

FY2021/12 Q3 Results Briefing

October 29th, 2021

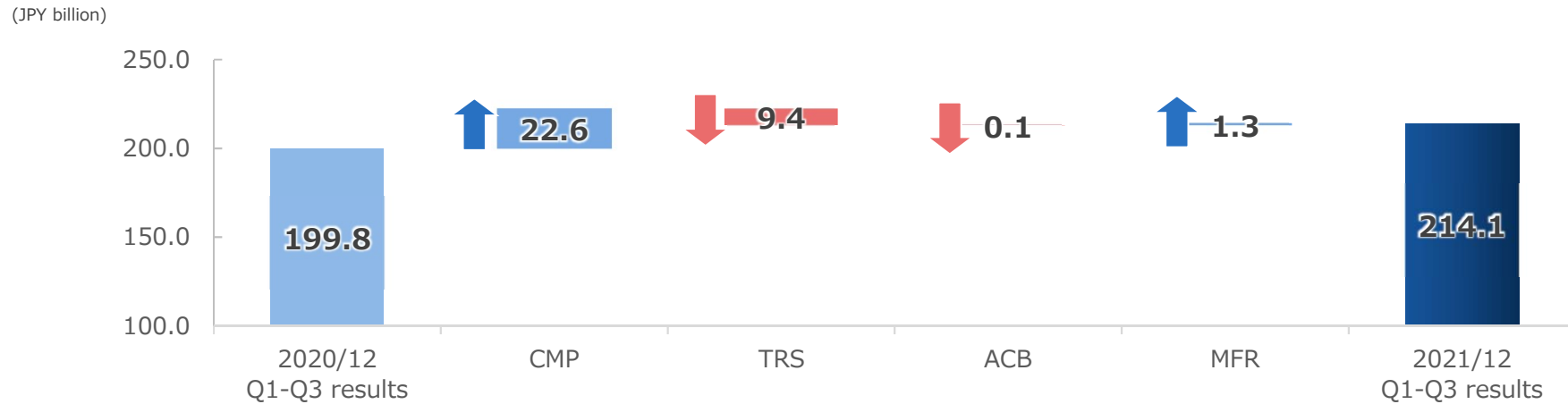
Nabtesco Corporation

The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures presented herein are rounded down to the nearest whole unit for monetary value and rounded off to one decimal place for percentage. Unauthorized copying and replication of this material including text and image are prohibited.

Summary for the FY2021/12 Q1- Q3 results (YoY)

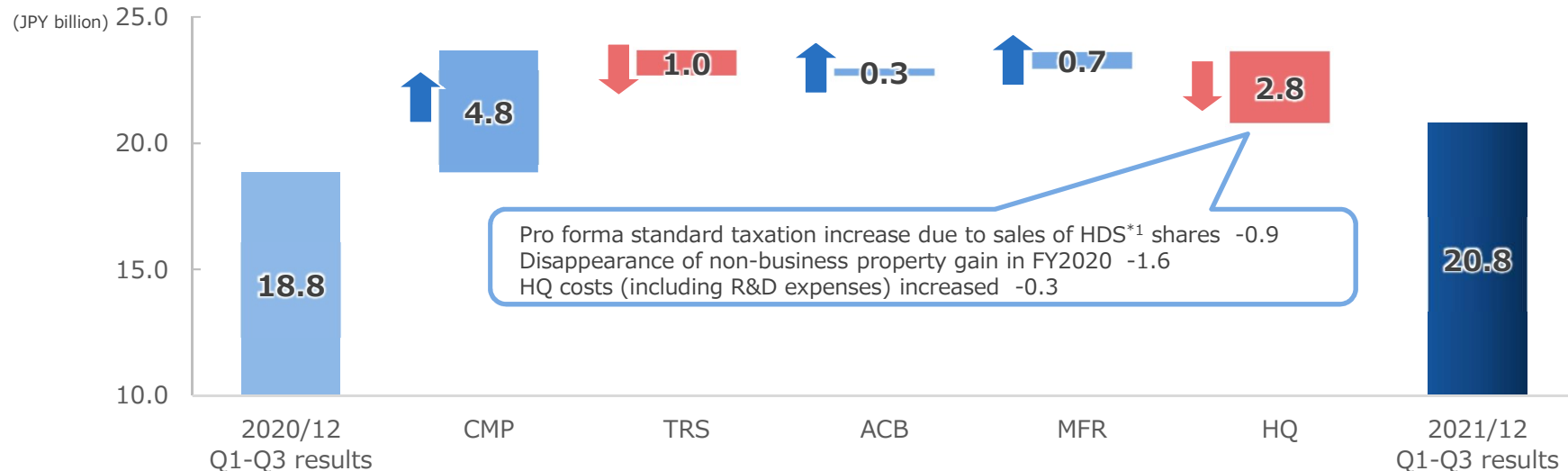
Sales

■ Sales increased year-on-year due to the strong demand and sales increase in CMP segment.



O.P.

■ O.P. increased year-on-year because O.P. increased in CMP segment.



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

Consolidated results for FY2021/12 Q1-Q3

- Both sales and O.P. increased year-on-year due to the favorable demand in CMP segment.
- Income before tax increased due to the valuation gain of HDS*1 shares by dissolution of cooperative relationship.

(JPY billion)

	2020/12 Q1-Q3 results(A)	2021/12 Q1-Q3 results(B)	Variation (B-A)	2020/12 Full year Results(C)	2021/12 Revised plan(D) (As of July 30)	Variation (D-C)
Sales	199.8	214.1	14.3	279.4	306.0	26.6
O.P.	18.8	20.8	2.0	28.5	33.0	4.5
(OPM)	9.4%	9.7%	0.3pt	10.2%	10.8%	0.6pt
Financial Income and cost	-0.5	79.4	79.9	1.7	134.6	132.9
(Revaluation of HDS*1 shares)	—	80.6	80.6	—	135.5	135.5
Equity in earnings of affiliates	2.4	1.5	-0.9	3.5	1.4	-2.1
Income before tax	20.7	101.7	81.0	33.7	169.0	135.3
Net profit*2	13.0	63.1	50.1	20.5	110.8	90.3
Earnings per share	104.90	518.71	413.81	165.18	914.30	749.12
HDS*1 share price used for the result and plan (JPY yen)	—	5,400 yen/share*3	—	—	8,400 yen/share	—

*1 HDS: Harmonic Drive Systems Inc.

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

*3 Share price of HDS on 30th, September

Notes

FOREX rate 20/12 Q1-Q3(results) US\$1=¥107.25 RMB1=¥15.35 EUR1=¥121.13 CHF1=¥113.30
21/12 Q1-Q3(results) US\$1=¥109.11 RMB1=¥16.86 EUR1=¥130.27 CHF1=¥119.41

FOREX sensitivity in O.P. (This represents the effect to operating profit if the exchange rate fluctuates by one yen.)

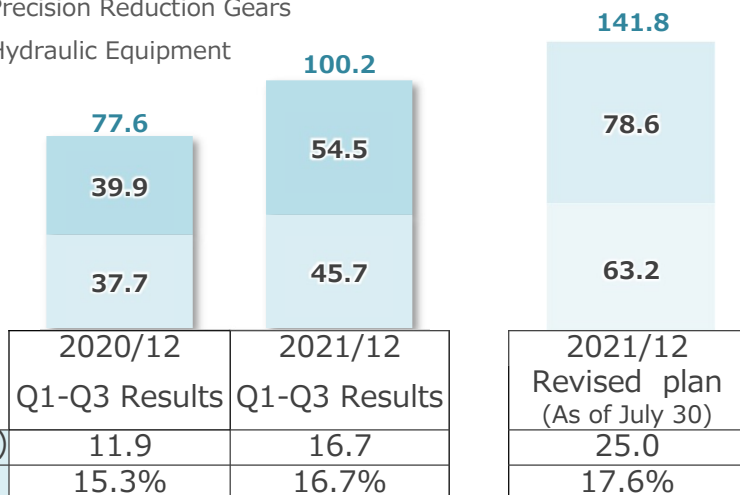
20/12 Q1-Q3(results) USD: 38million yen RMB: 618million yen EUR: minimal CHF: minimal
21/12 Q1-Q3(results) USD: 31million yen RMB: 646million yen EUR: minimal CHF: minimal

4. Sales by Business units for FY2021/12 Q1- Q3

(JPY billion)

Component Solution Segment (CMP)

- Precision Reduction Gears
- Hydraulic Equipment



“Progress to the revised plan and outlook”

Sales:

-Precision Reduction Gears:

In Q3, lower volume production caused by procurement difficulty in customers affected to our sales.

In Q4, strong demand for Industrial robots and machine tools continues due to the steady investment in automotive industry.

-Hydraulic Equipment:

In Q3, sales progressed as planned due to the favorable demand in European, US and Southeast Asian market that covered seasonal weak demand in Chinese market.

In Q4, demand recovery towards Chinese new year and continuous steady demand in Europe, US and Southeast Asian market will be expected.

O.P.

Although material prices and logistics costs may increase, we will make cost reduction effort to achieve the revised plan.

“Progress to the revised plan and outlook”

Sales:

-Railroad Vehicle Equipment:

In Q3, sales decreased caused by the overseas projects delay. In Q4, we plan recovery measures centered on MRO, but overseas demand recovery may be delayed in the next fiscal year.

-Aircraft Equipment Business:

In Q3, sales delayed caused by the weak production in private aircraft sector. Sluggish demand in defense sector will be expected to continue due to weak equipment procurement plans.

-Commercial Vehicle Equipment:

In Q3, steady demand in the domestic market and demand recovery in Southeast Asian market has been seen and will expect to continue in Q4.

-Marine Vessel Equipment:

In Q3, MRO business demand was favorable. In Q4, although MRO business may slow due to the busy season of marine transport towards end of the year, new shipbuilding demand will recover.

-Others:

In Q3, sales of OVALO delayed by low production volume of customer due to the procurement difficulty of components. There is a risk sales delays will not be resolved during this term.

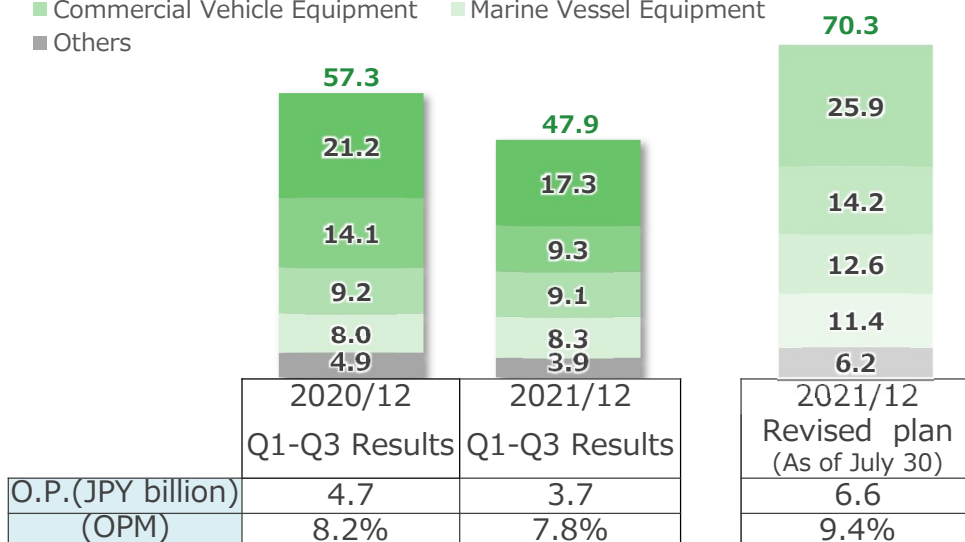
O.P.:

We will reduce negative impact of O.P. decrease by sales delay through strong cost reduction efforts.

(JPY billion)

Transport Solution Segment (TRS)

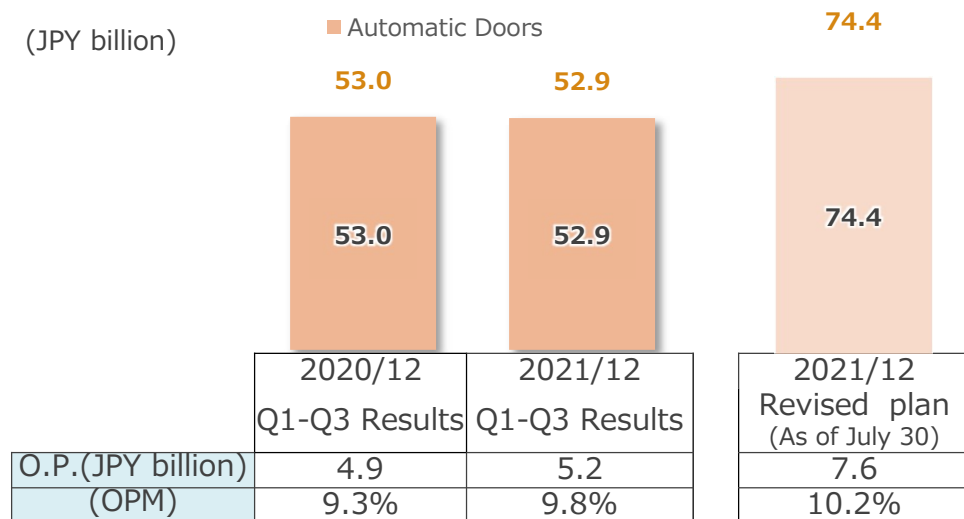
- Railroad Vehicle Equipment
- Aircraft Equipment
- Commercial Vehicle Equipment
- Marine Vessel Equipment
- Others



5. Sales results by Business units for FY2021/12 Q1- Q3

Accessibility Solutions Segment (ACB)

(JPY billion)



“Progress to the revised plan and outlook”

Sales:

-Automatic Doors:

In Q3, sales was inline due to the stable demands both in Japan and European markets.

In Q4, sales will increase due to the seasonality in oversea market.

-Platform Doors:

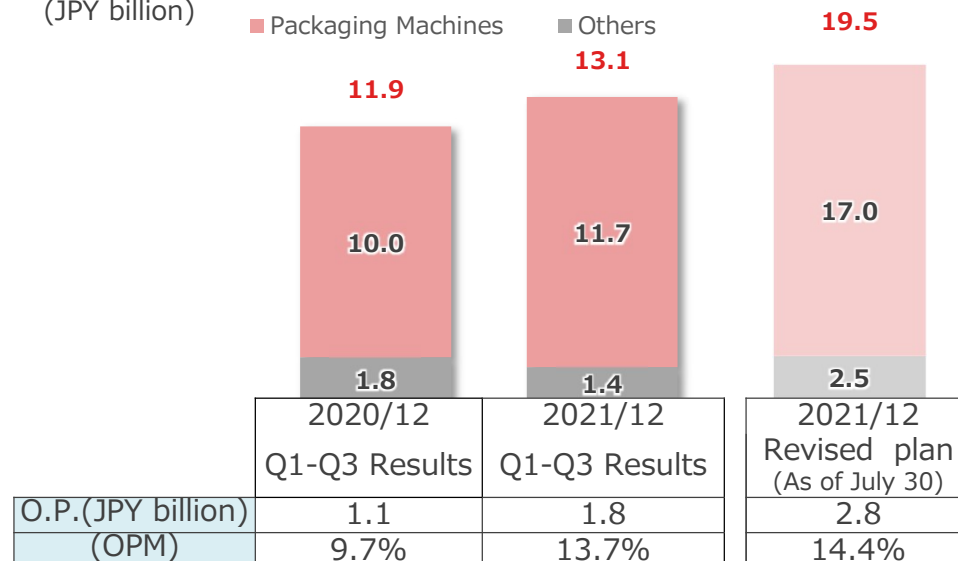
Sale delayed because of the postponement of plan in domestic railway companies and construction delays in oversea markets.

O.P.:

O.P. was inline in Q3. In Q4, stable automatic doors demand will continue as expected in the revised plan.

Manufacturing Solution Segment (MFR)

(JPY billion)



“Progress to the revised plan and outlook”

Sales:

-Packaging Machines:

In Q3, sales was inline as steady sales in North American market covered weaker sales in domestic market. In Q4, although procurement difficulty in some electronic parts may affect, demand recovery in Japan as well as strong overseas demand will be expected.

O.P.:

Aim to achieve the revised plan by reducing the impact of rising transportation costs on O.P. by reducing costs.

Summary for Balance Sheet for the FY2021

- Assets increased due to the valuation gains of HDS*¹ shares.
- Conducted share buyback (20 billion yen) using the gain on sales of HDS*¹ shares. Cancellation of these treasury shares were completed on 15th July.

(JPY billion)

	2020/12 Q4 (As of December 31, 2020)	2021/12 Q3 (As of September 30, 2021)	Variation
Assets	351.7	483.0	131.3
(Cash and cash equivalents) * ²	64.7	115.3	50.7
(Trade receivable)	75.9	63.9	-12.0
(Inventories)	36.5	45.7	9.2
(Assets held for sale) * ³	–	49.5	49.5
(Investments accounted for using the equity method)	34.9	14.9	-20.0
(Other non-current financial assets) * ³	12.6	59.5	46.9
Liabilities	140.1	234.4	94.3
(Bonds and borrowings)	39.9	26.7	-13.2
(Other non-current financial liabilities) * ²	–	77.9	77.9
(Income taxes payable and deferred tax liabilities) * ³	11.6	36.2	24.5
Total equities	211.6	248.6	36.9
(Treasury shares)	-2.5	-3.1	-0.6
(Non-controlling interests)	13.6	13.9	0.2
Equity attributable to owners of parent*³	198.0	234.7	36.7
Ratio of equity attributable to owners of parent	56.3%	48.6%	

*¹ HDS: Harmonic Drive Systems Inc.

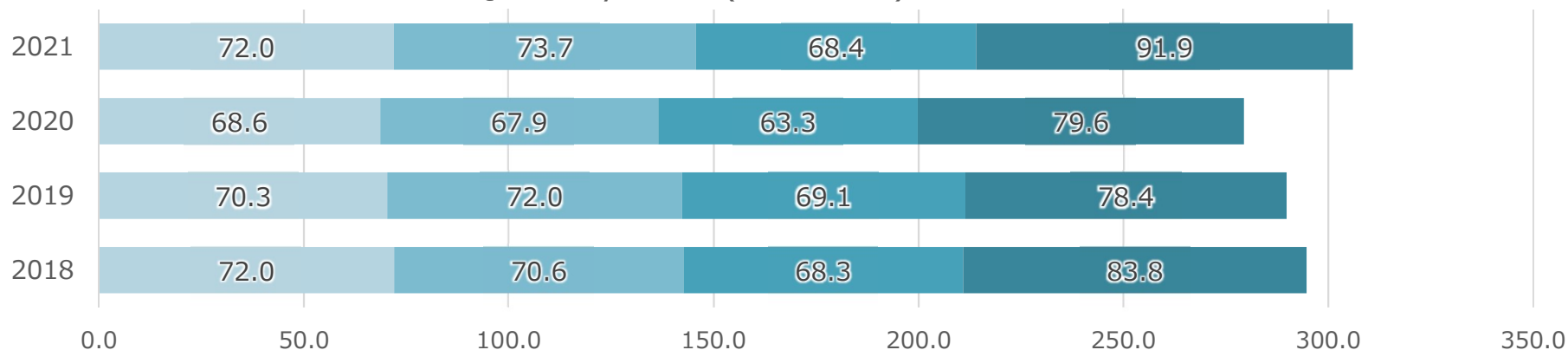
*² Increase due to partially sales of HDS shares

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

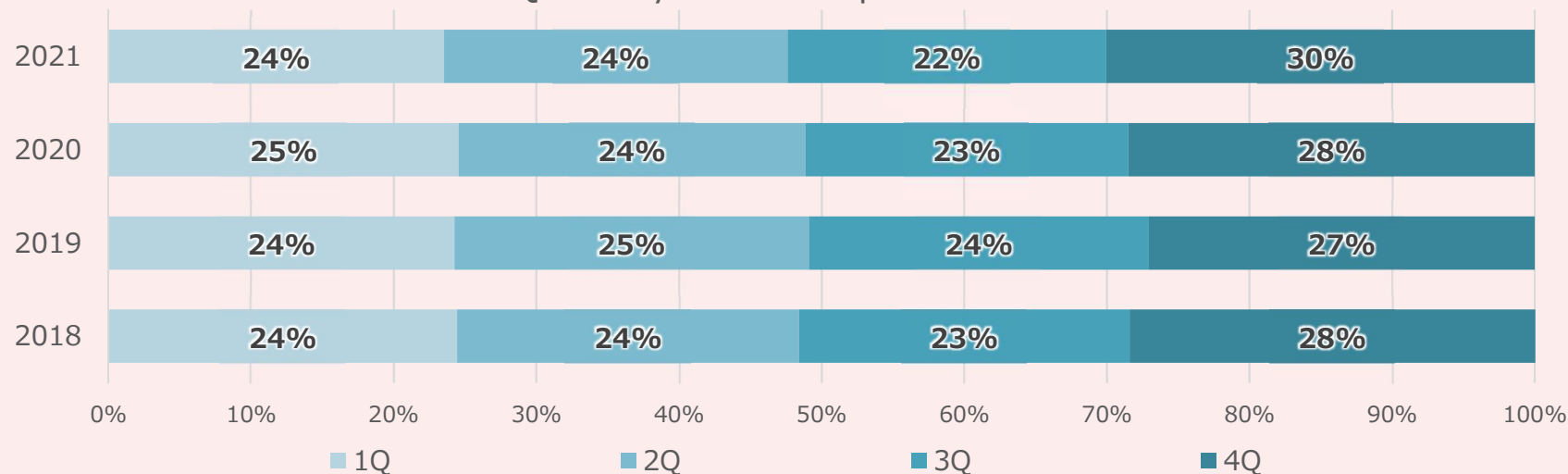
Quarterly Sales Breakdown



- Fourth quarter sales composition is high every year.
- Aim to achieve the revised plan through demand growth in CMP.




Quarterly Sales (JPY billion)



Quarterly Sales Composition



Topics	contents								
<p>Obtained SBT1.5 certification (On September 9)</p> 	<p>The new long-term CO₂ emission target, which announced on June 2021, were certified to be aligned with the 1.5 degrees Celsius scenario by the Science Based Targets (SBT) Initiative. Promote activities in energy saving, energy creation, and renewable energy purchasing to achieve carbon-free.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Long-term targets</th> <th>2015</th> <th>2030</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>Global emissions (t-CO₂)</td> <td>54,803</td> <td>20,277 (63% Down)</td> <td>0 (100% Down)</td> </tr> </tbody> </table> <div style="text-align: right;">  <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> </div>	Long-term targets	2015	2030	2050	Global emissions (t-CO ₂)	54,803	20,277 (63% Down)	0 (100% Down)
Long-term targets	2015	2030	2050						
Global emissions (t-CO ₂)	54,803	20,277 (63% Down)	0 (100% Down)						

<p>Acquisition of Engilico Group in Packaging machines business (On October 5)</p> 	<p>Purpose of acquisition: Synergy building in technology through the combination of packaging and in-line inspection technologies and new business creation within Nabtesco group.</p> <p>Products of Engilico Group:</p> <div style="display: flex; justify-content: space-around;"> <div style="width: 45%;"> <p>◆ SealScope</p>  <p>The world's first online seal inspection system for packaging machines. Checks every seal by measuring the sensor signal.</p> </div> <div style="width: 45%;"> <p>◆ HyperScope</p>  <p>An inspection device that uses a special camera image. Features image processing technology.</p> </div> </div>
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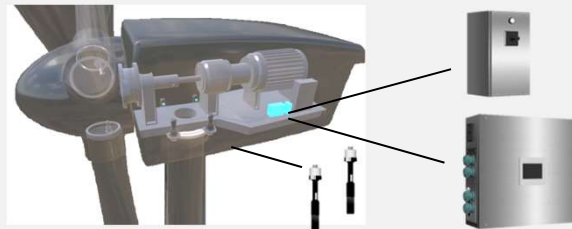
Topics	contents
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Start new business
(On October 28)



Started new business of condition monitoring equipment with failure avoidance function for wind power generators and diagnostic service:

CMFS (Condition Monitoring system with Fail-Safe), a condition monitoring device with a failure avoidance function for wind power generator yaw turning parts, and CMFS diagnostic services. Contributes to avoiding breakdowns and prolonging the life of wind power generators installed in harsh environments.



CMFS device configuration: External load detection sensor and control / power supply device BOX



Diagnostic service: Visualization of diagnostic information

New Products of Commercial vehicle equipment business
(On October 29)



Emergency Driving Stop System (EDSS) released:

Emergency Driving Stop System (EDSS) that can be attached as an additional component has been developed. New buses need to install EDSS as standard equipment by each vehicle manufacturer, but this technology enable to retrofit existing buses and this product can improve safety of public transportation.



Emergency Driving Stop System (EDSS) that can be attached as an additional component

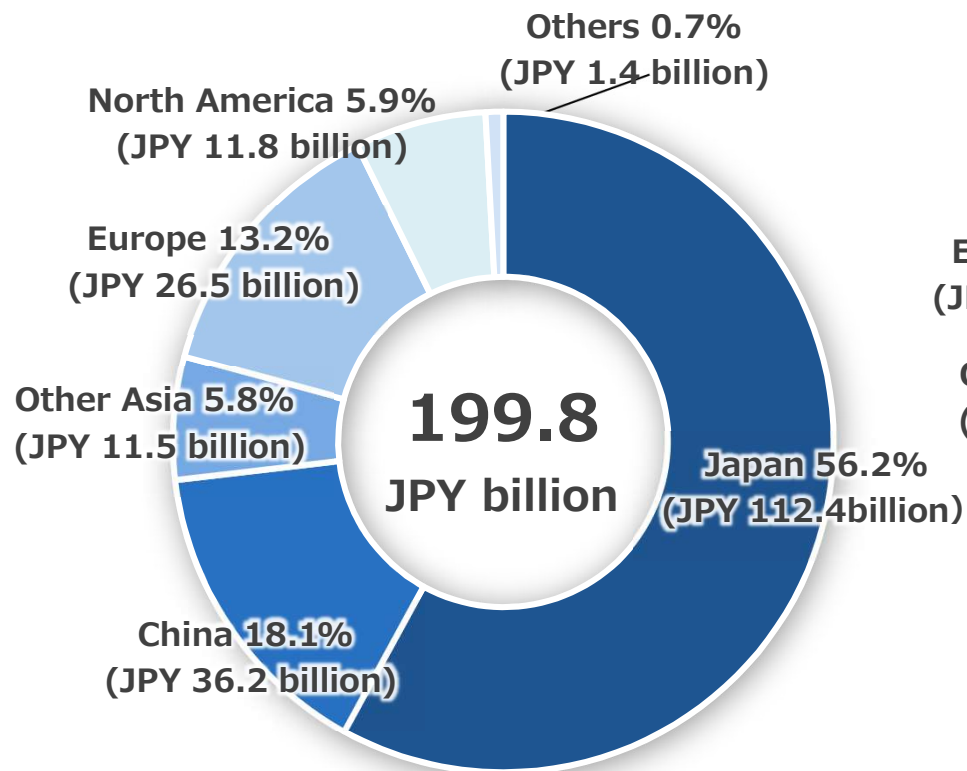
Appendix

CAPEX, R&D and Depreciation

(JPY billion)	2020/12 Q1-Q3 Results (A)	2021/12 Q1-Q3 Results (B)	2021/12 Revised plan (As of July 30) (C)	Variation (B-A)	Ratio (B/C)	2020/12 Full year Results (As of December 31)
CAPEX	12.8^{*1}	6.7	13.3	-6.1	50.4%	15.1
R&D	6.7	7.1	10.9	0.4	65.1%	9.0
Depreciation	10.3	9.8	13.4	-0.5	-	13.7

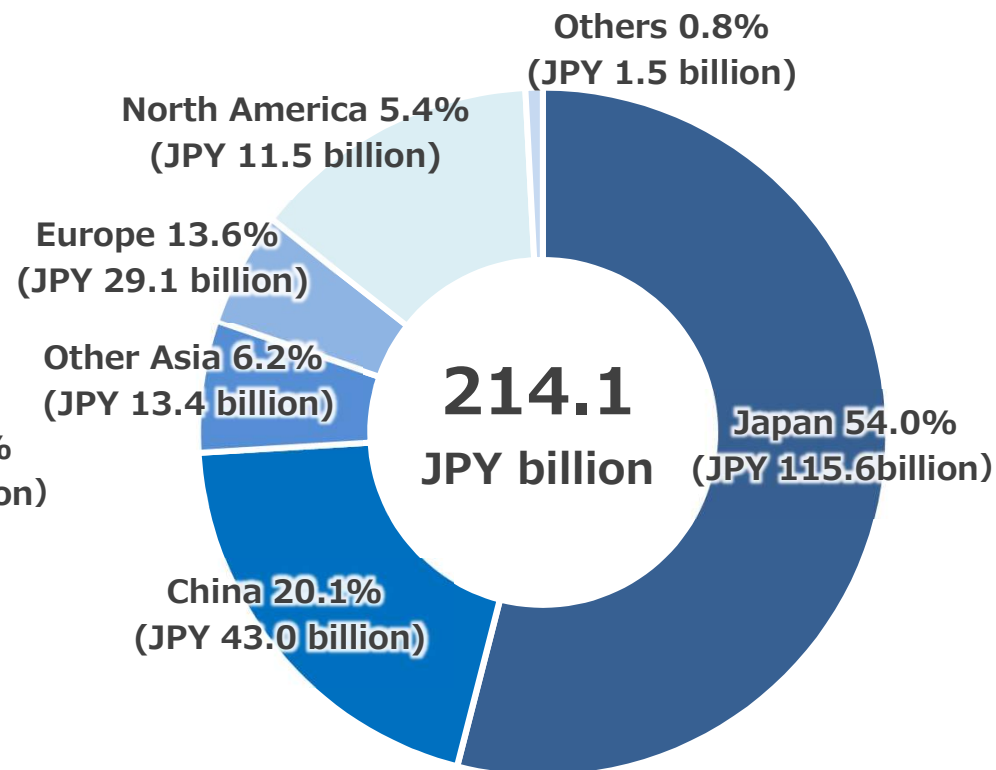
*1 Includes the investment (JPY 5.7 billion) made to acquire land for the Hamamatsu Plant, which will be constructed to meet the future demand for precision reduction gears

2020/12 Q1-Q3 Result



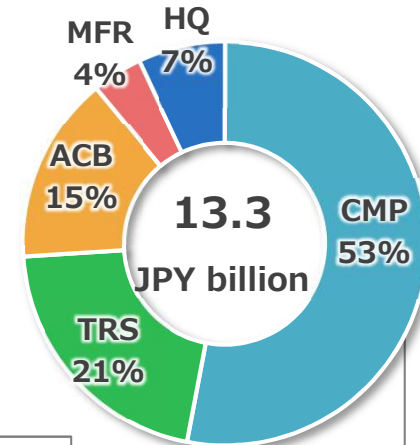
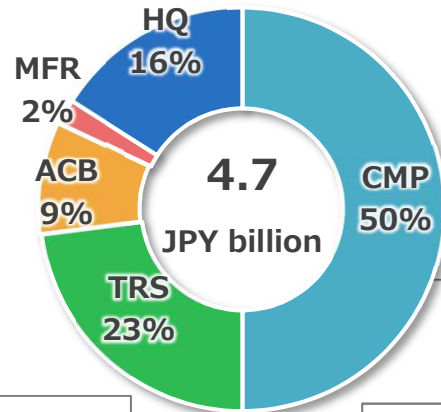
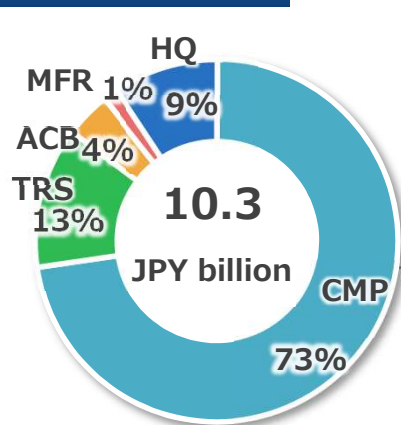
Overseas Sales	JPY 87.4 billion
Ratio	43.8%

2021/12 Q1-Q3 Result



Overseas Sales	JPY 98.5 billion
Ratio	46.0%

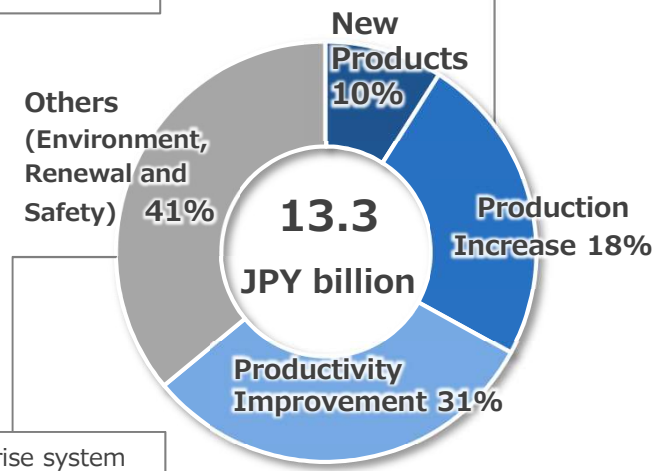
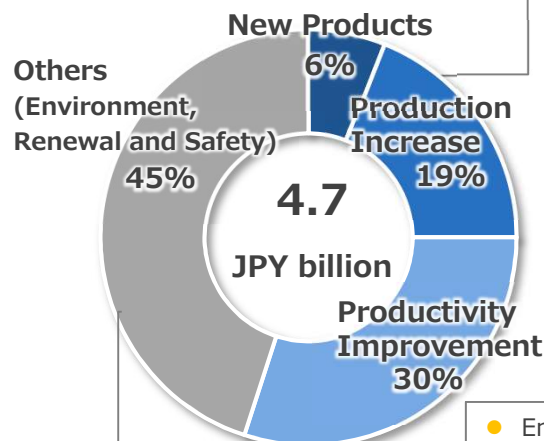
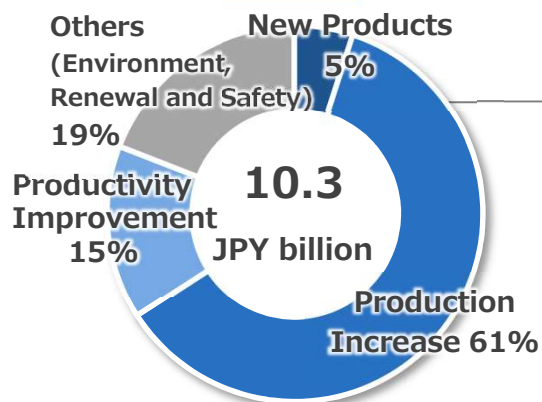
By segment



- Precision reduction gears: purchased land in Hamamatsu

- Precision reduction gears: increase capacity in Japan plant (Tsu)

By usage



- Enterprise system update
- PLM* system construction

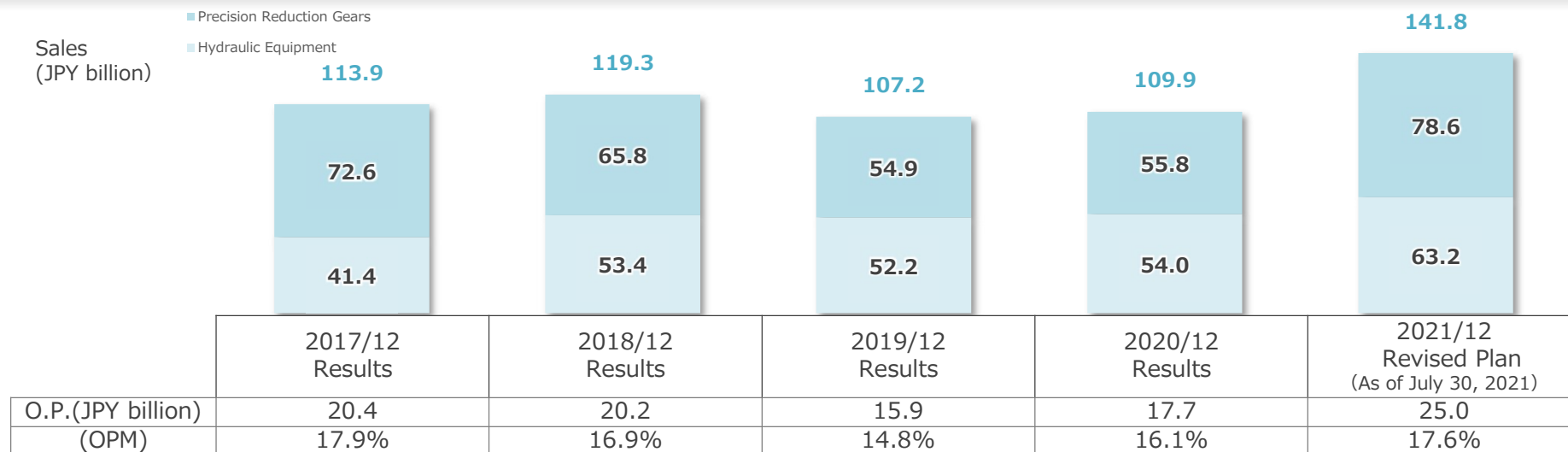
2020/12 H1 results

2021/12 H1 results

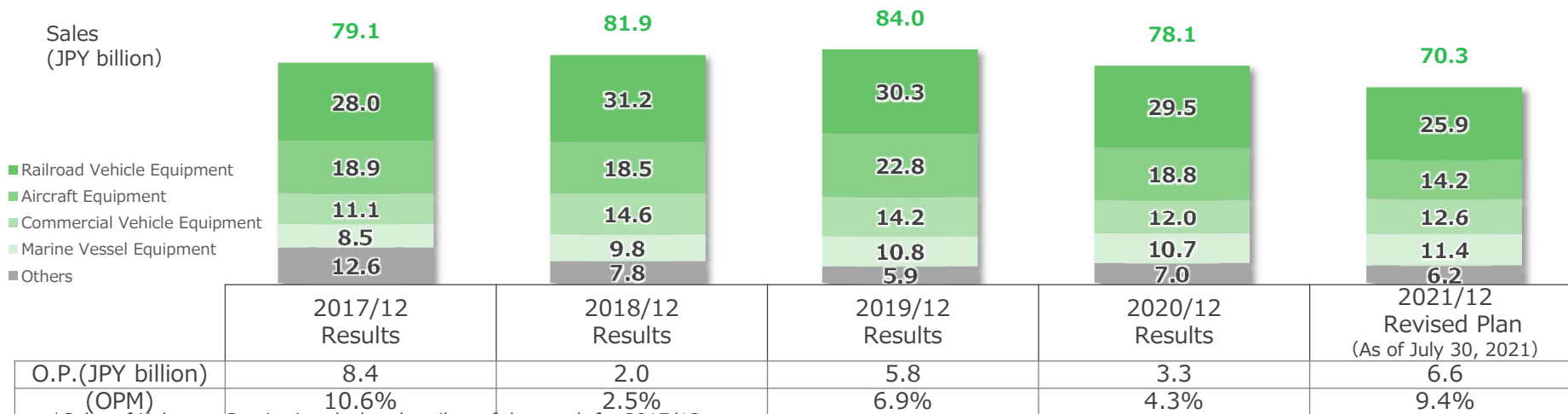
2021/12 Revised plan
(As of July 30, 2021)

*PLM: Product Lifecycle Management

Component Solutions Segment (CMP)

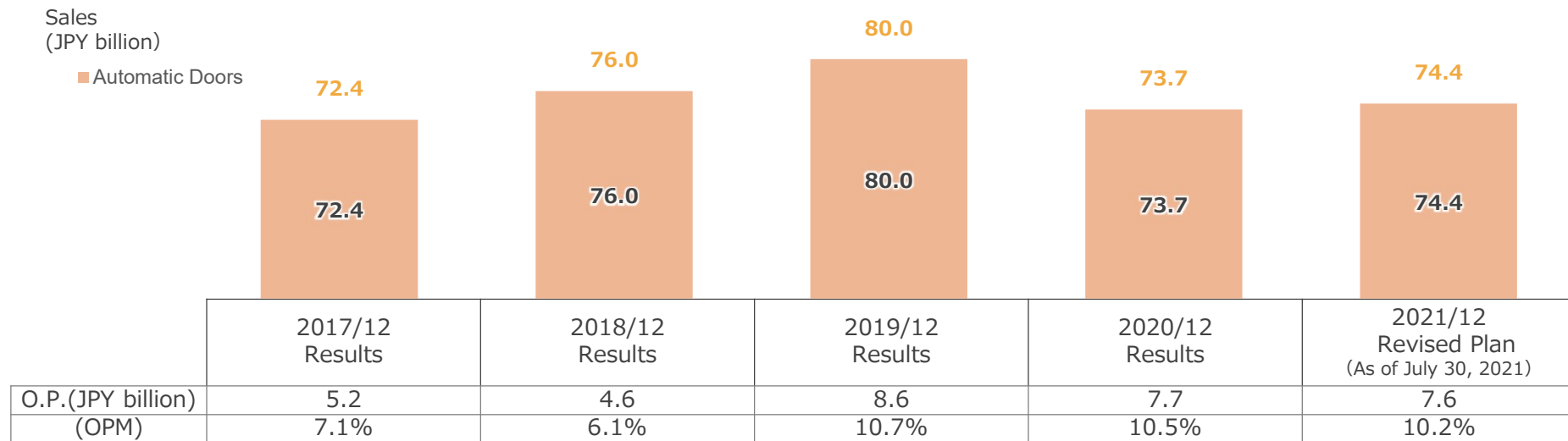


Transport Solutions Segment (TRS)

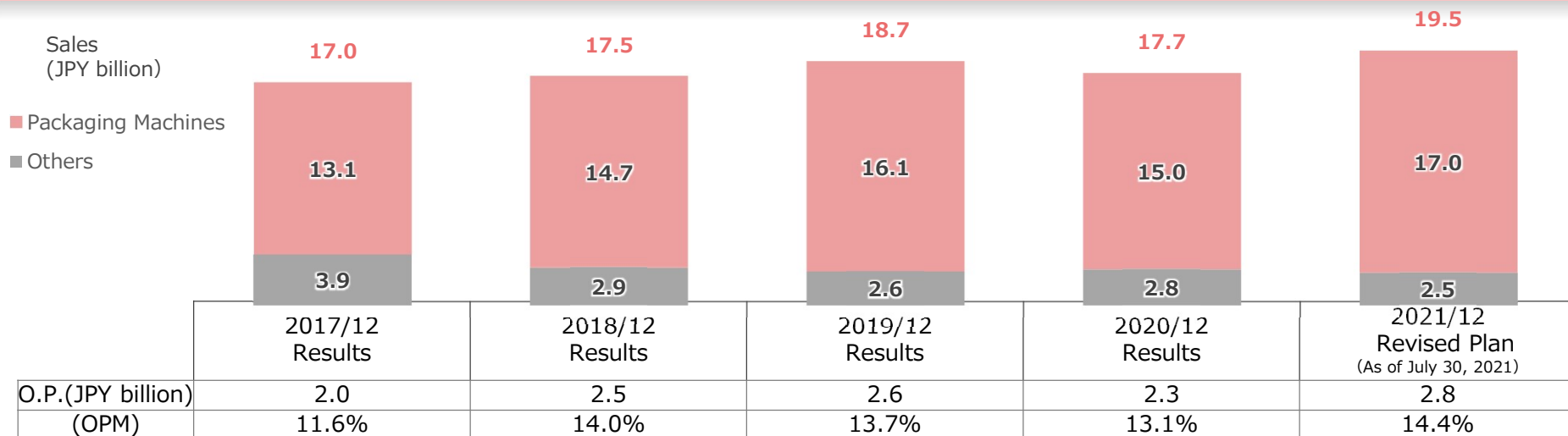


*Sales of Nabtesco Service is calculated until as of the result for 2017/12

Accessibility Solution Segment (ACB)

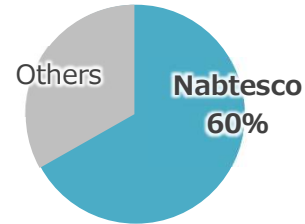


Manufacturing Solutions Segment (MFR)

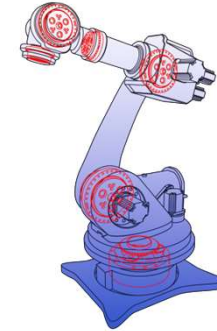


Precision Reduction Gears

■ Joints of Medium and Large Size Industrial Robots

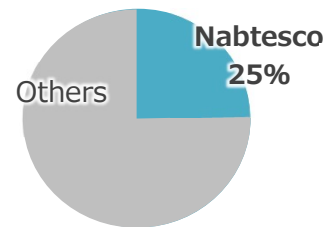


No.1
Approx. **60%**
world market share

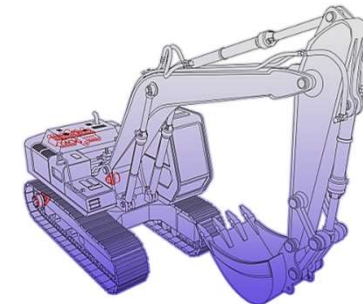


Hydraulic Equipment

■ Traveling Units for Hydraulic Excavators



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

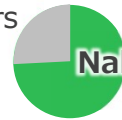
■ Aircraft Equipment

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

Commercial Vehicle Equipment

■ Wedge Chambers

Others



Nabtesco 75%

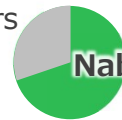
No.1

Approx. **75%** Domestic Market Share



■ Air Dryers

Others



Nabtesco 70%

No.1

Approx. **70%** Domestic Market Share

Marine Vessel Equipment

■ 2ST Main Engine Control Systems

Others



Nabtesco 50%

No.1

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



Main Customers

■ Commercial Vehicle Equipment

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

■ Marine Vessel Equipment

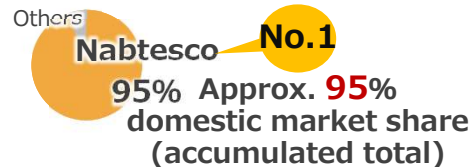
KHI, Hitachi Zosen, Japan Engine Corporation, Makita Corporation, Mitsui Engineering & Shipbuilding, Hyundai Heavy Industries (Korea), HSD Engine Co., Ltd. (Korea), Hudong Heavy Machinery (China), MAN Diesel (Denmark)

Automatic Doors

Automatic Doors



Platform Screen Doors (Full-height Type)



Main Customers

Automatic Doors

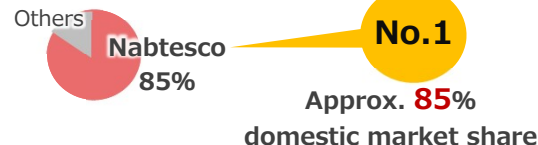
Automatic Doors for buildings: Major general contractors, sash manufacturers, hospitals, banks, public insitutions, etc.

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.