

FY2021/12 Q1 Results Briefing

April 30, 2021

Nabtesco Corporation

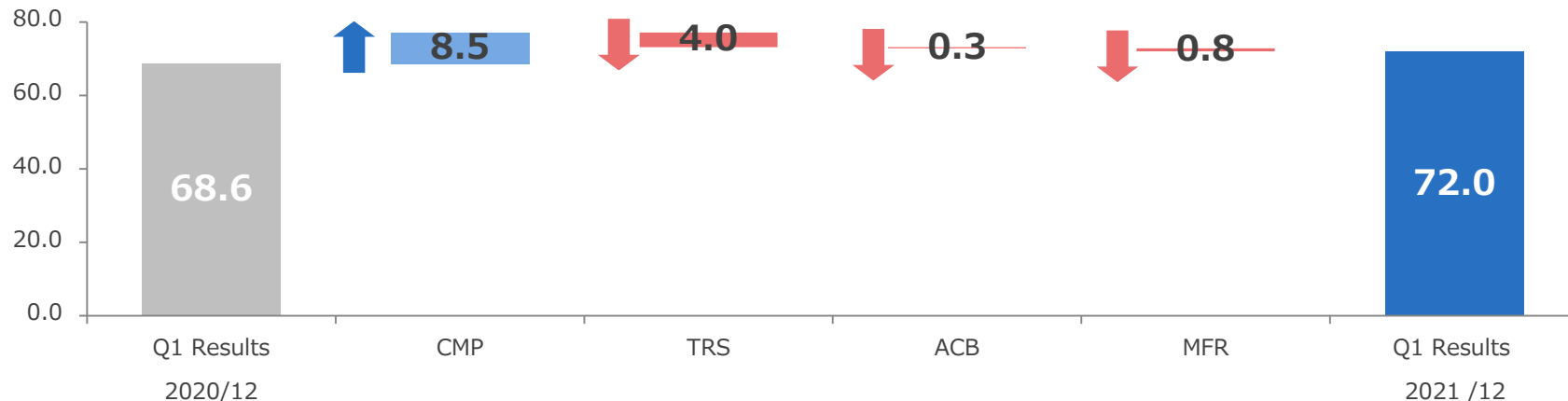
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1. Summary for the FY2021/12 Q1 results

Sales

■ FY21 Q1 sales increased year-on-year due to the strong demand of the precision reduction gear business and hydraulic equipment business.

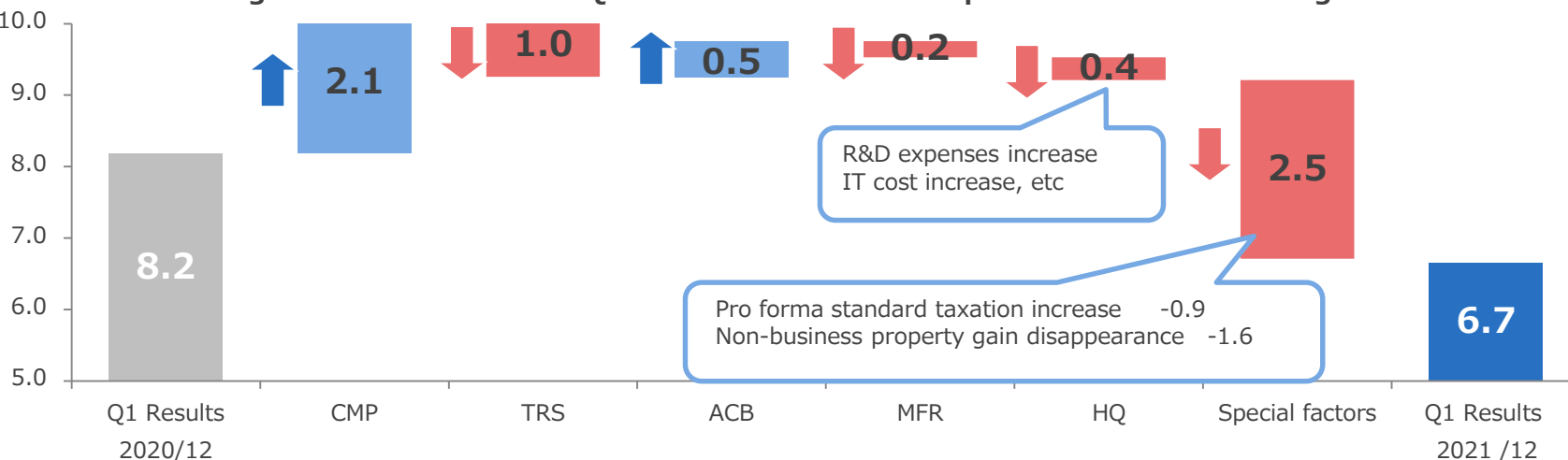
(JPY billion)



O.P.

■ FY21 Q1 O.P. decreased year-on-year due to TRS*2 and MFR*4 segments O.P. declination, the disappearance of gain on the sale of non-business property, pro forma standard taxation increase because of the selling of HDS*6 share and HQ*5 R&D cost increase despite CMP*1 and ACB*3 segments O.P. increase.

(JPY billion)



CMP*1: Component Solutions Segment TRS*2: Transport Solutions Segment ACB*3: Accessibility Solution Segment MFR*4: Manufacturing Solutions Segment
HQ*5: Corporate or Elimination HDS*6: Harmonic Drive Systems Inc.

2. Consolidated results for FY2021/12 Q1

- OPM without special factors improved year-on-year due to favorable demand of CMP and ACB segments.
- Income before tax increased due to the valuation gain of HDS*1 shares on and after dissolution of cooperative relationship.

(JPY billion)	2020 /12	2021/12	Variation	2020/12	2021/12	Variation
	Q1results(A)	Q1results(B)	(B-A)	Full year Results(C) (As of December 31, 2020)	Full year plan(D) (As of February 10, 2021)	(D-C)
Sales	68.6	72.0	3.4	279.4	286.0	6.6
O.P.	8.2	6.7	-1.5	28.5	29.0	0.5
(OPM)	11.9%	9.2%	-2.7pt	10.2%	10.1%	-0.1pt
(OPM without special factors*2)	9.6%	10.5%	0.9pt	—	—	—
Financial Income and cost	-0.7	117.2	117.9	1.7	132.9	131.2
Equity in earnings of affiliates	0.7	0.6	-0.1	3.5	—	—
Income before tax	8.2	124.5	116.3	33.7	163.0	129.3
Net profit*3	5.1	80.1	75.0	20.5	112.2	91.7
Earnings pre share(JPY yen)	41.09	647.79	606.71	165.18	933.93	768.75

*1 HDS: Harmonic Drive Systems Inc.

*2 OPM without special factors: Calculated without gain on sales of non-business property and increase of pro forma standard taxation .

*3 Net profit :Net profit attributable to owners of the parent

Financial income and cost (Revaluation of HDS shares)

- Finance income and cost including valuation gains and losses of HDS shares and HDS's share options and the other financial income and cost.
- FY2021/12 full year plan (As of February 10, 2021) :
Calculated HDS share's valuation gain based on JPY 8,400 per share (the closed price on February 9, 2021)
- Q1 results of FY2021/12:
Calculated HDS share's valuation gains based on JPY 7,480 per share (the closed price on March 31, 2021)

3. Consolidated results for FY2021/12 Q1 by Business Segment

- CMP increased sales and O.P. year-on-year due to the favorable market demand.
- TRS decreased sales and O.P. year-on-year due to the negative impact from COVID-19.
- ACB increased O.P. due to the steady demand from automatic doors for building and last-minute demand.

(JPY billion)

Segment	Term	2020/12	2021/12	Variation
		Q1 results(A)	Q1 results(B)	(B-A)
Component Solutions (CMP)	Sales	25.6	34.1	8.5
	O.P.	3.9	6.0	2.1
	(OPM)	15.2%	17.4%	2.2pt
Transport Solutions (TRS)	Sales	18.9	14.9	-4.0
	O.P.	1.7	0.6	-1.0
	(OPM)	8.8%	4.3%	-4.5pt
Accessibility Solutions (ACB)	Sales	20.2	19.9	-0.3
	O.P.	2.4	3.0	0.5
	(OPM)	12.0%	14.9%	2.9pt
Manufacturing Solutions (MFR)	Sales	3.9	3.1	-0.8
	O.P.	0.4	0.2	-0.2
	(OPM)	11.3%	7.0%	-4.3pt
Corporate or elimination		-0.2	-3.1	-2.9
Total	Sales	68.6	72.0	3.4
	O.P.	8.2	6.7	-1.5
	(OPM)	11.9%	9.2%	-2.7pt

H1 Plan	Progress rate	Plan
2021/12 (C)	(B/C)	2021/12
(As of February 10, 2021)		(As of February 10, 2021)
60.4	56.5%	122.8
9.1	65.4%	20.4
15.1%	-	16.6%
33.8	44.1%	70.6
2.0	31.9%	6.6
5.9%	-	9.3%
35.9	55.5%	72.4
3.0	99.0%	7.3
8.4%	-	10.1%
8.9	35.0%	20.2
1.0	21.8%	2.9
11.2%	-	14.4%
-4.3	72.6%	-8.2
139.0	51.8%	286.0
10.8	61.6%	29.0
7.8%	-	10.1%

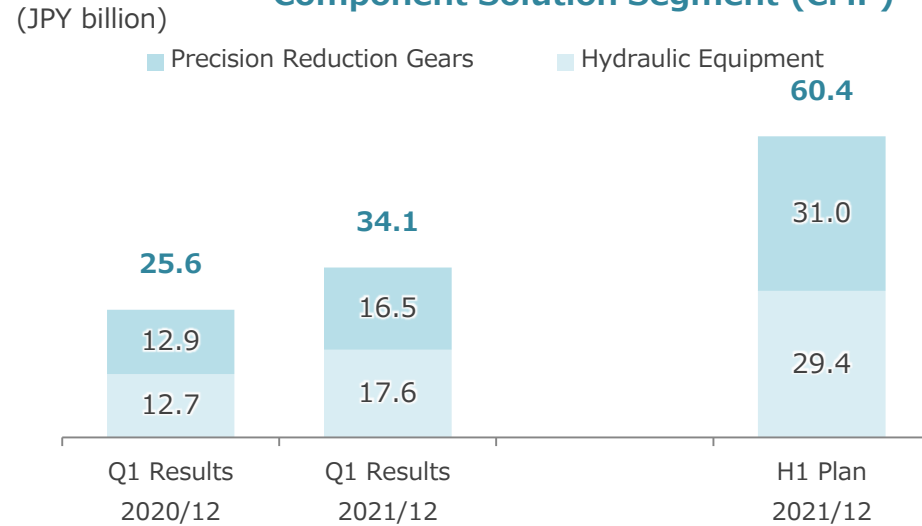
Notes

FOREX rate 2020/12 Q1 (results) : US\$1=¥109.11 CNY1=¥15.61 EUR1=¥120.06 CHF1=¥112.91
2021/12 Q1 (results) : US\$1=¥107.15 CNY1=¥16.45 EUR1=¥128.48 CHF1=¥117.43

FOREX sensitivity in O.P. (This represents the effect to operating profit if the exchange rate fluctuates by one yen.)
2020/12 Q1 (results) : (US\$) JPY 16 million, (CNY) JPY 183 million, (EUR) minimal, (CHF) minimal
2021/12 Q1 (results) : (US\$) JPY minimal, (CNY) JPY 279 million, (EUR) minimal, (CHF) minimal

4. Sales results by Business units for FY2021/12 Q1

Component Solution Segment (CMP)



“CMP Segment”

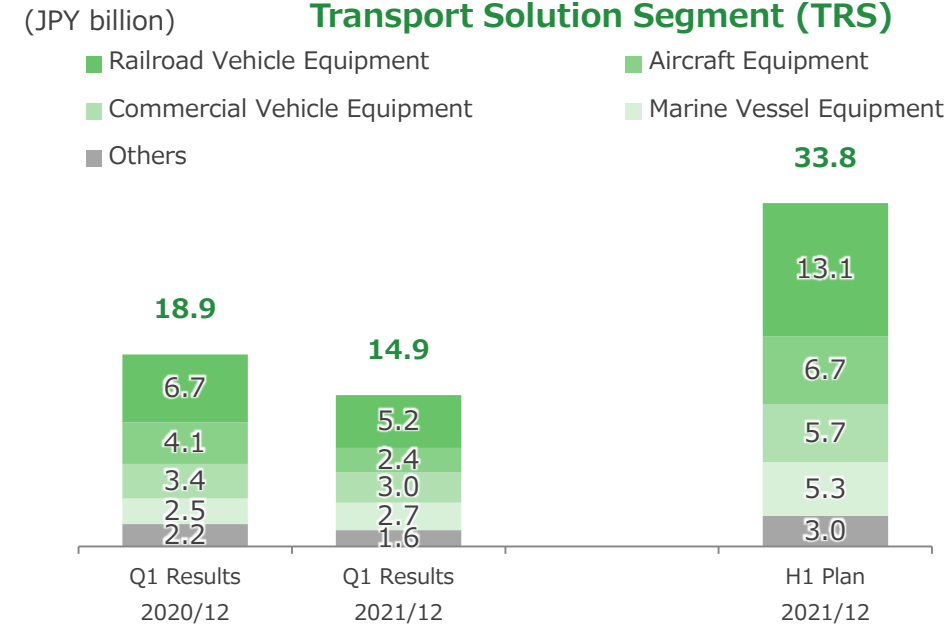
-Precision Reduction Gears:

Steady demand continues for Industrial robot from automotive industry which includes EV related demands in China and from factory automation. Machine tool and SPE (semiconductor production equipment) related demand are also on the path of recovery.

-Hydraulic equipment:

Strong demand in China continues and construction demand recovers in Europe, US, India and Southeast Asian markets.

Transport Solution Segment (TRS)



“TRS Segment”

-Railroad Vehicle equipment:

Sales decreased due to the delays in bidding for Chinese subway projects and declination of MRO demand.

-Aircraft equipment business:

Sales declined due to the significant cut of production in private aircraft sector.

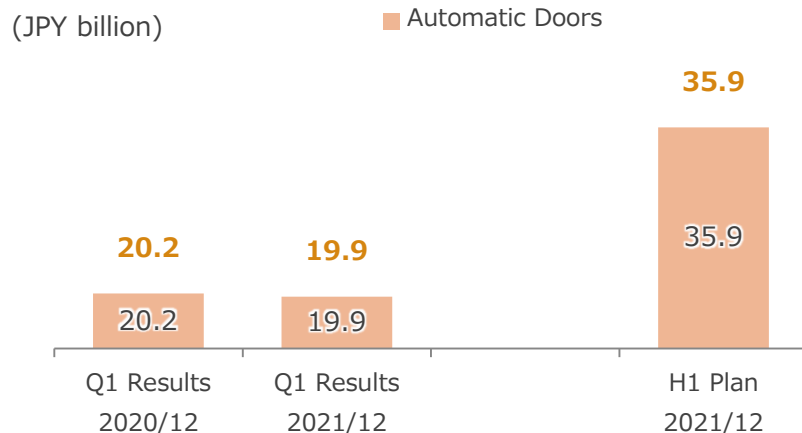
-Commercial vehicle equipment:

Sales declined due to the commercial vehicle demand decrease globally.

-Marine vessel equipment:

New shipbuilding and MRO demand is favorable.

Accessibility Solutions Segment (ACB)



“ACB Segment”

-Automatic Doors:

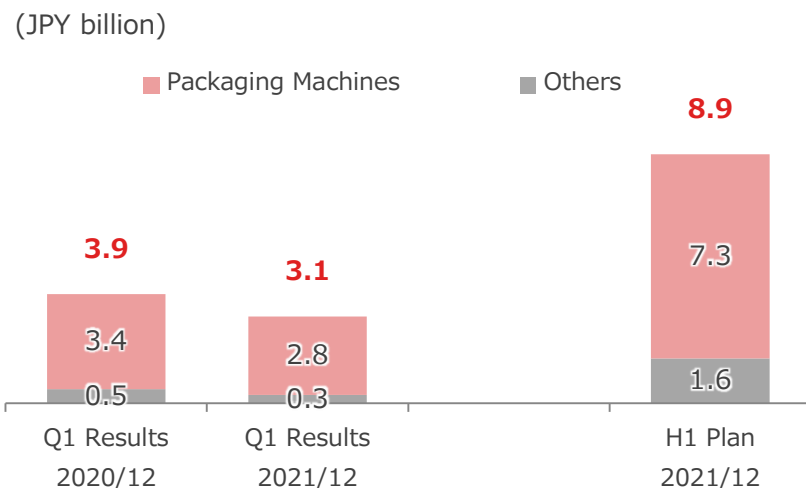
Automatic doors for mid-to-small size projects and replace demand was favorable. Moreover, subsidy for contactless door surged last-minute demand in Japan.

COVID-19 impact in Europe and the US market was limited less than our expectation.

-Automatic Doors:

Sale decreased due to the postponement of investment plan in domestic railway companies.

Manufacturing Solution Segment (MFR)



“MFR Segment”

-Packaging machines:

Sales decreased due to the postponement of investment plan, which started from FY2020 H2, in domestic customers because of the COVID-19 and shipping delay in overseas projects.

6. Summary for Balance Sheet for the FY2021

- Assets increased due to the valuation gains of HDS*¹ shares.
- Equity attributable to owners of parent increased due to the share buyback and valuation gains.

(JPY billion)	2020/12 4Q (As of December 31,2020)	2021/12 Q1 (As of March 31,2021)	Variation
Assets	351.7	533.8	182.1
(Cash and cash equivalents) * ²	64.7	121.6	56.9
(Trade receivable)	75.9	69.7	-6.1
(Inventories)	36.5	40.8	4.3
(Investments accounted for using the equity method)	34.9	14.4	-20.5
(Other non-current financial assets) * ³	12.6	158.4	145.7
Liabilities	140.1	253.7	113.6
(Bonds and borrowings)	39.9	26.2	-13.6
(Other non-current financial liabilities) * ²	0.1	77.9	77.8
(Income taxes payable and Deferred tax liabilities) * ³	11.6	48.4	36.7
Total equities	211.6	280.1	68.5
(Non-controlling interests)	13.6	12.4	-1.2
Equity attributable to owners of parent *³	198.0	267.7	69.7
Ratio of equity attributable to owners of parent	56.3%	50.2%	

*¹ HDS: Harmonic Drive Systems Inc.

*² Increase due to partially sales of HDS shares

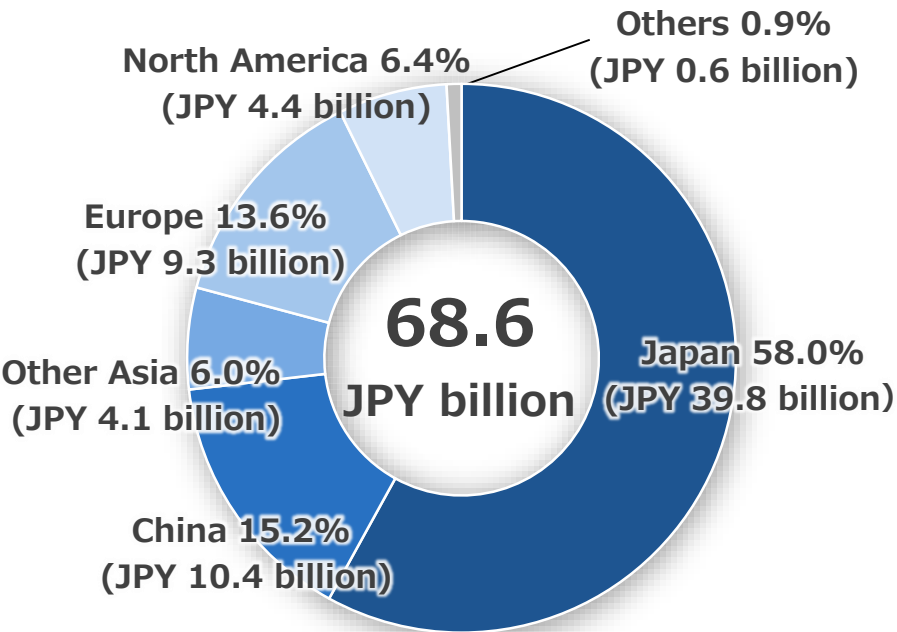
*³ Increase due to valuation gain of HDS shares and so on.

Appendix

■ FY2020 Q1 CAPEX includes the acquisition of land for Precision reduction gears new factory in Japan which costed approx. JPY 5.6 billion.

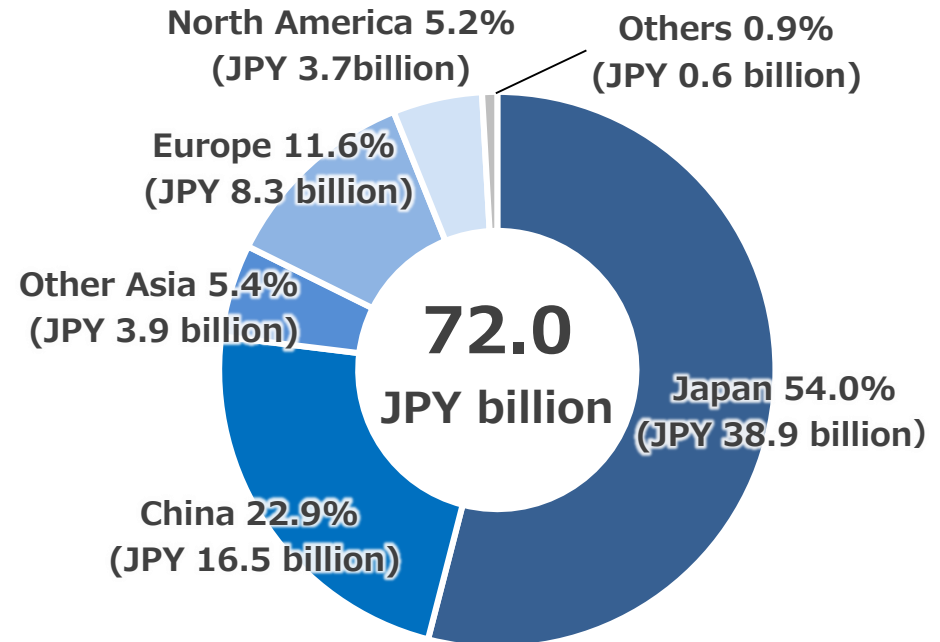
(JPY billion)	2020/12 Q1 results (A)	2021/12 Q1 results (B)	2021/12 Plan (As of Feb. 10, 2021)(C)	Variation (B-A)	Rate of progress (B/C)	2020/12 Full year results
CAPEX	7.6	2.8	12.7	-4.8	22%	15.1
R&D	2.3	2.3	10.9	0.0	21%	9.0
Depreciation	3.3	3.3	13.6	0.0	24%	13.7

2020/12 Q1 Results



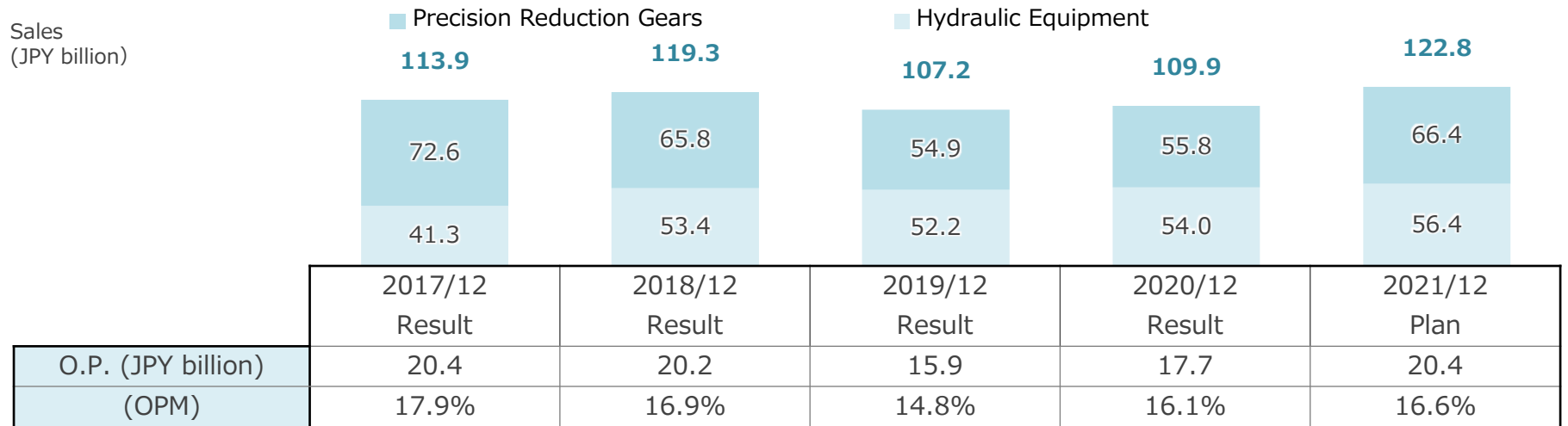
Overseas Sales	JPY 28.8 billion
Ratio	42.0%

2021/12 Q1 Results

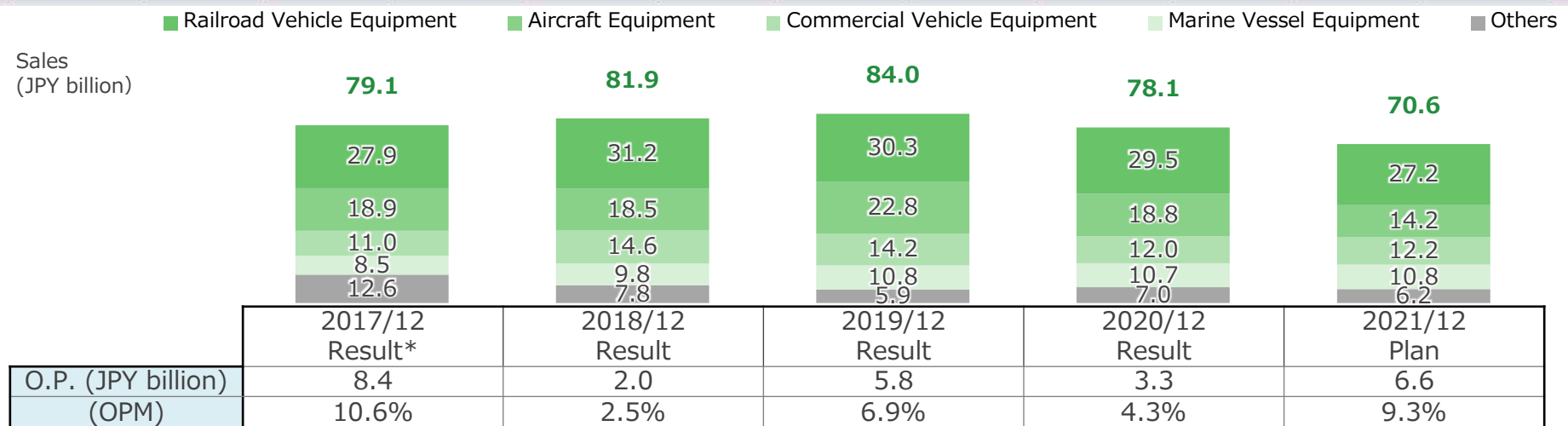


Overseas Sales	JPY 33.1 billion
Ratio	46.0%

Component Solutions Segment (CMP)



Transport Solutions Segment (TRS)

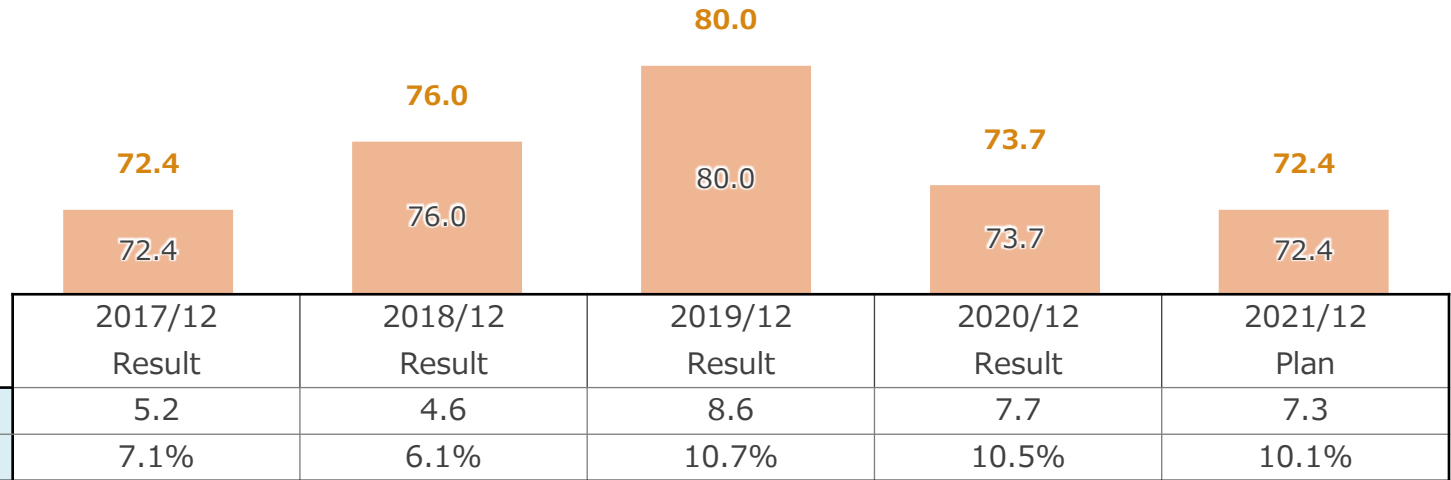


*Sales of Nabtesco Service is calculated until as of the result for 2017/12

Accessibility Solution Segment (ACB)

Sales
(JPY billion)

Automatic Doors

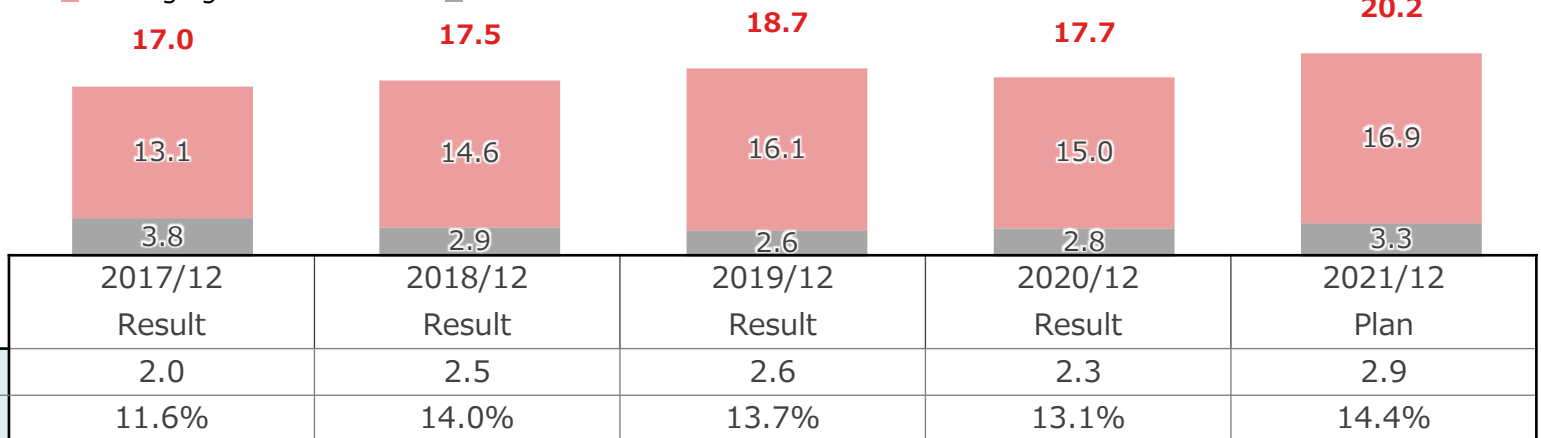


Manufacturing Solutions Segment (MFR)

Sales
(JPY billion)

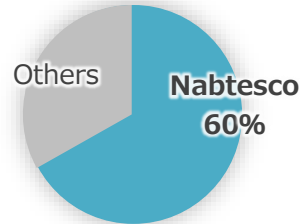
Packaging Machines

Others

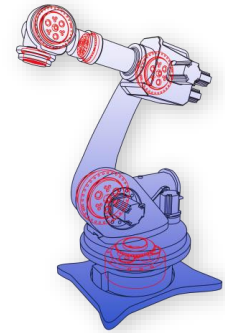


Precision Reduction Gears

■ Joints of Medium and Large size industrial Robot

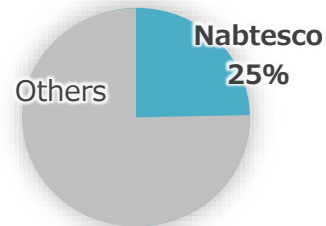


No.1
Approx. **60%**
world market share

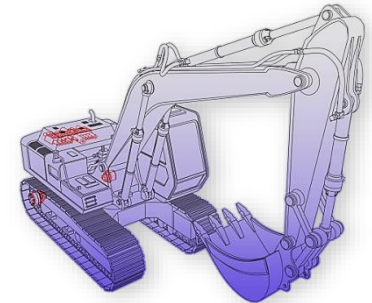


Hydraulic Equipment

■ Traveling Units for Hydraulic Excavator



Approx. **25%**
world market share



Main Customers

■ Precision Reduction Gears

Industrial Robots: Fanuc, Yaskawa Electric, KHI, KUKA Roboter (Germany), ABB Robotics (Sweden)

Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

■ Hydraulic Equipment

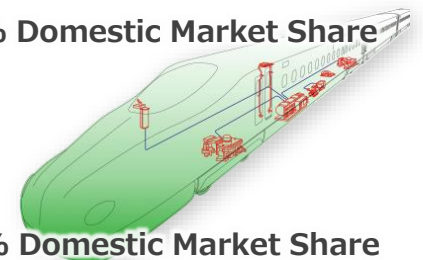
Traveling Units: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery, Sany (China), XCMG (China), Liu Gong (China)

Railroad Vehicle Equipment

■ Brake Systems



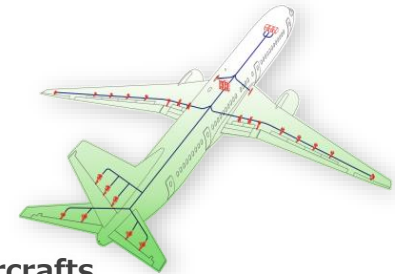
■ Door Operating Systems



Aircraft Equipment

■ Flight Control Actuation Systems (FCA)

- One of the four major world players for FCA systems (major FCA supplier to Boeing Company)
- Expanding businesses including engine accessories and power supply systems in the product lineup



Main Customers

■ Railroad Vehicle Equipment

JR Companies, Private railway companies, KHI, Bullet train and subway projects in China

■ Aircraft Equipment

Boeing, KHI, MHI, IHI, Japanese Ministry of Defense, Airline operators

Commercial Vehicle Equipment

■ Wedge Chambers



Approx. **75%** Domestic Market Share



■ Air Dryers



Approx. **70%** Domestic Market Share

Marine Vessel Equipment

■ 2ST Main Engine Control Systems



Approx. **50%** Domestic Market Share
(Approx. 40% World Market Share)



Main Customers

■ Commercial Vehicle Equipment

Hino, Mitsubishi Fuso Truck & Bus, Isuzu, UD Trucks

■ Marine Vessel Equipment

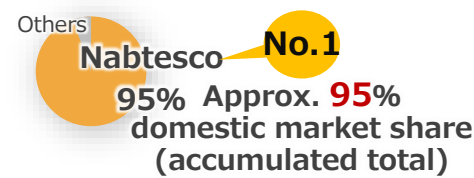
KHI, Makita Corporation, Hitachi Zosen, Japan Engine Corporation, Mitsui Engineering & Shipbuilding, Hyundai Heavy Industries (Korea), HSD Engine Co., Ltd. (Korea), Hudong Heavy Machinery (China), MAN Diesel (Denmark)

Automatic Doors

Automatic Doors



Platform Screen Doors



Main Customers

Automatic Doors

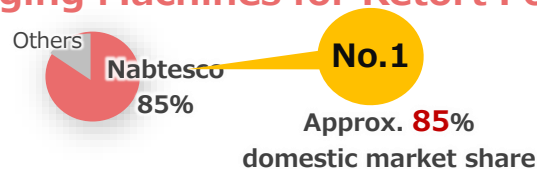
Automatic Doors for buildings: Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.

Platform Doors : Subway projects in France, China and others

Main Products: Manufacturing Solutions Segment (MFR)

Packaging Machines

Packaging Machines for Retort Pouch Foods



Main Customers

Packaging Machines

Mitsui Sugar, Ajinomoto, Marudai Food Co., Ltd., ARIAKE Japan, KENKO Mayonnaise, P&G, Kao, Lion, beverage companies in North America, food companies in China

Nabtesco
moving it. stopping it.