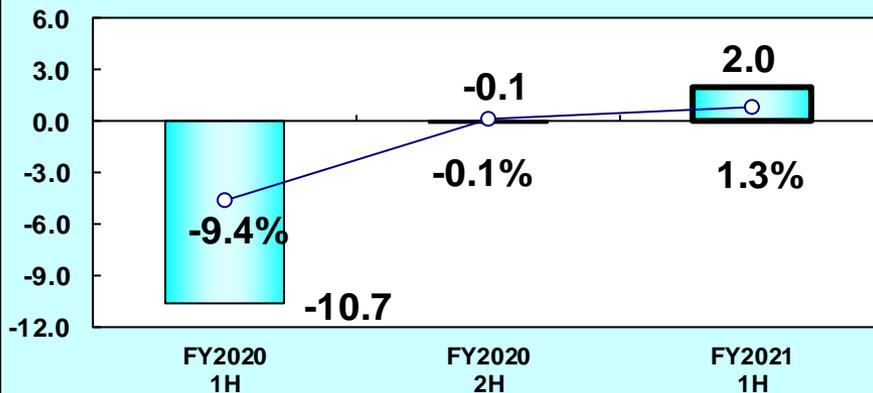
* All figures in billion yen

《 Japan 》

Net Sales

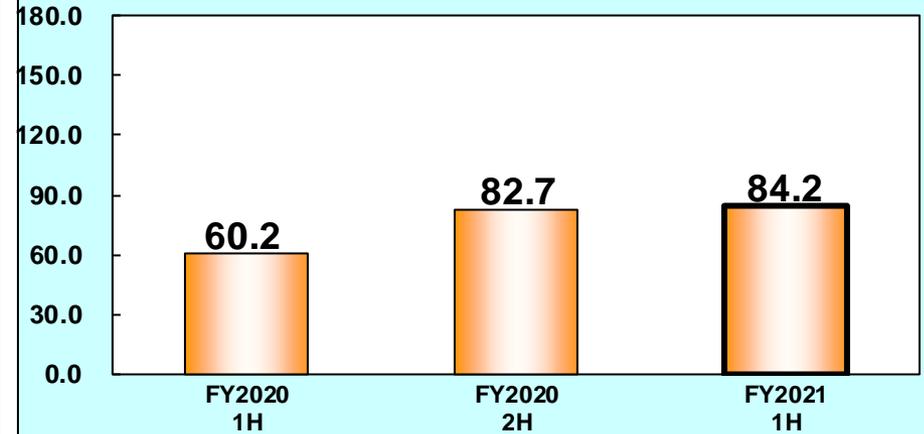


Operating Income

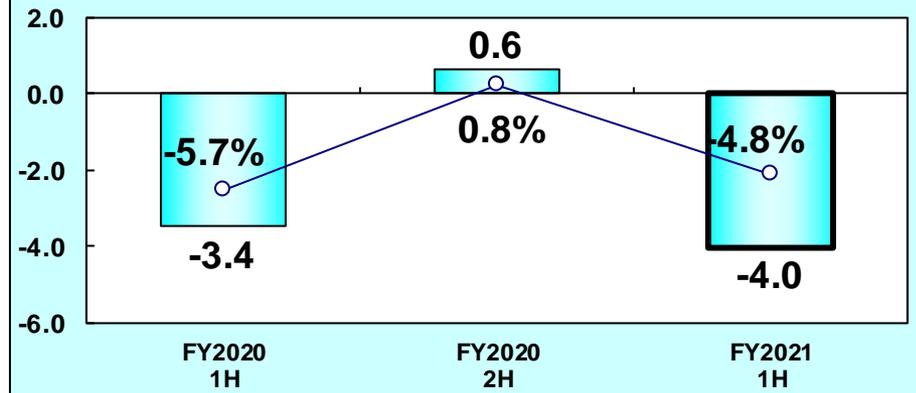


《 Americas 》

Net Sales



Operating Income



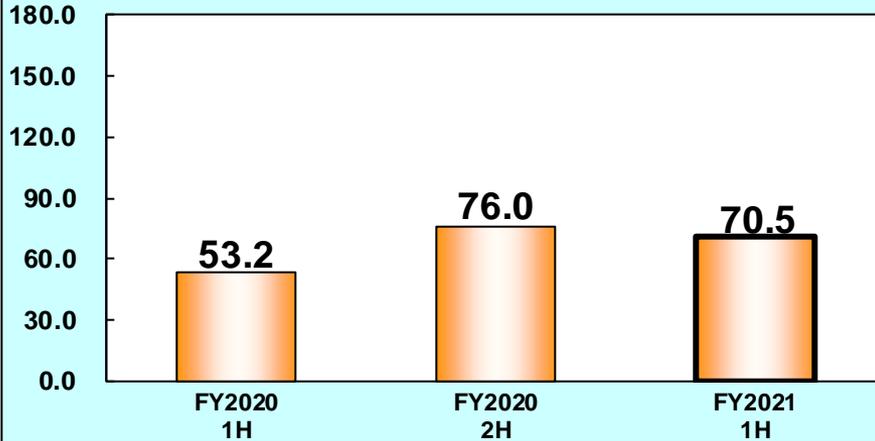
6-2. Net Sales and Operating Income by Company Location

* All figures in billion yen

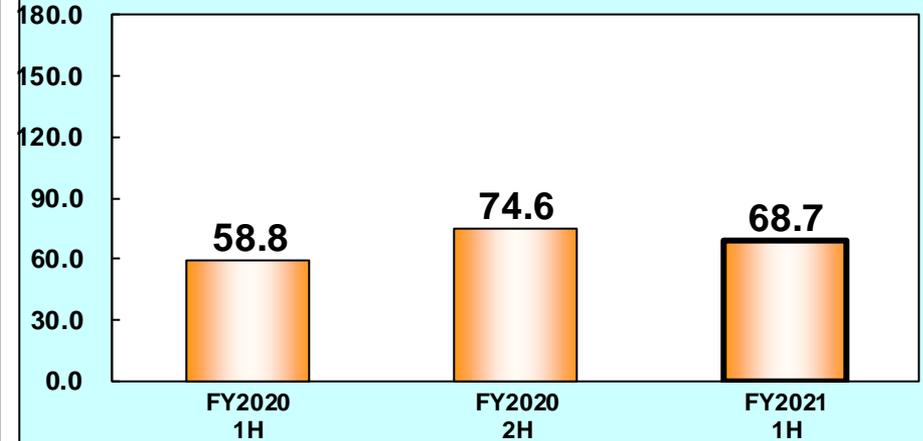
《 Europe 》

《 Asia and others 》

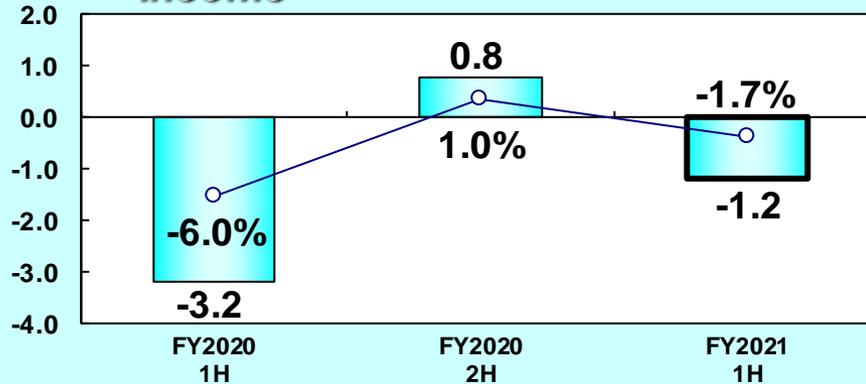
Net Sales



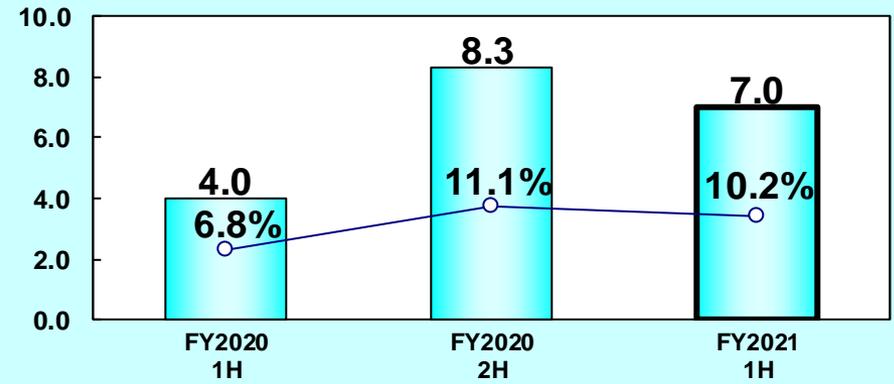
Net Sales



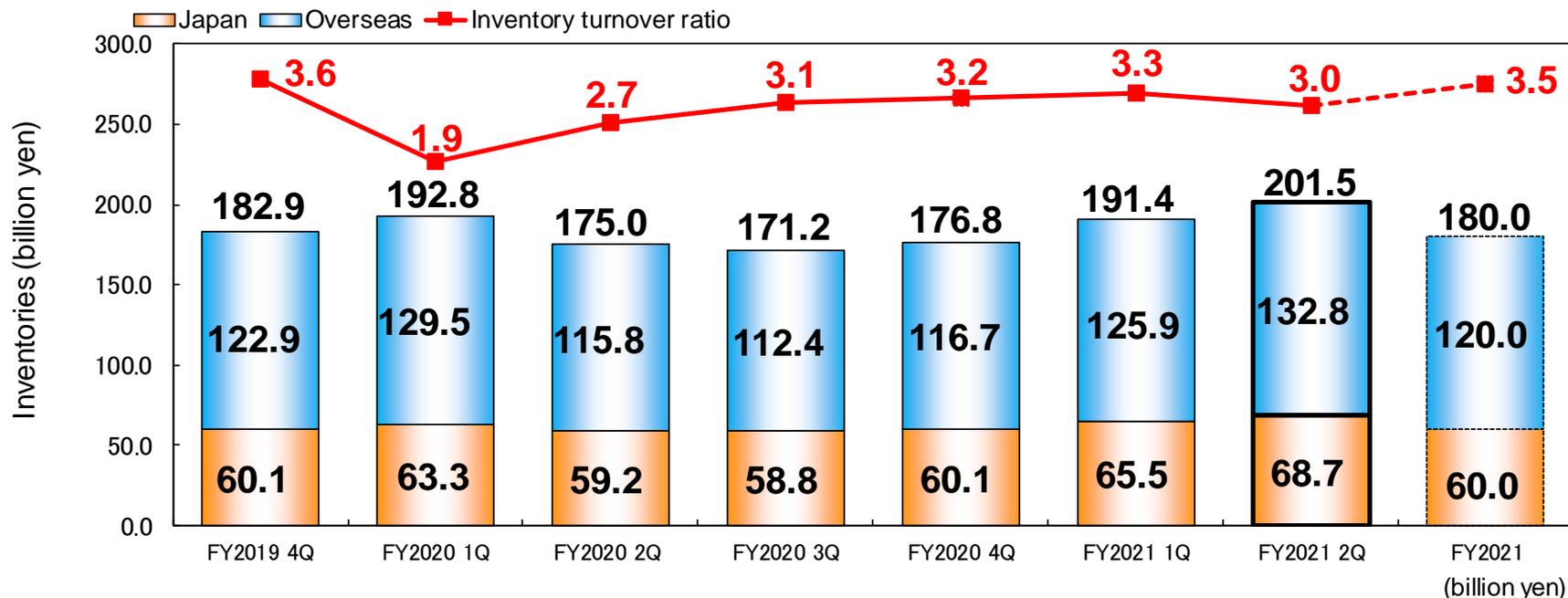
Operating Income



Operating Income

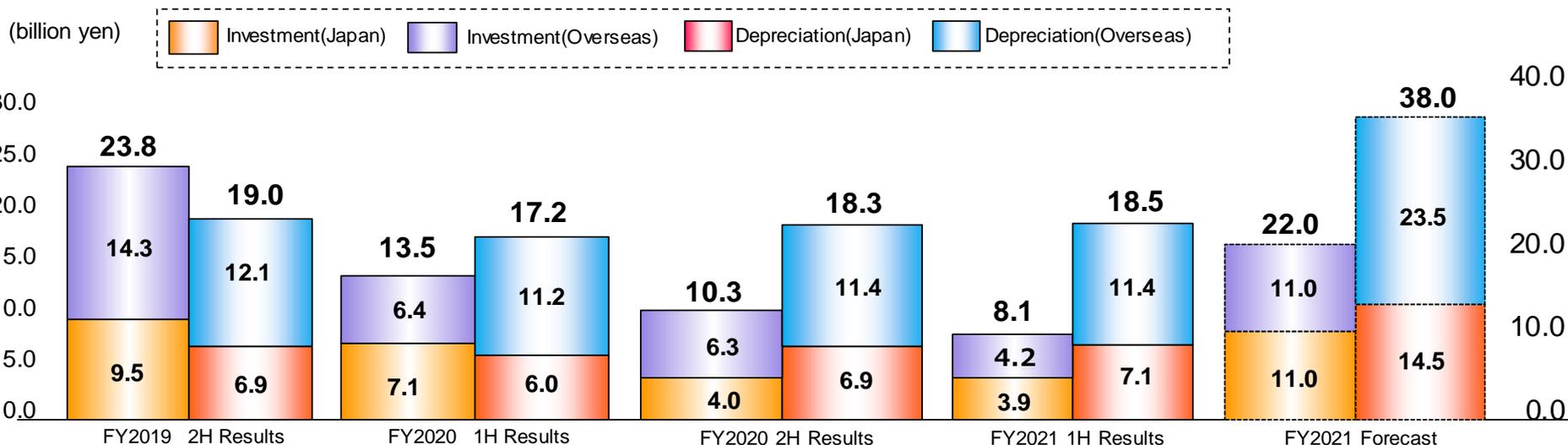


7. Inventories



	FY2019 4Q	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021
	Results	Forecast						
Inventories	182.9	192.8	175.0	171.2	176.8	191.4	201.5	180.0
(Overseas)	(122.9)	(129.5)	(115.8)	(112.4)	(116.7)	(125.9)	(132.8)	(120.0)
(Japan)	(60.1)	(63.3)	(59.2)	(58.8)	(60.1)	(65.5)	(68.7)	(60.0)
Inventory turnover ratio (times)	3.6	1.9	2.7	3.1	3.2	3.3	3.0	3.5

8. Capital Expenditure and Depreciation

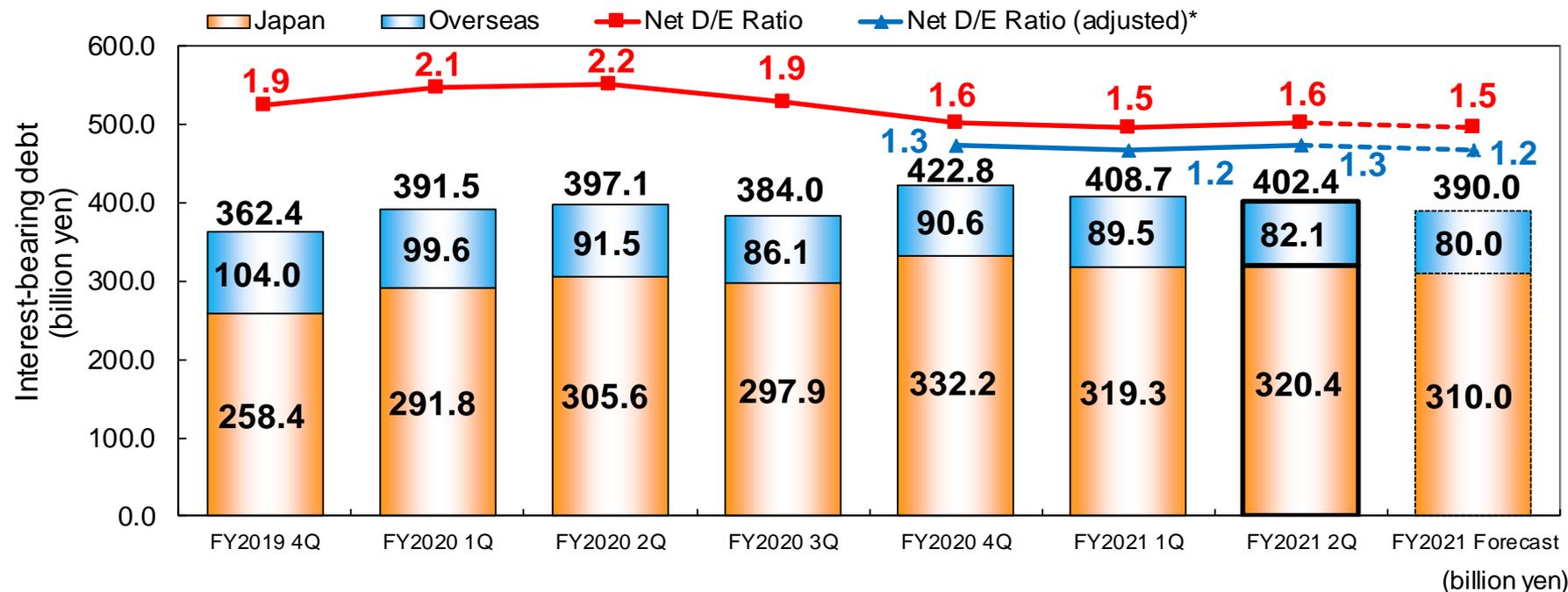


	FY2019 2H Results	FY2020		FY2021	②-①	FY2021 Forecast
		1H Results①	2H Results	1H Results②		
Capital expenditure	23.8	13.5	10.3	* 8.1	-5.4	22.0
(Overseas)	(14.3)	(6.4)	(6.3)	(4.2)	(-2.2)	(11.0)
(Japan)	(9.5)	(7.1)	(4.0)	(3.9)	(-3.3)	(11.0)

* In addition, intangible fixed assets (1H Results: ¥2.8 billion, Full year forecast: ¥7.0 billion)

	FY2019 2H Results	FY2020		FY2021	②-①	FY2021 Forecast
		1H Results①	2H Results	1H Results②		
Depreciation	19.0	17.2	18.3	18.5	1.3	38.0
(Overseas)	(12.1)	(11.2)	(11.4)	(11.4)	(0.2)	(23.5)
(Japan)	(6.9)	(6.0)	(6.9)	(7.1)	(1.1)	(14.5)

9. Interest-Bearing Debt

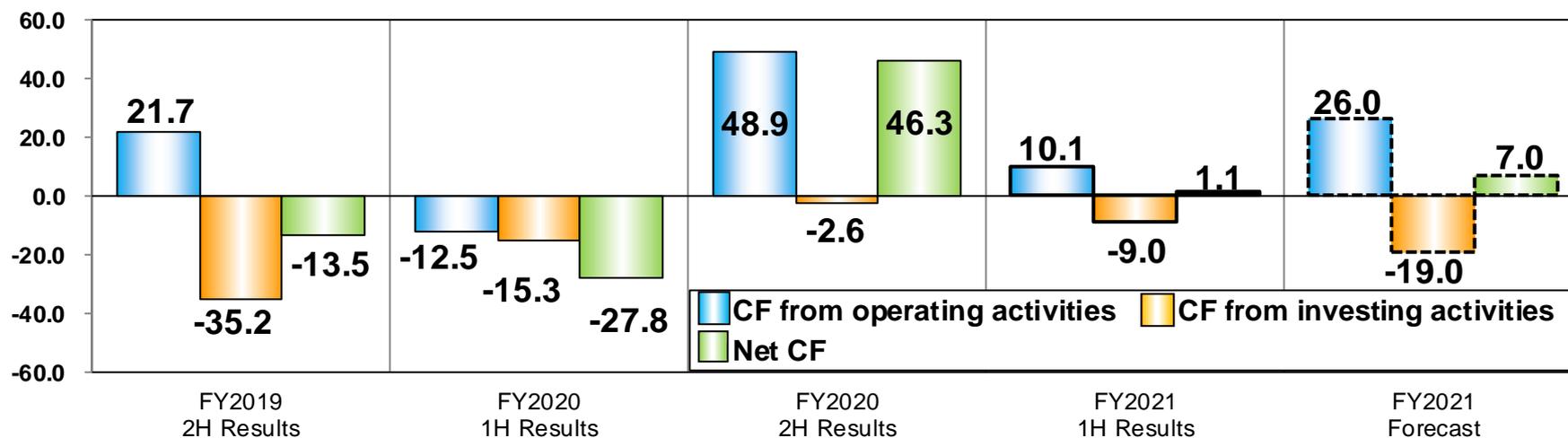


	FY2019 4Q Results	FY2020 1Q Results	FY2020 2Q Results	FY2020 3Q Results	FY2020 4Q Results	FY2021 1Q Results	FY2021 2Q Results	FY2021 Forecast
Interest-bearing debt	362.4	391.5	397.1	384.0	422.8	408.7	402.4	390.0
(Overseas)	(104.0)	(99.6)	(91.5)	(86.1)	(90.6)	(89.5)	(82.1)	(80.0)
(Japan)	(258.4)	(291.8)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

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

10. Cash Flows

(billion yen)	FY2019	FY2020		FY2021	②-①	FY2021 Forecast
	2H Results	1H Results①	2H Results	1H Results②		
I . Cash flow from operating activities	21.7	-12.5	48.9	10.1	22.6	26.0
II . Cash flow from investing activities	-35.2	-15.3	-2.6	-9.0	6.3	-19.0
I + II . Net cash flow	-13.5	-27.8	46.3	1.1	28.9	7.0
III . Cash flow from financing activities	9.7	36.0	18.7	-22.8	-58.8	-32.5
IV . Effect of exchanging rate translation on cash and cash equivalents	-0.6	0.3	2.6	-0.1	-0.4	0.0
V . Net increase in cash and cash equivalents	-4.4	8.5	67.5	-21.8	-30.3	-25.5



11. Major Initiatives of FY2021 2H

In spite of further reduction in scale and increase in steel prices compared to the assumptions at the time of the first quarter, we will increase aftermarket sales more than planned and promote the following initiatives.

◇ Improve the structure that create profit and maximize cash flow from operating activities

- Reduce fixed cost in line with decrease of volume
- Absorb rise of steel price by passing on selling price
- Improve profitability of unprofitable product and accelerate the withdrawal
- Reduce inventories increased in 1H

◇ Keep Positive FCF

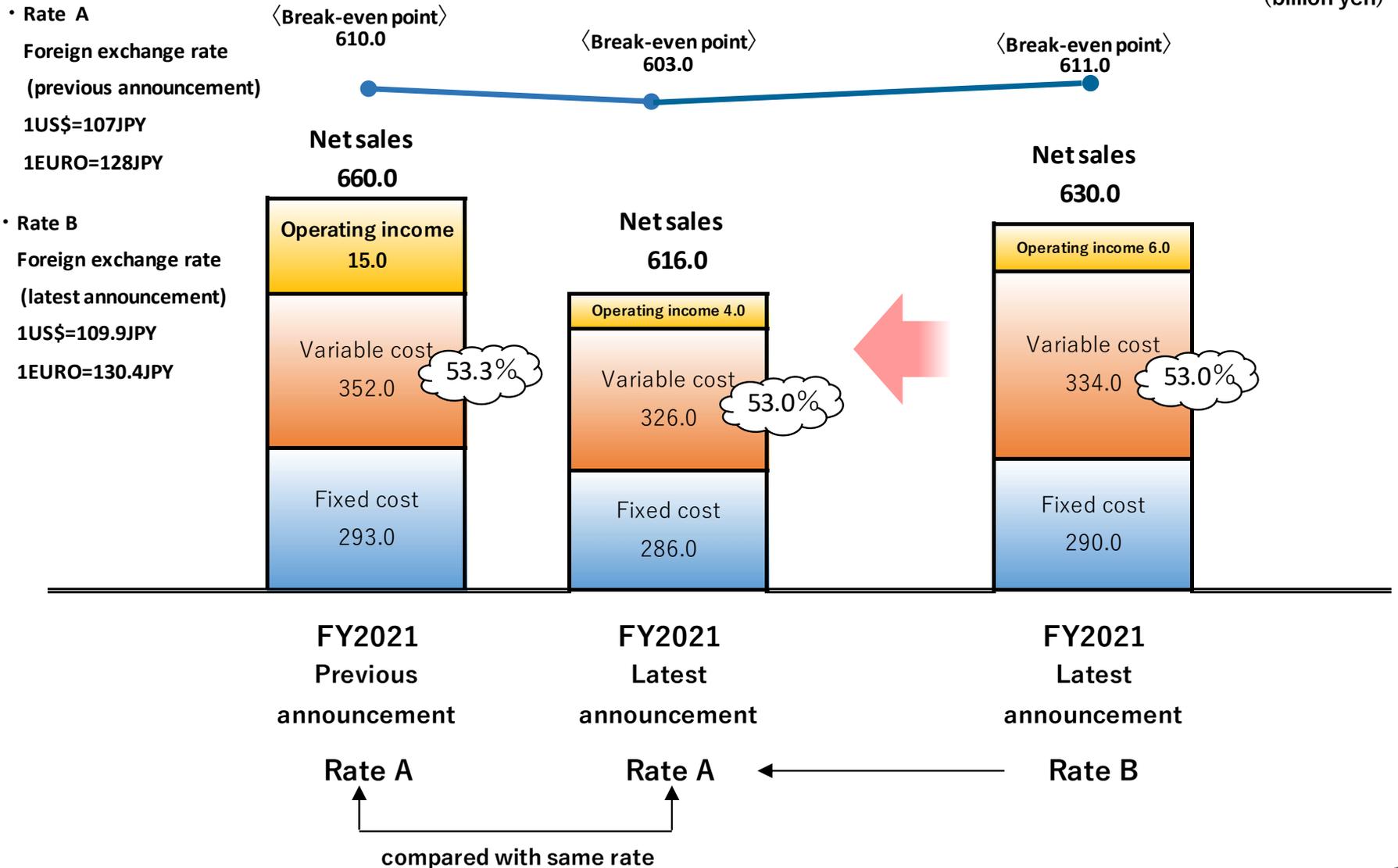
Promote investment within the scope of depreciation and further asset sales

◇ Become profitable in profit attributable to owners of parent

=> Achieve the goal of Net D/E ratio (less than 1.5 at the end of March in 2022)

12-1. Lowering Break-even Point for Revitalization

FY2021 Full year <Latest announcement> vs <Previous announcement> (billion yen)



12-2. Lowering Break-even Point for Revitalization

FY2021 Full year <Latest announcement> vs FY2023 <Mid-term Management Plan>

(billion yen)

• Rate B
Foreign exchange rate
(latest announcement)

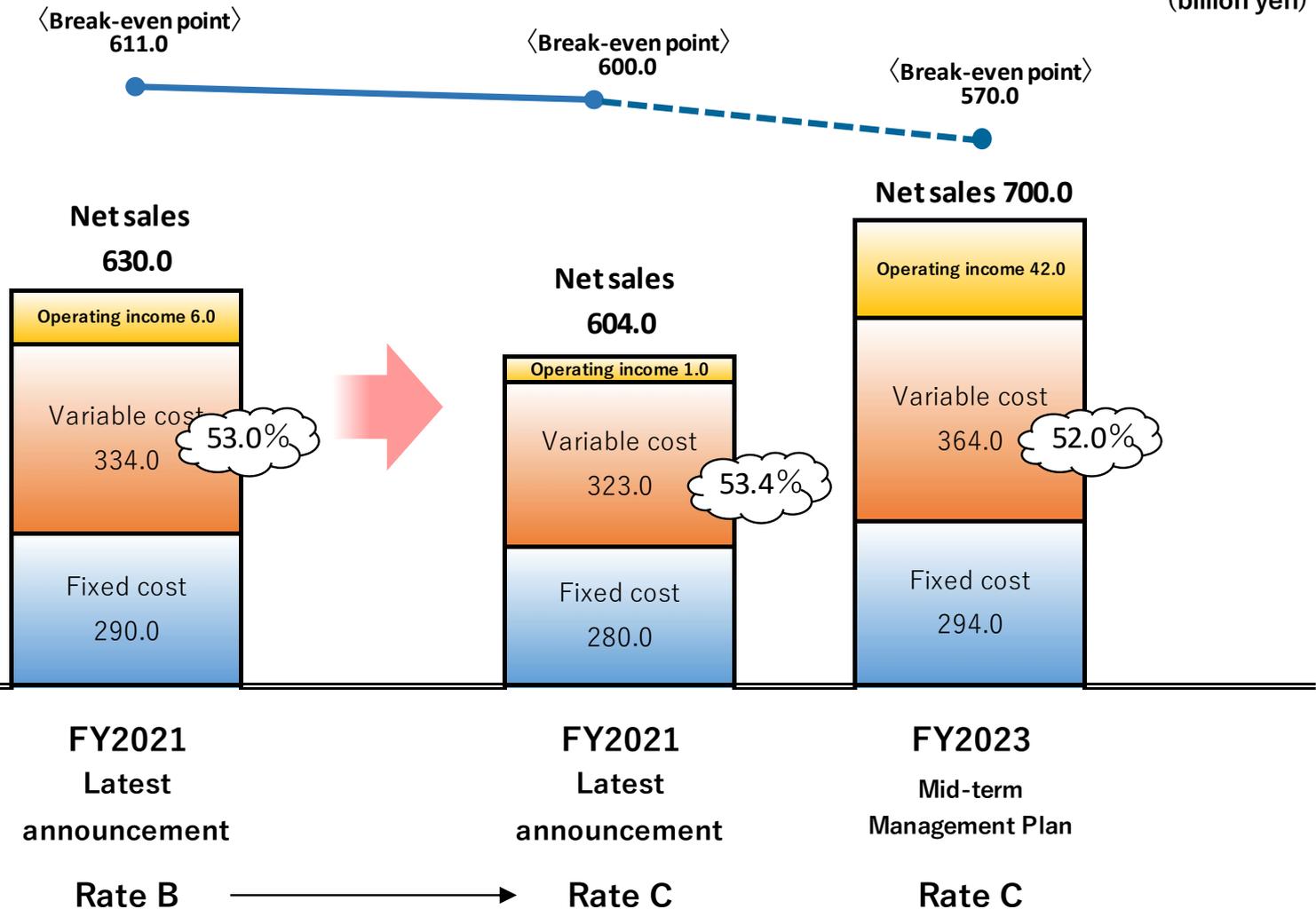
1US\$=109.9JPY

1EURO=130.4JPY

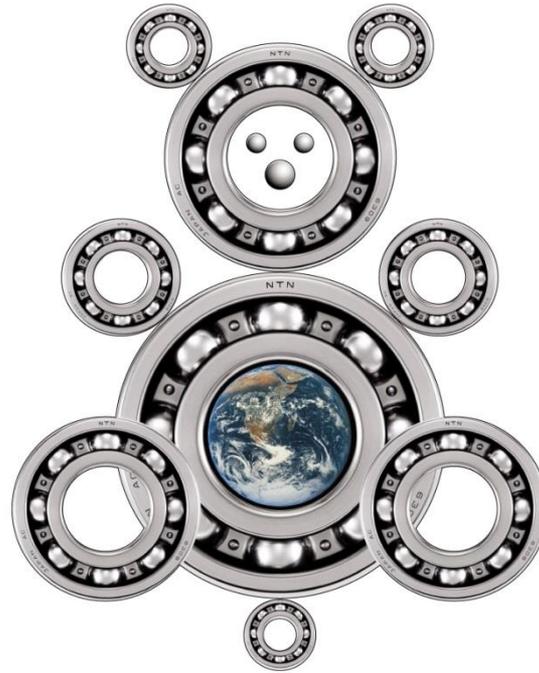
• Rate C
Foreign exchange rate
(Mid-term
Management Plan)

1US\$=103JPY

1EURO=125JPY



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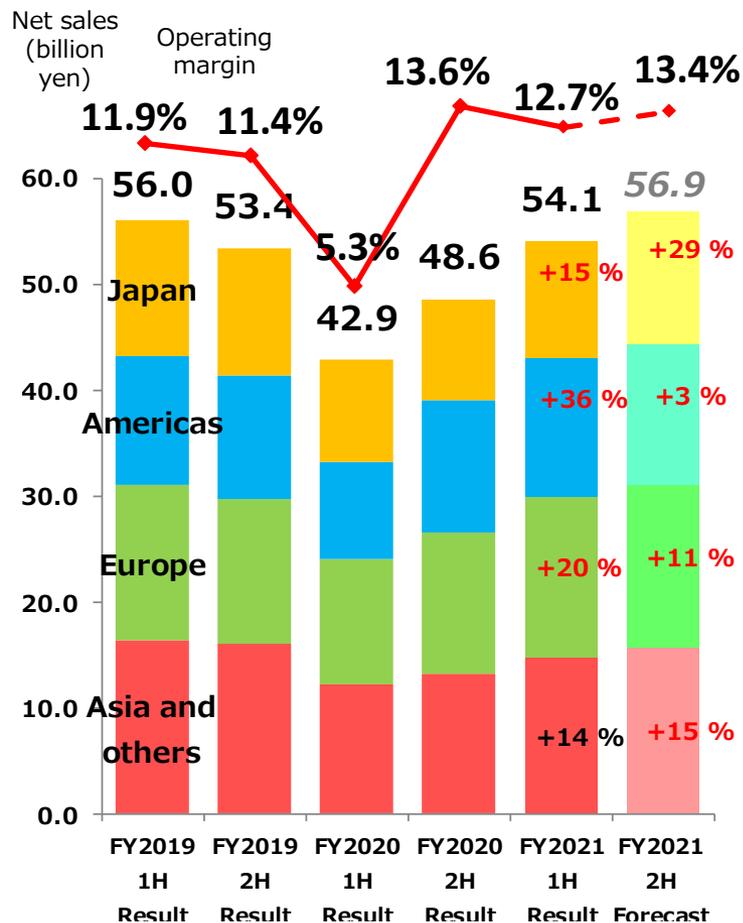
Reference

Sales Trend by Business Sector Aftermarket Business

<Result of 1H of FY2021 (YoY)>

Net sales:54.1billion yen(+26.2%) Operating income:6.9 billion yen

- Industrial machinery AM: Sales increased due to recovery in demand in various regions, especially in the Americas and Europe
- Automotive AM: Sales increased due to recovery in demand in various regions, especially in the Americas, Europe, Asia and other regions



<Forecast 2H of FY2021 : comment from previous announcement>

Japan

Sales are expected to increase due to continued strong demand growth
(compared to previous announcement +13%)

Americas

Industrial machinery AM business is favorable in North America and Latin America
Automotive aftermarket sales increased at major distributors and in Latin America.
(+3%)

Europe

Industrial machinery AM sales are strong in Germany, Italy etc.,
Sales of automotive aftermarket increased due to revitalized market
(+11%)

Asia and others

Decrease in demand for railway rolling stock AM in China, etc.
In Asia, demand for automotive AM decreased.
(-2%)

Reference

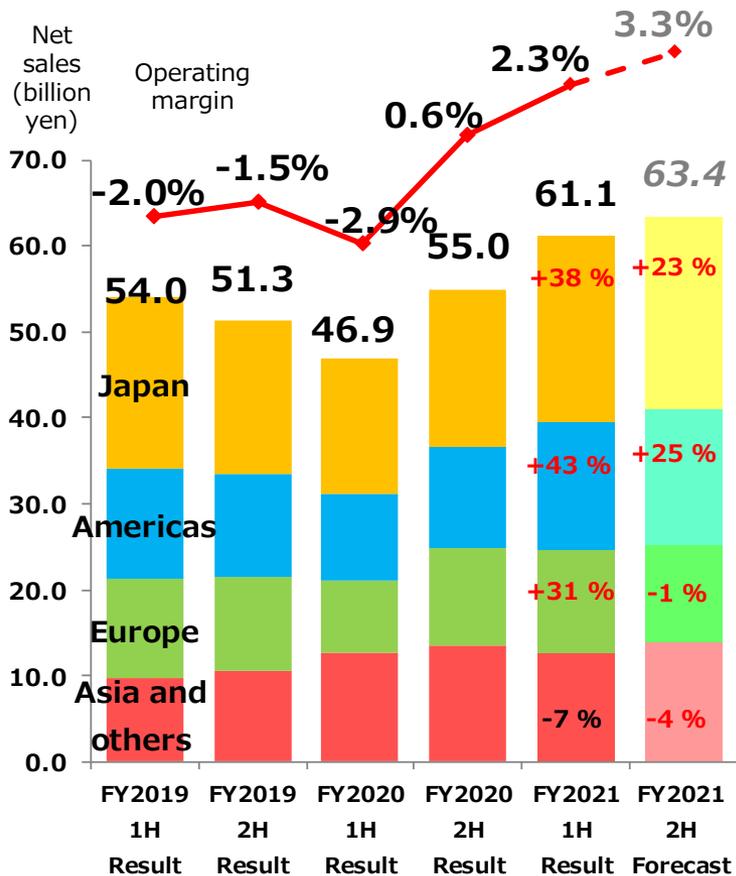
Sales Trend by Business Sector Industrial Machinery Business

<Result of 1H of FY2021 (YoY)>

Net sales:61.1 billion yen(+30.3%) Operating income:1.4 billion yen

- Sales increase due to recovery in demand for construction machinery, agricultural machinery and gearboxes
- Decline in sales for wind turbine and for railway rolling stock due to the ongoing impact of the new coronavirus

<Forecast 2H of FY2021 : comment from previous announcement>



Japan Despite the withdrawal of unprofitable products, demand for construction machinery, gearboxes, agricultural machinery, and machine tools increased (compared to previous announcement +32%)

Americas Increased demand mainly for construction machinery, agricultural machinery, and gearboxes (+26%)

Europe Although the recovery of aircraft and railroads will be slow, demand for gearboxes and other products will increase. (+7%)

Asia and others Sales of construction machinery and agricultural machinery increase in China. However, sales of wind turbine, railway rolling stock decreased and total sales decreases (-9%)

Note: % in the bar graph represents year-on-year changes excluding exchange rates

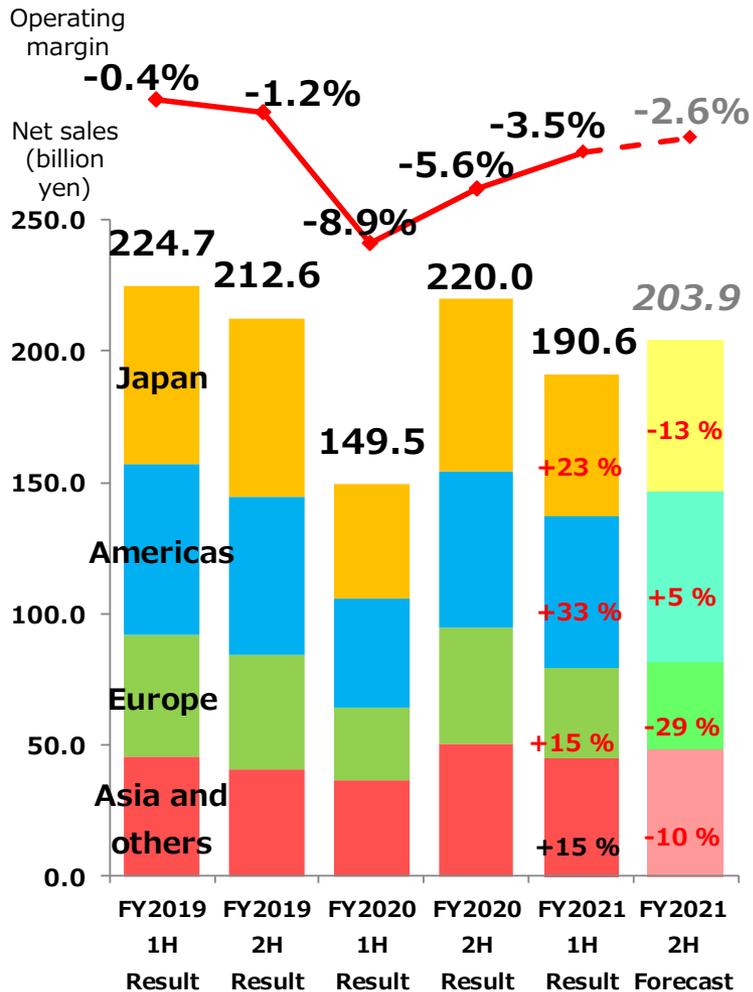
Reference

Sales Trend by Business Sector Automotive Business

<Result of 1H of FY2021 (YoY)>

Net sales:190.6 billion yen(+27.5%),Operating income:-6.6 billion yen

- Sales increased due to recovery in demand from the new coronavirus, despite the impact of semiconductor shortages
- Sales in China was down YoY due to semiconductor shortage, but up in Japan, Americas, Europe and Asia



<Forecast 2H of FY2021 : comment from previous announcement>

Japan	Semiconductor shortage continues to affect Decline in sales due to uncertainty of production recovery timing (compared to previous announcement -16%)
Americas	Recovery expected with priority given to large SUVs and pickup trucks but expected to the impact of production reduction to remain (-10%)
Europe	Many customers are strongly affected by semiconductor supply shortages. Decrease in sales (-30%)
Asia and others	In addition to semiconductor shortages, China is affected by power shortages. Asia takes into account the risk of countries with low vaccination rates (-6%)