

FY2020 Second Quarter Consolidated Financial Results Highlights

1. Overview

| 2nd Quarter (YTD) Financial Results | Actual | | Year-on-year comparison | |
|--|-----------------|-------------------|-------------------------|---------|
| | 2019/9 | 2020/9 | Amount | % |
| Net sales | 50,701 | 36,349 | - 14,352 | - 28.3% |
| Operating profit (Operating margin) | 2,335 (4.6%) | -2,555 (-7.0%) | - 4,890 (-11.6%) | - |
| Ordinary profit (Ordinary income margin) | 2,180 (4.3%) | -2,875 (-7.9%) | - 5,055 (-12.2%) | - |
| Profit attributable to owners of parent (Net profit margin) | 926 (1.8%) | -2,549 (-7.0%) | - 3,475 (-8.8%) | - |
| Return on Equity (ROE) * 1 | 3.3% | -9.5% | - 12.7% | - |
| Net assets to total assets | 35.9% | 32.6% | - 3.4% | - |
| Net interest bearing debt | 39,297 | 40,762 | 1,464 | 3.7% |
| Capital Expenditure | 5,456 | 4,034 | -1,422 | -26.1% |
| Depreciation | 4,631 | 4,215 | -416 | -9.0% |
| R&D expenses | 1,064 | 987 | -77 | -7.2% |
| Number of consolidated subsidiaries | 33 | 33 | 0 | - |
| Exchange rate (USD) | 107.79 | 107.74 | | |
| Exchange rate (EUR) | 122.49 | 121.08 | | |

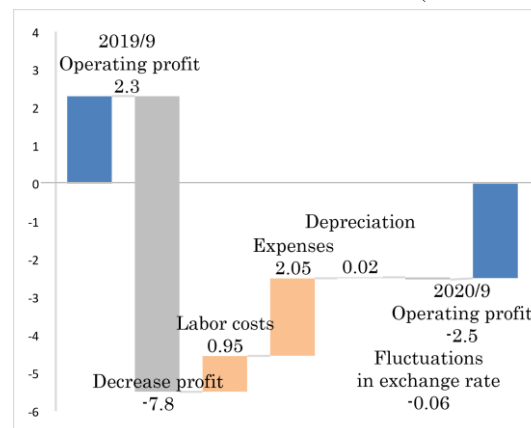
(Unit: JPY Million)

Exchange rate is TTM rate as of June 30.

* 1 Annualized

«Causes of Fluctuation in Operating profit»

(Unit: JPY Billion)



«Dividend/ Dividend Payout Ratio»

The forecast of year-end dividends for the fiscal year ending March 31, 2021 is not available at this moment.

| | (Unit: JPY) | | | | |
|-----------------------|-------------|--------|--------|--------|---------------|
| | 2017/3 | 2018/3 | 2019/3 | 2020/3 | 2021/3 |
| Interim | 15 | 15 | 15 | * 20 | 10 |
| Year-end | 15 | 15 | 15 | 15 | |
| Annual | 30 | 30 | 30 | 35 | Not available |
| Dividend Payout Ratio | 54.0% | 33.3% | 32.0% | 60.1% | |

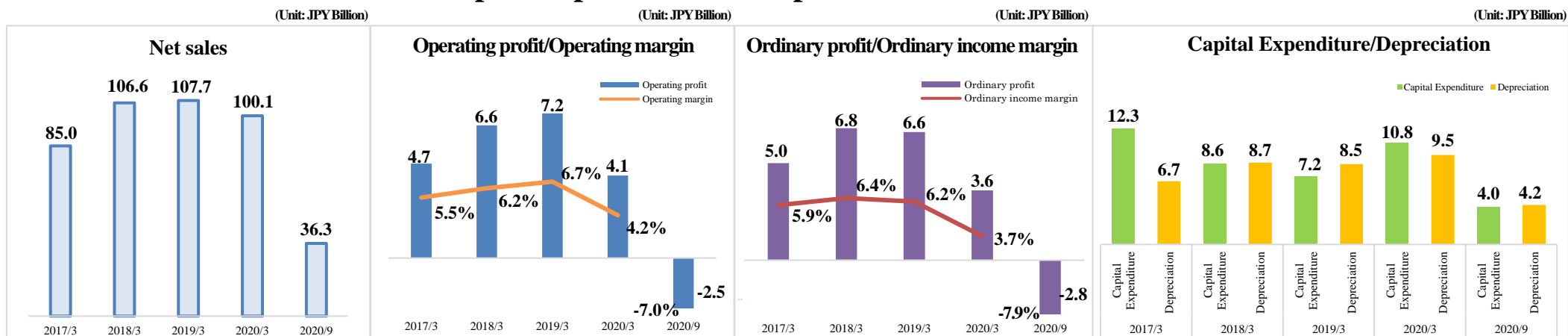
* The interim dividend for FY2019

: Regular dividend (15 yen) + Commemorative dividend (5 yen)

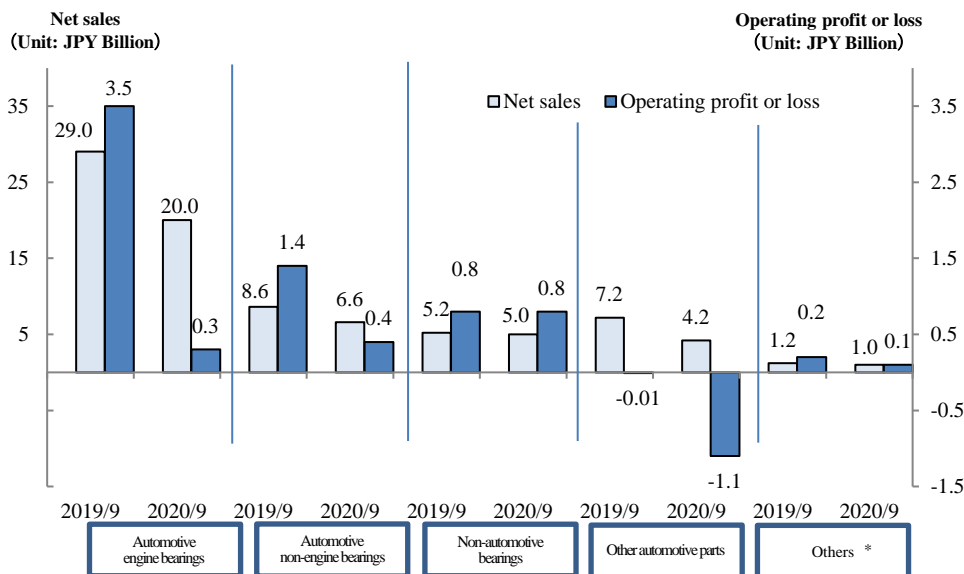
«Forecast of FY2021 financial results»

As for Consolidated Financial Results for full year, forecast is not available at this moment due to uncertain circumstances caused by the worldwide spread of the new coronavirus (COVID-19).

2. Consolidated Financial Results/Capital Expenditure and Depreciation

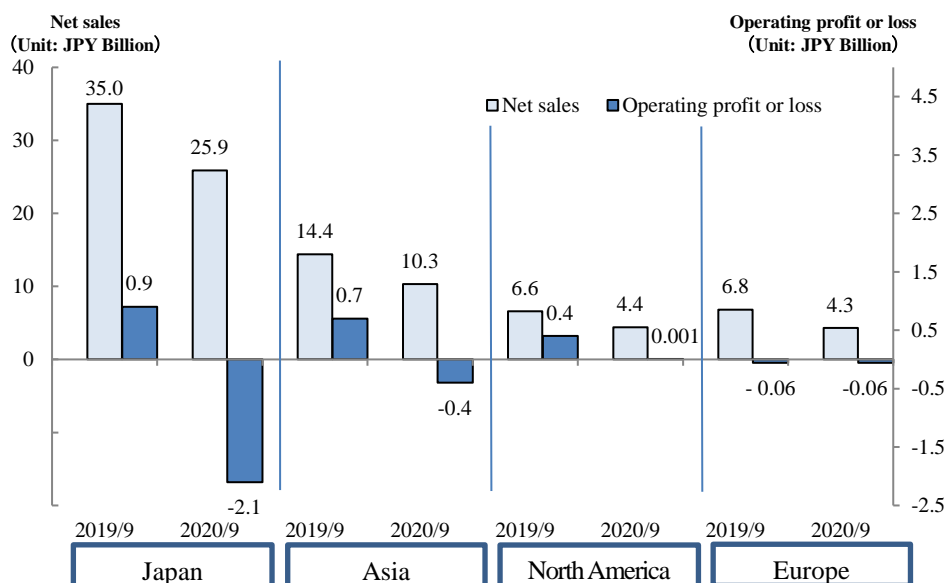


3. Sales and Operating profit by Segment (before elimination of inter-segment transactions)



*"Others" includes electrode sheets for electric double layer capacitors, the metallic dry bearings business, pump-related products businesses, and real estate leasing business.

4. Sales and Operating profit by Region (before elimination of internal transactions)



| Segment | [Sales] | | Causes of Gains and Losses | [Operating profit] | |
|---|-----------------|------------------------------------|--|------------------------------------|---|
| | Net sales ratio | Year-on-year comparison Amount (%) | | Year-on-year comparison Amount (%) | Causes of Gains and Losses |
| Automotive engine bearings | 54.0% | - 9,031 (-31.1%) | (-)Japan: Decrease of production adjustments by passenger car manufacturers due to COVID-19 (-)Japan: Continued decrease in demand from trucks for exports (Mainly for Southeast Asia and Indonesia) (-)Orders decrease for turbocharger bearings (-)Thailand: Significant decrease of the domestic market shrink and decrease in exports to overseas from Thailand (-)North America · Europe: Decrease by production adjustments due to COVID-19 (+)China: Increase market of the commercial vehicle expanding and share up by development | - 3,202 (-89.7%) | (-)Although there is a sign of recovery in Japan, significant decrease in sales due to COVID-19 globally |
| Automotive non-engine bearings | 17.9% | - 1,993 (-23.1%) | (-)Although there is a sign of recovery in Japan, decrease of production adjustments by auto parts manufacturers due to COVID-19 globally | - 977 (-69.2%) | (-)Decrease due to COVID-19 |
| Non-automotive bearings | 13.6% | △ 250 (△4.7%) | (-)Decrease due to falling demand for low-speed diesel engines bearings (+)Development and increased market share of ship-related businesses overseas (China) and orders of bearings for medium-speed diesel engines for power generators in emerging countries (-)Weak demand from construction machinery sector in overseas market (China, North America, Asia) (+)Increased orders of power generators bearings for the energy sector | 28 (3.5%) | (-)Decrease of low-speed diesel engines bearings and construction machinery bearings (+)Increase for energy sector |
| Other automotive parts | 11.6% | - 2,996 (-41.1%) | (-)Iino Group: Decrease due to COVID-19 globally (-)Weak demand of Thailand's auto industry, decrease for aluminum die cast products by the plant operations adjustment due to COVID-19 and significant decrease in automobile exports to overseas from Thailand | - 889 (-) | (-)Decrease due to COVID-19 (-)Increased depreciation of buildings and facilities for DMCT (New factory for aluminum die cast parts in Thailand) |
| Others | 2.9% | - 161 (-13.0%) | (-)Demand decrease for special types of bearings from general industry sector | - 94 (-34.1%) | (-)Decrease due to U.S.-China trade war and COVID-19 |
| Elimination of inter-segment transactions | | 80 | | 244 | |
| Total | | - 14,352 (-28.3%) | (-)Fluctuations in exchange rate | - 4,890 (-) | |

| Region | [Sales] | | Causes of Gains and Losses | [Operating profit] | |
|--------------------------------------|-----------------|------------------------------------|---|------------------------------------|---|
| | Net sales ratio | Year-on-year comparison Amount (%) | | Year-on-year comparison Amount (%) | Causes of Gains and Losses |
| Japan | 57.6% | - 9,120 (-26.0%) | (-)Decrease of production adjustments by passenger car manufacturers due to COVID-19 (-)Continued decrease in demand from trucks for exports (Mainly for Southeast Asia and Indonesia) (-)Orders decrease for turbocharger bearings (-)Decrease due to falling demand for low-speed diesel engines bearings (-)Weak demand from construction machinery sector and general industry sector in overseas market (China, Europe, Asia etc.) (-)Iino: Substantial decrease by production adjustment due to COVID-19 | - 3,129 (-) | (-)Decrease due to COVID-19 (-)Decrease of material exports to overseas subsidiaries due to demand decrease |
| Asia | 22.9% | - 4,075 (-28.3%) | (+)China: Recovery from COVID-19, increase market of the commercial vehicle expanding and share up by development (-)Weak demand from Thailand's auto industry, decrease for aluminum die cast products by the plant operations adjustment due to COVID-19 and significant decrease in automobile exports to overseas from Thailand (-)Iino Group: Decrease by production adjustments due to COVID-19 | - 1,245 (-) | (-)Thailand: Significant decrease of the domestic market shrink and decrease in exports to overseas from Thailand due to COVID-19 (-)Increased depreciation of buildings and facilities for DMCT (New factory for aluminum die cast parts in Thailand) |
| North America | 9.8% | - 2,263 (-33.9%) | (-)Decrease by production adjustments due to COVID-19 and decrease in sales related to construction machinery (-)Iino Group: Decrease by production adjustments due to COVID-19 | - 773 (-162.2%) | (-)Decrease due to COVID-19 |
| Europe (including Russia) | 9.7% | - 2,423 (-) | (-)Decrease by production adjustments due to COVID-19 (-)Decrease in sales for turbocharger bearings | 4 (6.4%) | (-)Decrease due to COVID-19 (+)Effect of progress in collection of accounts receivable recorded as allowance for doubtful accounts |
| Elimination of internal transactions | | 3,530 | | 254 | |
| Total | | - 14,352 (-28.3%) | (-)Fluctuations in exchange rate | - 4,890 (-) | |