

| No | Item | Question | Answer |
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| 1 | Precision Reduction Gears | Regarding the trend of orders received for precision reduction gears, could you tell us the direction from Q3 to the next fiscal year. Is my understanding that orders bottomed out in Q3 correct? | Orders received for the precision reduction gears business in Q3 increased both on a YoY and QoQ bases, recovering from the depressed Q2. Regarding the breakdown, we believe the increase was attributable to the automobile industry in which investments began to resume although the strength varies depending on the region. In China, there is a steady demand for automation even in general industries. However, it seems that overall orders received for Q3 remained weak. I would like to judge whether they bottomed out after seeing the demand in Q4. For the moment, we expect a stronger recovery in orders received in Q4, making efforts to achieve the sales target set in the revised plan. In the next fiscal year, although the situation will vary depending on the level of coronavirus resolution, if the automobile industry, including in Europe and North America, recovers, that will lead to orders for us. |
| 2 | Precision Reduction Gears | What was the capacity utilization rate for precision reduction gears in Q3? | The rate is 70% of the regular production capacity at the plants in Japan, which is almost in line with sales. |
| 3 | Precision Reduction Gears | Regarding precision reduction gears, is there any difference between the premise of receiving orders for the full-year sales plan and the actual results of orders received in Q3? | Although we do not disclose the order receipt plan, we have the impression that the level of 5% on a QoQ basis lacks strength against the plan. However, compared with past levels of orders received, it seems Q4 Sales are within the range that can be produced. |
| 4 | Precision Reduction Gears | The largest manufacturer of industrial robots has reported that demand from the automobile industry has been returning. Why is the trend of orders received by Nabtesco not reflecting such a strength in demand? | Our precision reduction gears have a 60% share of the world market for joint applications of medium- and large-sized industrial robots, and the demand for industrial robots is reflected in the orders received in line with our market share. In addition, we recognize that we have no excess inventory of our products, and basically we believe that if capital investment in automobiles becomes strong, we should be able to benefit from it. Although the number of medium- and large-sized industrial robots is greater in terms of automobile production, small robots are also used from the perspective of investment in automation. It is presumed that the gap in the demand arises from such a point of view. |
| 5 | Precision Reduction Gears | At FANUC Corporation, strong sales have been recorded in small robots. We have also heard that planetary gears are being developed to enter into a large-sized gears for industrial robot usage. What is the current status of competition with Harmonic Drive Systems Inc. ("HDS")? | Our main area is robots of a payload of 6 kg or more. Therefore, we do not consider that HDS is our direct competitor. We understand that Nabtesco and HDS remain the main producers of precision reduction gears for industrial robots. |
| 6 | Hydraulic Equipment | Regarding hydraulic equipment, what is your action plan for the next fiscal year including the business circumstance in China . | This year, the construction machinery market in China has recorded a historic high level of demand. However, we do not think this will continue forever. I think that the trends from next year onward will change depending on when the environmental regulations (China IV) are implemented. |
| 7 | Hydraulic Equipment | Please tell us about competition from local hydraulic equipment manufacturers in China. | We are aware that Chinese hydraulic equipment manufacturers have been entering the market, but we have not lost market share yet. We understand that there is a difference in quality from our products. |
| 8 | Transport Solutions Segment | Regarding the transport solutions segment, is the decline in MRO demand within the expected range? Please tell us about the situation, including the strength and weakness of demand fluctuations. | Regarding MRO, there are businesses that have already been affected and also businesses that will see effects in the future. As for railroad vehicle equipment, while sales for new domestic vehicles are robust, sales in MRO are likely to partially shrink in the future. Demand for aircraft components is facing a tough situation as passenger planes are not flying. |
| 9 | Transport Solutions Segment | What are your views on equipment for railroad vehicle equipment, commercial vehicle equipment and aircraft equipment, and OVALO from the 4th quarter to the next fiscal year. | Railroad vehicle equipment: We are enjoying good performance this year as the lead time for new domestic railroad vehicles is long. Since this year falls in a drop-off period for Chinese subway vehicles, we expect demand will increase next year. Aircraft equipment: We face a severe situation due to declining demand from air passengers. Commercial vehicle equipment: While overall domestic demand declined compared with 2019, markets such as Southeast Asia and Thailand have seen recoveries. We expect recoveries in Southeast Asia. Marine vessel equipment: Although we faced an impact from COVID-19 (our on-board MRO work was not permitted), demand returned temporarily in Q3. For the time being, we think it will remain stable to some extent, but there is a possibility that the decrease in the amount of new shipbuilding work on hand will affect performance. OVALO: Although production was stagnant, they resumed production in Q3. We will endeavor to improve profitability next fiscal year. |
| 10 | Aircraft Equipment | Regarding commercial aircraft, can we say that Boeing's production has already stopped declining? | We cannot comment on a customer's production as it is entirely their decision. However, given the market environment, it is expected that recovery will take some time. |
| 11 | Commercial Vehicle Equipment | What is the background to the sale of shares in the European commercial vehicles subsidiary and the scale of the latest sales. | The relevant subsidiary mainly manufactures compressors and crankshafts. In the commercial vehicle equipment business, we had considered that their compressor division was attractive in pursuing the provision of an air supply management system, but decided that it would be difficult to continue because crankshafts are a fiercely competitive environment and their manufacturing facilities are aging. Development of the compressor part is expected to continue through a technical tie-up. The annual sales were a little more than 1 billion yen. |

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| 12 | OVALO | I would like to know more about the performance of OVALO, as the operations of many automobile manufacturers are recovering. | Production has returned since September, and progress is being made in-line with the revised plan. |
| 13 | Accessibility Solutions Segment | Could you give us the outlook for platform doors and automatic doors? | As for platform doors, the nine-month results were 7 billion yen, of which domestic sales accounted for 60% and overseas sales 40%. Since this year falls in a drop-off period, we expect that demand will recover next year. Regarding automatic doors, we had originally anticipated a decline in construction demand in the Kanto area (Tokyo Metropolitan area). We will pay close attention to what decision will be made on the Olympics next year. |
| 14 | Accessibility Solutions Segment | Regarding the ACB segment, it is possible that demand for office buildings will decrease due to working from home. What is the outlook for future demand. | We expect not only a recovery in construction demand in the Tokyo Metropolitan area but also growth in demand in the Kansai region. We also believe that North America and Europe are markets that will grow steadily as a whole, although it depends on the trend of COVID-19. Furthermore, we do not expect that new demand will grow dramatically even if there will be some increase or decrease. Therefore, we will work to achieve growth by steadily capturing the demand for MRO, which accounts for 40% of sales in this business. |