

# Consolidated Financial Results of FY2021

**NTN**  
Make the world **NAMERAKA**



May 18, 2022

**NTN Corporation**

- I. Key Point of Financial Result and  
Progress of “DRIVE NTN100” Phase 2
- II. Financial Result of FY2021 and  
Forecast of FY2022

# 1. Key Points of Fiscal Year Ended March 31, 2022

Despite the impact of rise of raw material prices, recovered by procurement reforms and improved selling prices in 4Q

## Key Point of FY2021

- ✓ Automobiles decreased more than expected due to the impact of the new coronavirus, semiconductor shortage, and Russia's invasion in Ukraine at the end of the fiscal year. **On the other hand, sales increased compared with the announcement, and industrial machinery and AM were steady, and sales increased compared with the previous fiscal year.**
- ✓ Cost of raw materials such as steel rose sharply. Cost cutting was not sufficient. **NTN made a significant recovery in 4Q by improving selling prices. Operating income exceeded the announcement and was higher compared to previous fiscal year**
- ✓ Proceeded with asset sales, such as strategic shareholdings, and **net income was higher than announcement**
- ✓ Inventory increased due to disruption of customer supply chain, restraining capital investment and **FCF became profitable**

FY2020		FY2021				
(billion yen)	Results	Results	Year on year	Previous forecast at 3Q	Difference	4Q Results
Net sales	562.8	<b>642.0</b>	+79.2(+14%) Excl. forex 51.1(+9%)	630.0	12.0(+19%) Excl. forex+6.8(+1%)	<b>173.9</b>
Operating income (Operating margin)	-3.1 (-0.6%)	<b>6.9</b> <b>(1.1%)</b>	+10.0 (+1.7pt)	6.0 (1.0%)	+0.9 (+0.1pt)	<b>4.3</b> <b>(2.5%)</b>
Ordinary income	-5.7	<b>6.8</b>	+12.6	5.0	+1.8	<b>5.0</b>
Extraordinary income/loss	4.5	<b>10.8</b>	+6.3	3.0	+7.8	<b>9.9</b>
Income before income taxes	-1.3	<b>17.6</b>	+18.9	8.0	+9.6	<b>15.0</b>
Net income attributable to shareholders (parent company)	-11.6	<b>7.3</b>	+19.0	2.0	+5.3	<b>8.8</b>

Inventories	176.8	<b>214.8</b>	+38.0	190.0	+24.8
Capital expenditure	23.8	<b>19.8</b>	-4.0	20.0	-0.2
FCF	18.5	<b>11.5</b>	-7.1	7.0	+4.5



## 2. Results for the Second Half of the Fiscal Year Ended March 31, 2022

### Explanation of IR in November

#### Efforts in 2nd Half

- 1** Utilize automotive resources to expand sales for aftermarket applications
- 2** Reduce or withdraw from unprofitable businesses and rebuild businesses in Europe and the Americas
- 3** Pass on rise in cost of steel materials and logistics costs on selling prices
- 4** Reduce proportional costs through procurement reforms

#### Result

- ✓ Utilize production capacity for bearings for aftermarket, **increase sales for aftermarket**
- ✓ Restructured the Europe and Americas business through projects, and **improved profitability in both the Americas and Europe in 4Q**
- ✓ Rise of prices of steel and other raw materials exceeded expectation. In response these issue, we applied to customers to pass on selling prices. **In particular, we achieved significant results in the Americas region in 4Q . We also scaled down or withdrew from unprofitable businesses.**
- ✓ **Achieve target benefits as the first year of Phase2** through **procurement reforms** in DRIVE NTN100 (reduce proportional costs through centralized purchasing, VA and supplier changes, etc.)

FY2021 (Billion yen)	Aftermarket				Industrial Machinery				Automotive			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	27.0	27.1	28.0	30.1	30.7	30.4	31.3	33.7	98.9	91.7	103.1	110.0
year on year	+7.4	+3.8	+4.1	+5.4	+8.1	+6.2	+6.4	+3.6	+49.2	-8.1	-8.5	+1.6
Operating income	3.4	3.5	3.7	4.1	0.5	0.9	1.3	1.4	-2.2	-4.4	-4.1	-1.2
year on year	+2.7	+1.9	+0.4	+0.8	+1.3	+1.4	+1.3	-0.3	+7.4	-0.8	-4.3	-1.8
Operating margin	12.7%	12.7%	13.1%	13.7%	1.5%	3.0%	4.2%	4.1%	-2.3%	-4.8%	-3.9%	-1.0%

# 3. Forecasts for the Fiscal Year Ending March 2023

Macro environment is uncertain, promoting cost reductions and passing on sales price

## FY2022 Key Points

- ✓ **Business environment is still uncertain** due to disruption in customers' supply chain, effect of new coronavirus and the situation in Ukraine.
- ✓ **Significant increases** in price of raw material, cost of marine transportation and personnel costs.
- ✓ **Promote strongly** the reduction in variable cost **through procurement reforms, passing on sales prices and restraint on price discount**
- ✓ **Scheduled to resume dividend payments** from the mid of the fiscal year in accordance as planned in the medium-term management plan

(billion yen)	FY2021			FY2022	
	1H Results	2H Results	Full year Results①	Full year forecast②	YoY ①vs②
Net sales	305.8	336.2	642.0	<b>720.0</b>	+78.0
				Excl. forex+56.2(+9%)	
Operating income	1.6	5.3	6.9	<b>23.0</b>	+16.1
(Operating margin)	(0.5%)	(1.6%)	(1.1%)	<b>3.2%</b>	
Ordinary income	1.7	5.1	6.8	<b>20.0</b>	+13.2
Net income attributable to shareholders (parent company)	-1.0	8.4	7.3	<b>10.0</b>	+2.7
Exchange rates US\$	¥109.8	¥114.9	¥112.3	¥120.0	+¥7.7
€	¥130.8	¥130.2	¥130.5	¥135.0	+¥4.5
Inventories	201.5	214.8	214.8	<b>200.0</b>	-14.8
Capital expenditure	8.1	11.7	19.8	<b>23.0</b>	+3.2
FCF	1.1	10.4	11.5	<b>18.0</b>	+6.5
Annual dividends (interim)	¥0(¥0)			<b>¥5(¥2.5)</b>	

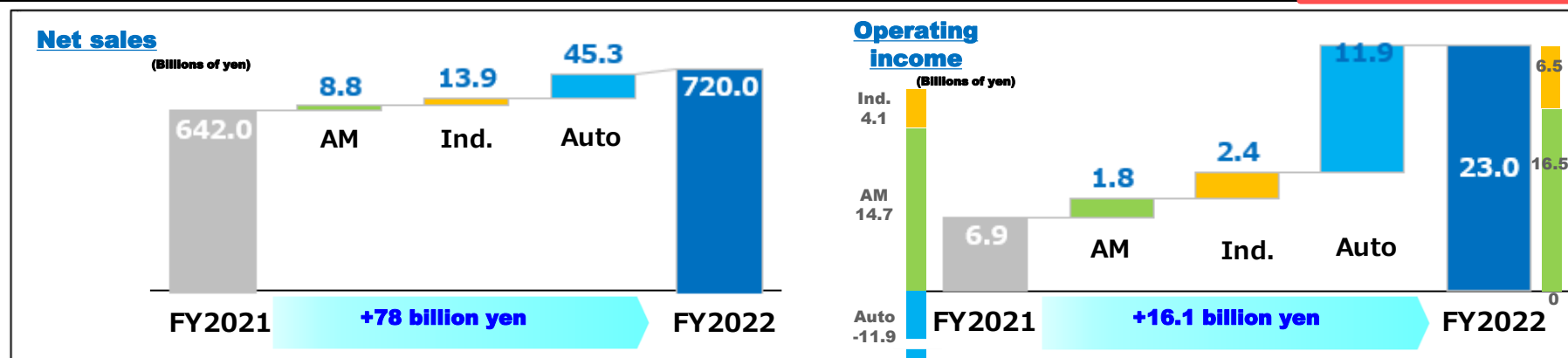
Decreased sales (60.0 billion yen) is included due to semiconductor shortage, situation in Ukraine and new coronavirus

Plan to resume dividend payments

# 4. Forecasts by business type for the year ending March 31, 2023

Expect the largest sales ever since in industrial machinery business. Focus on expanding sales in AM business.  
Observe the demand in automotive business.

(billion yen)		FY2020  Full year Results	FY2021				FY2022  Full year forecast	
			1H Results		2H Results			
Net sales	Aftermarket	91.5	54.1	58.1	112.2		121.0	
	Industrial Machinery	101.9	61.1	65.0	126.1		140.0	
	Automotive	369.5	190.6	213.1	403.7		459.0	
	Total	562.8	305.8	336.2	642.0		720.0	
Operating income (Operating margin)	Aftermarket	8.9 9.7%	6.9 12.7%	7.8 13.4%	14.7 13.1%		16.5 13.6%	
	Industrial Machinery	0.4 0.3%	1.4 2.3%	2.7 4.1%	4.1 3.2%		6.5 4.6%	
	Automotive	-12.4 -3.4%	-6.6 -3.5%	-5.2 -2.4%	-11.9 -2.9%		0.0 0.0%	
	Total	-3.1 -0.6%	1.6 0.5%	5.3 1.6%	6.9 1.1%		23.0 3.2%	



Focus on  
FY2022  
(Continued)

1

Expand sales for aftermarket applications (transfer of production of standard products)

2

Reduce or withdraw from unprofitable businesses and rebuild businesses in Europe and the Americas

3

Pass on rise in cost of steel materials and logistics costs on selling prices

4

Reduce variable costs through procurement reforms

# 5. Aftermarket Business Initiatives



Accelerate transferring production of standard products, strengthen supply capabilities, and capture global demand

## 1 Status of sales

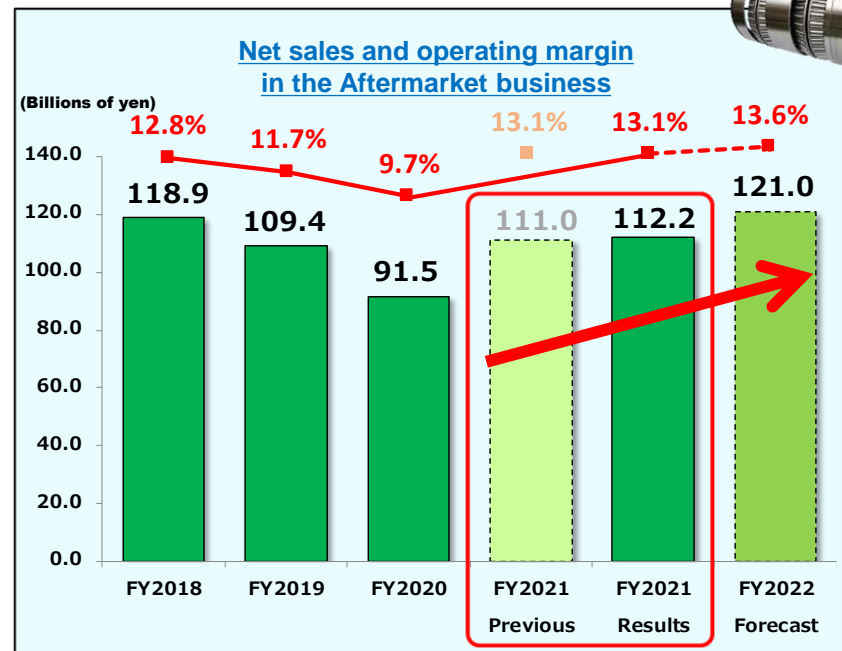
- ✓ 4Q sales were in line with expectations in February (3Q results).
- ✓ Automobile AM decreased in Europe due to the impact of the attack on Ukraine and sales in China declined, due to lockdown however performance was firm in whole.
- ✓ In FY2022, the situation in Ukraine was uncertain, but the other demand environment will be firm.

## 2 Focus: Strengthen supply capabilities

- ✓ Last April, fastmoving inventory supply system, FIRST started operation.
- ✓ Expand standard product inventory (strengthen production)
- ✓ Promote reducing lead times in shipment by strengthening the logistics system
- ✓ Started outsourcing production of standard radial ball bearings

## 3 Focus: Improve profitability

- ✓ Promote price hikes by revising the price list globally in response to significant increases in steel prices and logistics costs in FY2022



### TOPICS

**Began production transferring standard ball bearings to overseas supplier (from September 2022)**

Strengthen supply capabilities for aftermarket applications, expand sales, and acquire global demand



Taiwan

# 6. Initiatives in Industrial Machinery Business



**NTN**  
Make the world **NAMERAKA**

**DRIVE**  
Drive. Run. Grow. Move forward. Stay strong.  
**NTN100** Phase 2

Focus on growth areas, promote passing on higher selling prices, and reducing costs

## 1 Sales status

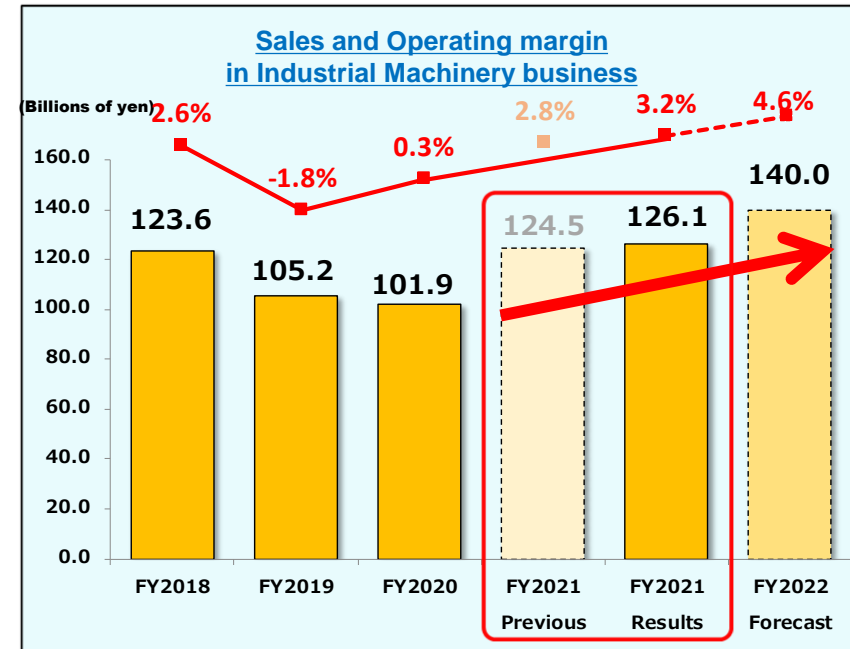
- ✓ 4Q sales decreased compared with the forecast in February (3Q results) in construction machinery, gearboxes and wind turbine mainly due to production adjustment by customers. However, sales increased compared to the forecast, and remained steady.
- ✓ Demand is expected to increase in major industries such as construction machinery, agricultural machinery, gearboxes, aircraft, and machine tools in FY2022.

## 2 Focus: Improve profitability

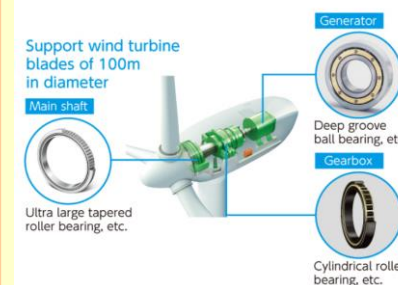
- ✓ Improve profitability in FY2021 by reducing or withdrawing from unprofitable businesses and rebuild businesses and strongly promote price increases for unprofitable products
- ✓ Focus on improving profitability in FY2022 in parallel with passing on rising costs to selling prices
- ✓ Reduce cost through procurement of materials from China and India

## 3 Focus: Expand sales in growth areas

- ✓ Strengthen competitiveness and increase production capacity of bearings for wind turbine
- ✓ Promote robot related and service solution businesses



### TOPICS



Business collaboration with Hokutaku Co., Ltd., which specializes in wind turbine maintenance. Combining our CMS 'high-precision abnormal detection technology with the expertise of Hokutaku Co., Ltd. Providing quick maintenance and expanding wind power related Businesses



# 7. Automotive Business Initiatives



**DRIVE**  
**NTN100** Phase 2

Focus on improving profitability by taking into account risks such as disruption in customers' supply chain and attack on Ukraine

## 1 Status of sales

- ✓ 4Q sales increased compared to the previous announcement, despite the impact of disruption in SC, shortage of semiconductors, and the new coronavirus and attack on Ukraine
- ✓ In FY2022, forecast is uncertain due to disruption in SC, attack on Ukraine and lockdown in China. Impact on sales is expected to be approximately ¥60.0 billion.

Car production Data

Source IHS,10K

	Latest	Nov.IR	vs	YoY
FY2021	7,627	7,389	+3%	-2%
FY2022	8,279	-	-	+9%

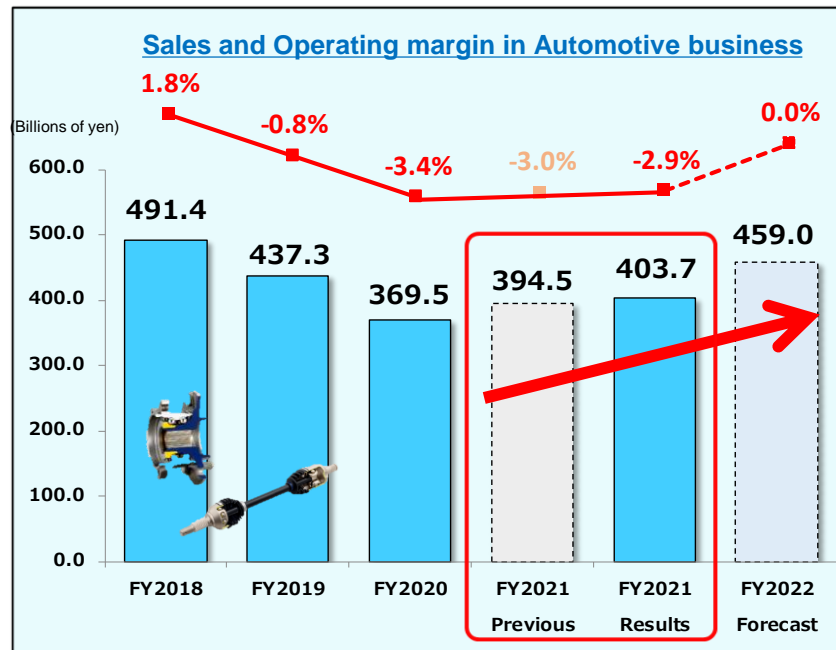
## 2 Focus: Improving profitability

### Priority measures for increased costs (FY2022)

- ✓ Pass on selling prices in response to rise in steel and logistics costs
- ✓ Promote cost reduction and increase price in the Americas and Europe in particular

### Measures to Improve Corporate Structure for Sustainable Growth (Medium term)

- ✓ Reorganization of unprofitable businesses and procurement reforms (reduction in proportional cost)
- ✓ Accelerate development and launch of high-performance products for EVs and electrification
- ✓ Strengthen orders for high-performance products for EVs (expand EV composition ratio)



### "Deep groove ball bearings for EV and HEV"

Achieved the industry's highest high-speed turnover performance dmn value of 2.2 million

### TOPICS



From domestic automakers Received orders for their in-house drive shafts for 100%

(Production starts from this fiscal year)

# 8. Initiatives for Next Growth (Growth Strategy)

**DRIVE**  
**NTN100**

Invest resources in market expanding for growth after NTN's revitalization

## Response to electrification (high-performance products)

- ◆ Automotive: Electric oil pumps, Ra-sHUB, eHUB  
Expansion of ball screws for automatic brakes
- ◆ Industrial machinery: Develop and introduce high-performance products for electrification of construction machinery and agricultural machinery
- ◆ Electrification project: Electro-corrosion resistant, high-speed rotating bearings that respond to the expansion of the EV motor market



## Further strengthen the wind power generation business

- ◆ Participate in Japan's offshore wind turbine business
- ◆ Increase production capacity and capture and expand demand in China
- ◆ Establish CMS (hardware and software) business  
Start business in overseas



**Pursuing profit**  
Shift to businesses  
to earn stable profits



**Hardware and software Business**

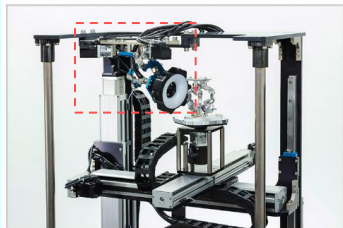
**Service and maintenance**

CMS (condition monitoring service)  
Portable Vibroscope  
Remote technical support services  
Bearing refurbish business

Sales only product  
(OEM/Repair)

## Respond to the expansion of the robotics market

- ◆ Gearboxes for robots
- ◆ Wrist Joint Module Product "i-WRIST"
- ◆ Developing needs with robotics sensing technology



i-WRIST™



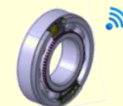
i-WRIST™ equipped with cameras/lights  
Adopted for automatic visual inspection

## Responding to changes in social infrastructure

- ◆ Railway: Expand mainly in China high-speed railway
- ◆ Hydrogen: Growth strategy for the next 10 years



## Talking Bearing™ (Under Development)



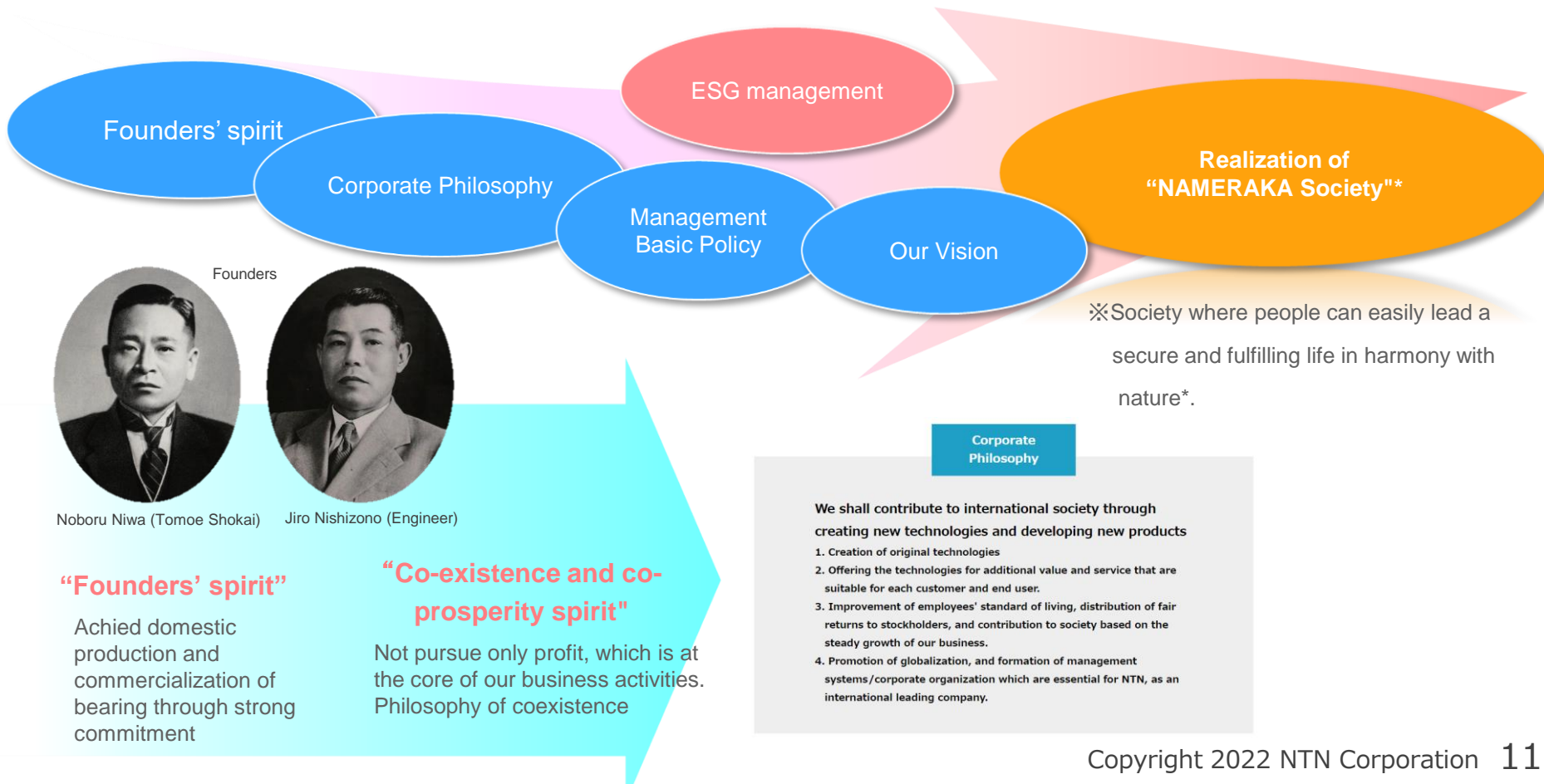
Built-in vibration and temperature sensor, generator, and wireless communication function for bearings  
Proposing early maintenance and maintenance of bearings using IoT



# 9. ESG Management Initiatives-1 "NTN Group Vision"

Through the implementation of our corporate philosophy, we aim to contribute to solving social issues surrounding and realization of a sustainable "NAMERAKA Society" where people can easily lead a secure and fulfilling life in harmony with nature.

It will be realized by NTN Group's employees who work globally, and it is important that each and every employee maintain pride and belief in his or her own work through ESG management.



# 9. ESG Management Initiatives-2

## Initiatives in the Fiscal Year Ending March, 2022

- **Announced support for TCFD recommendation** in May 2021  
conduct **scenario analysis of risks and opportunities** caused by climate change in business  
(scheduled to be disclosed in the Annual Securities Report)
- **Promote the establishment of targets (KGIs) and KPIs for 13 material issues**
- Consider measures aimed at realizing carbon neutrality

### E:Environment

#### Measures to reduce CO<sub>2</sub> Emissions to achieve carbon neutrality

##### **1. Reduce CO<sub>2</sub> in the heat treatment process (Scope 1)**

Switch from burner type (combustion furnace) to **heater type (electric furnace)**  
Use of ammonia and hydrogen in the future

##### **3. Visualization of power consumption at manufacturing plants (Scope 2)**

**Introduction of a system to see power consumption by production process**  
Identification and improvement of wasteful electricity use

##### **2. Installation of solar/wind power generation equipment (Scope 2)**

Use of natural energy generated at domestic and overseas business sites  
• Solar and wind power generation **results for the fiscal year ended March 2021:**  
Reduce CO<sub>2</sub> emissions by approximately 7,000 tons over a kWh/ of **13 million kWh/year**  
• Additional solar panels introduced at Kuwana Works  
Generation started in April 2021



Kuwana Works (Japan)  
Introduction of 900 solar panels  
(Approx. 340,000 kWh/year)

##### **4. Introduction of internal carbon pricing (Scope 1,2,3)**

Carbon neutrality LNG. Zero-power CO<sub>2</sub>,  
**Used as an environmentally friendly method for selecting steel products**  
Requests by suppliers and customers to reduce CO<sub>2</sub> emissions,  
anticipating policies for CN, such as a carbon tax,  
we aim to realize CN by considering both the economy and the environment.

### Goal of achieving carbon neutrality

**Scope1 & Scope2: 2035 years**

**Scope3: 2050 years**

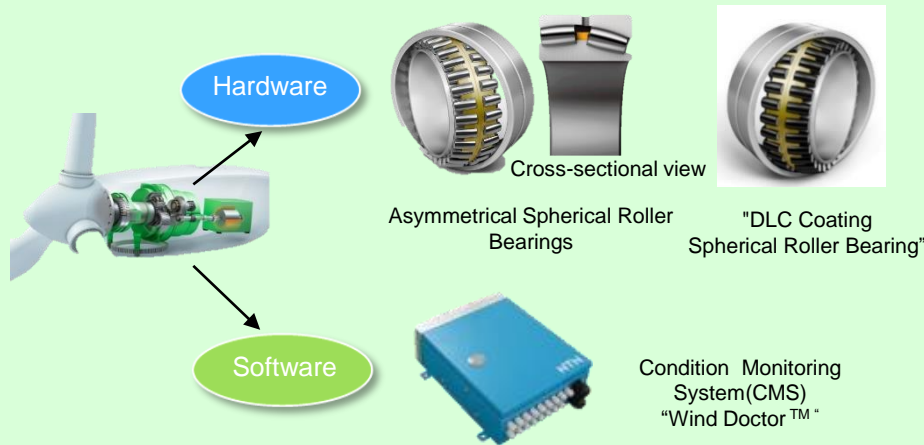
# 9. ESG Management Initiatives-3

E:Environment

Contribute to a carbon-free society through the provision of environment-contributing product

## 1. Realization of a sustainable society using renewable energy

① Contributing to stable operation and dissemination of hardware and software for wind power generation



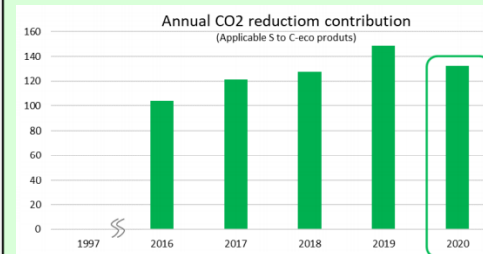
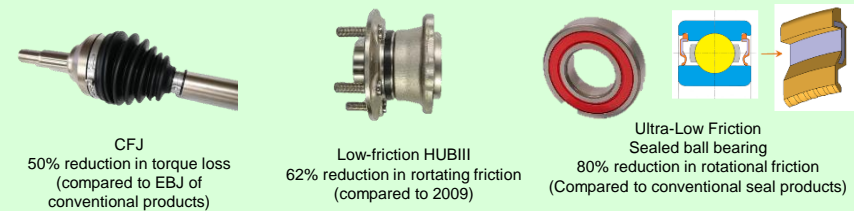
② Developed bearings that can be used in hydrogen environments in preparation for a hydrogen environment

Applications: Hydrogen production equipment/accumulator (hydrogen tank/Sta.)/FCV, etc.



## 2. Contribute to the spread of EVs and electrification and energy saving

① Core products (CVJ, hub bearings, bearings)  
Reducing CO2 by Highly Efficient, Low Friction, and Lighter Weight



CVJ and hub bearings  
Through environment-contributing product  
1,320,000 tons per year\*  
Contributing to Reducing CO2  
(Results for the year ended March 31, 2021)  
\*Compared to 1998

② Proposal of new products (multi-functional module products)





# 9. ESG Management Initiatives-4

## S:Society

Strengthen human resource  
Develop human resource base  
Contribute to disaster prevention and  
mitigation in local community

### Topics ①: Establish Corporate ESG Award

Establish NTN PROUD AWARD  
Recognizing Excellent Initiatives  
related to 13 materiality  
by E.S.G. division  
for all NTN Group employees



### Topics ②: Contribute to disaster mitigation and disaster prevention (Safety)

We sell independent power supply units that utilize the natural energy that contributes to prepare for natural disasters



### Topics ③: Promote health management



Web Stretch Seminar

### Topics ④: ESG index

Actively disclose information and adopt it in the ESG index



2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



## G:Governance

### Strengthen the Governance System

Jun. 2019

Transition to a company with a nominating committee, etc.  
Separating supervision and execution, strengthening corporate governance

Established the Nominating Committee, and Compensation Committee and Audit Committee which consists of a majority of outside directors.

Jun. 2020 Appointed Female Director

April 2021 First change in president due to appointment of nominating committee

Jun. 2021 Abolished the position of executive officer (flattening the hierarchy)

Apr. 2022 Introduced ESG to the performance evaluation of executive officers

# 10. Reference : Business Operation Policy for 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

**D**igitalization (latest digital technology) x **R**esources (Management resources that NTN has developed)  
**I**nnovation (development of innovative technologies products and services)  
**V**ariable cost reformation (procurement reformation)  
**E**fficiency improvement (achievement of the world's No1 productivity and quality)

### Business operating policy

#### Phase 1 (FY2018-FY2019)

Improve profitability and investment efficiency of existing products and businesses

Materialize new business by creating products and businesses

Establish management system to facilitate reform of business structure

#### Crisis Response Period FY2020

Ensure the health and safety of employees

Secure cash and continue business

Prepare for future growth

#### Phase 2 (FY2021-FY2023)

Improve profitability and investment efficiency of existing products and businesses

Select new business and review the allocation of management resources

Strengthen corporate governance

#### Phase 3 (FY2024-)

Build new businesses and core business area

- Create
- Grow
- Harvest

### 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**

**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

- I. Key Point of Financial Result and  
Progress of “DRIVE NTN100” Phase 2
- II. Financial Result of FY2021 and  
Forecast of FY2022

# 1. Key Points of Fiscal Year Ended March 31, 2022

## Results for the Year Ended March 31, 2022

- ◇Net sales: **¥642.0 billion**, year-on-year **+¥79.2 billion** (excl. forex **+¥51.1 billion**)
- ◇Operating income: **¥6.9 billion**, year-on-year **+¥10.0 billion** (excl. forex **+¥5.4 billion**)
- ◇Extraordinary income (loss): **10.8 billion yen**
- ◇Profit attributable to owners of parent: **¥7.3 billion**, year-on-year **+¥19.0 billion**
- ◇Inventories: **¥214.8 billion**, year-on-year **+¥38.0 billion** (excl. forex **+¥25.7 billion**)
- ◇Free cash flow: **+¥11.5 billion yen**, **-¥7.1 billion yen** from the previous fiscal year
- ◇Year-end dividend: **0 yen (no dividend)**. (Annual **0 yen**)

## 2.Outlook for the Fiscal Year Ending March 2023

### Outlook for the Fiscal Year Ending March 2023

- ◇Net sales: **¥720.0 billion, +¥78.0 billion** year-on-year
- ◇Operating income: **¥23.0 billion, year-on-year +¥16.1 billion**
- ◇Extraordinary income (loss): **-¥3.0 billion**
- ◇Profit attributable to owners of parent: **¥10.0 billion, year-on-year +¥2.7 billion**
- ◇Inventories: **¥200.0 billion, -¥14.8 billion** year-on-year of
- ◇Free cash flow: **+¥18.0 billion, +¥6.5 billion** year-on-year
- ◇Regarding dividends, **the company plans to resume annual dividend payments of ¥5.0**
- ◇Exchange rates: **1US\$=¥120, 1EURO=¥135**



# 3. Consolidated Statements of Operation

(billion yen)

		FY2020	FY2021	FY2022	Year on Year					
		Results	Results	Forecast	FY2021 ②-①			FY2022 ③-②		
(billion yen)		①	②	③	Total	Volume	Forex	Total	Volume	Forex
Net sales		562.8	642.0	720.0	79.2	51.1	28.1	78.0	56.2	21.8
Operating income		-3.1	6.9	23.0	10.0	5.4	4.6	16.1	10.2	5.9
Operating margin		(-0.6%)	(1.1%)	(3.2%)	(1.6%)			(2.1%)		
Ordinary income		-5.7	6.8	20.0	12.6	7.6	4.9	13.2	7.2	6.0
Extraordinary income		4.5	10.8	-3.0	6.3	6.4	-0.1	-13.8	-13.8	-
Profit attributable to owners of parent		-11.6	7.3	10.0	19.0	15.5	3.5	2.7	-1.6	4.3
Exchange rate	1USD	¥106.0	¥112.3	¥120.0	¥6.3			¥7.7		
	1EURO	¥123.7	¥130.5	¥135.0	¥6.9			¥4.5		

## 4. Net Sales by Region

(billion yen)

(billion yen)	FY2020	FY2021	FY2022	Year on Year					
	Results	Results	Forecast	FY2021 ②-①			FY2022 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Japan	162.8	<b>180.8</b>	<b>194.0</b>	<b>17.9</b>	<b>17.9</b>	<b>0.0</b>	<b>13.2</b>	<b>13.2</b>	<b>0.0</b>
Americas	144.4	<b>181.2</b>	<b>220.0</b>	<b>36.8</b>	<b>25.8</b>	<b>11.0</b>	<b>38.8</b>	<b>26.9</b>	<b>11.9</b>
Europe	117.2	<b>127.1</b>	<b>133.5</b>	<b>9.8</b>	<b>3.0</b>	<b>6.8</b>	<b>6.4</b>	<b>2.1</b>	<b>4.3</b>
Asia and others	138.4	<b>153.0</b>	<b>172.5</b>	<b>14.6</b>	<b>4.3</b>	<b>10.3</b>	<b>19.5</b>	<b>13.9</b>	<b>5.6</b>
Total	562.8	<b>642.0</b>	<b>720.0</b>	<b>79.2</b>	<b>51.1</b>	<b>28.1</b>	<b>78.0</b>	<b>56.2</b>	<b>21.8</b>

# 5. Net Sales and Operating Income by Business Sector

## <Net Sales by Business Sector>

(billion yen)

(billion yen)	FY2020	FY2021	FY2022	Year on Year					
	Results	Results	Forecast	FY2021 ②-①			FY2022 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Aftermarket	91.5	112.2	121.0	20.7	15.9	4.8	8.8	5.8	3.0
Industrial machinery	101.9	126.1	140.0	24.3	19.4	4.8	13.9	9.9	4.0
Automotive	369.5	403.7	459.0	34.2	15.7	18.5	55.3	40.5	14.8
Total	562.8	642.0	720.0	79.2	51.1	28.1	78.0	56.2	21.8

## <Operating Income by Business Sector>

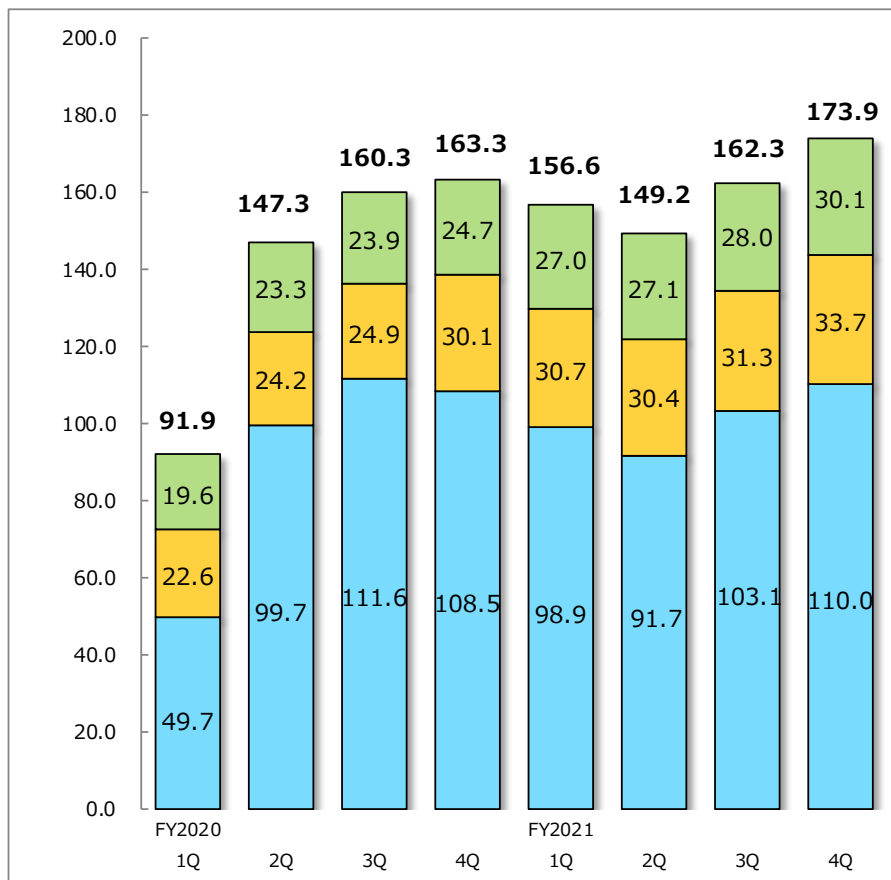
(billion yen)	FY2020	FY2021	FY2022	Year on Year FY2021	Year on Year FY2022
	Results	Results	Forecast	FY2021 ②-①	FY2022 ③-②
	①	②	③	②-①	③-②
Aftermarket	8.9	14.7	16.5	5.8	1.8
Industrial machinery	0.4	4.1	6.5	3.7	2.4
Automotive	-12.4	-11.9	0.0	0.5	11.9
Total	-3.1	6.9	23.0	10.0	16.1

# 6. Results by Business Sector (Quarterly Trend)

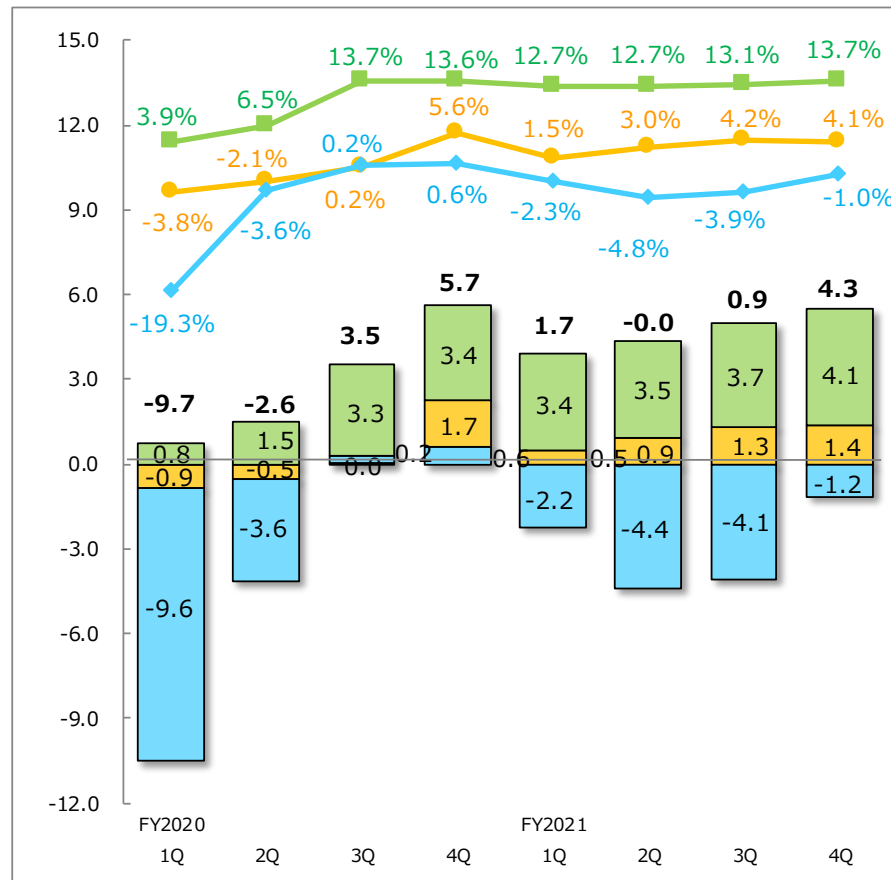
\* All figures in billion yen

## Net Sales

Automotive Industrial machinery Aftermarket

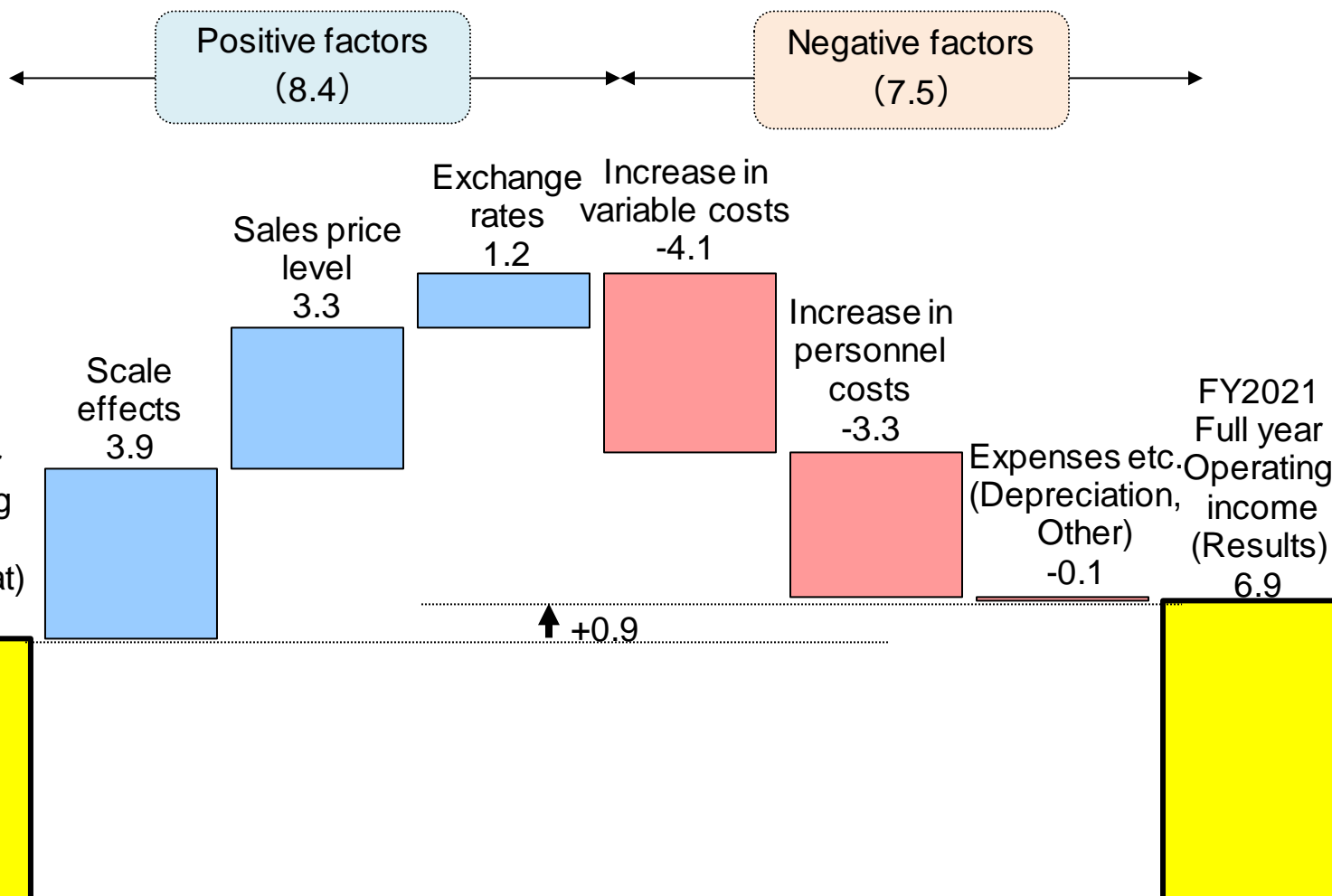


## Operating Income/ Operating Margin



# 7-1. Analysis of Operating Income (FY2021 Forecast vs FY2021 Results)

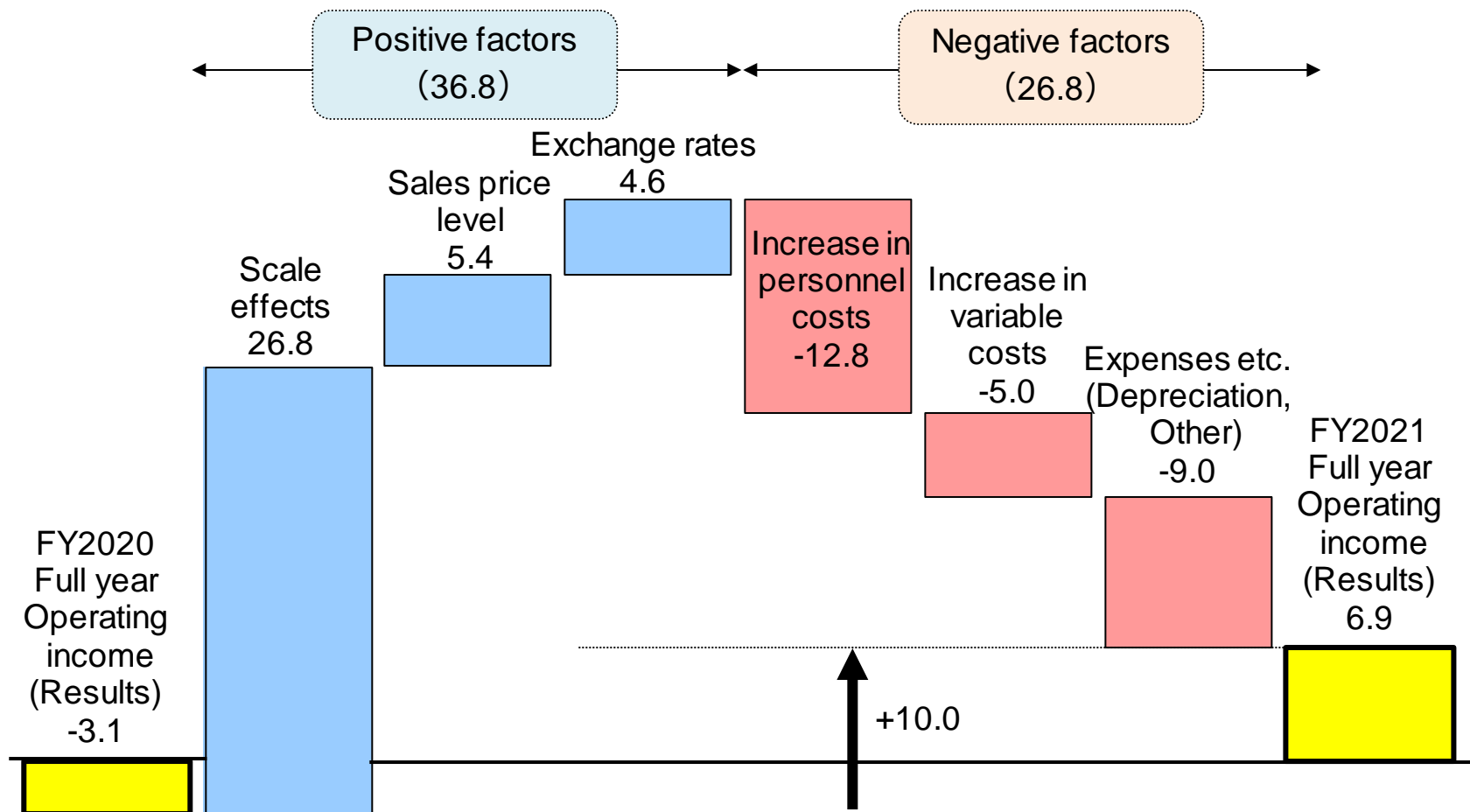
\* All figures in billion yen





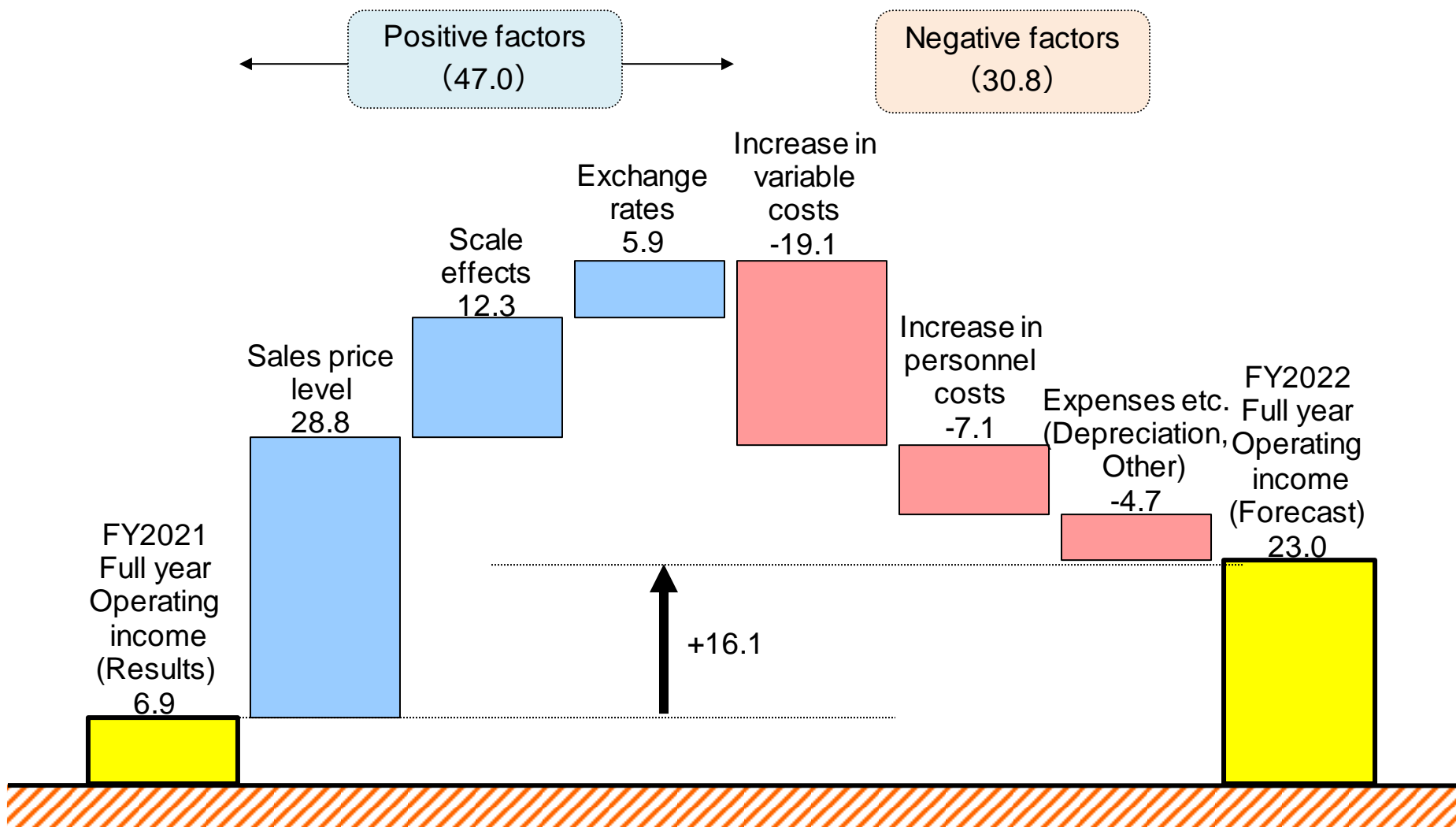
## 7-2. Analysis of Operating Income (FY2020 Results vs FY2021 Results)

\* All figures in billion yen



## 7-3. Analysis of Operating Income (FY2021 Results vs FY2022 Forecast)

\* All figures in billion yen

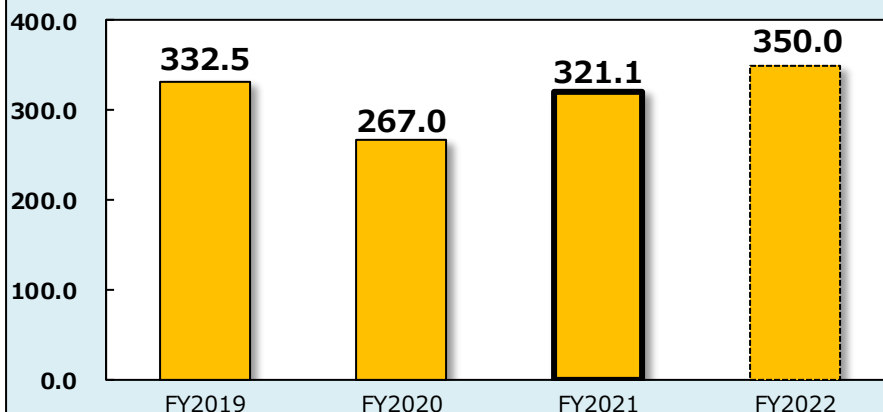


# 8-1 Net Sales and Operating Income by Company Location

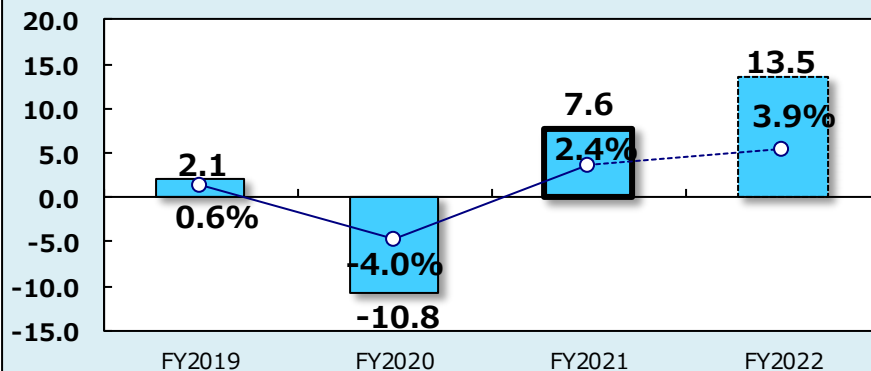
\* All figures in billion yen

## 《 Japan 》

### Net Sales

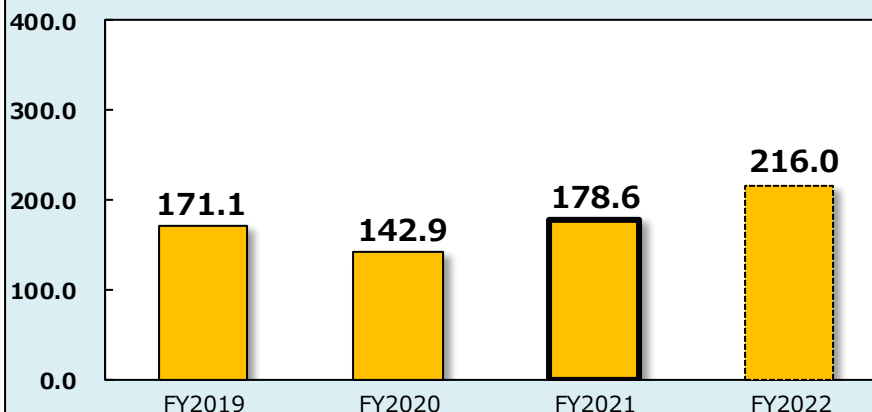


### Operating Income

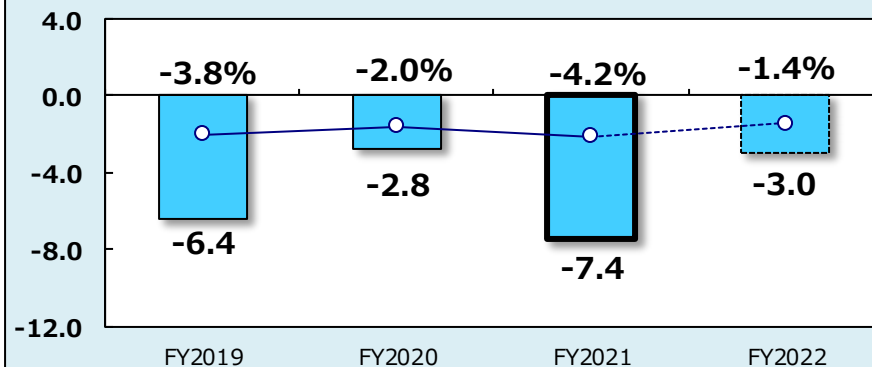


## 《 Americas 》

### Net Sales



### Operating Income

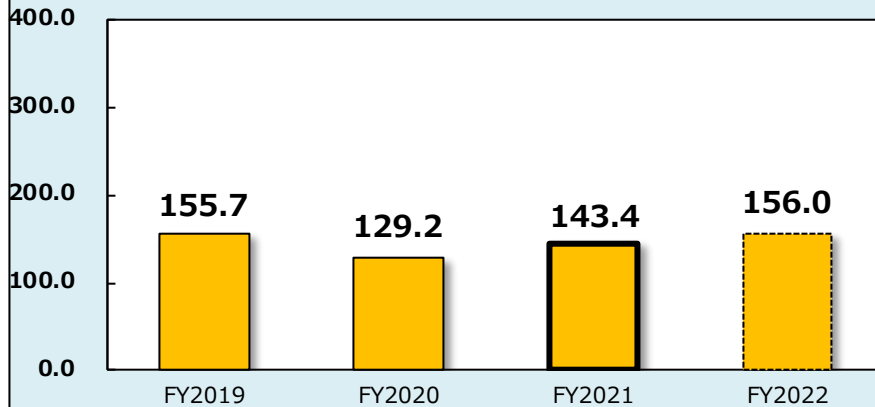


# 8-2 Net Sales and Operating Income by Company Location

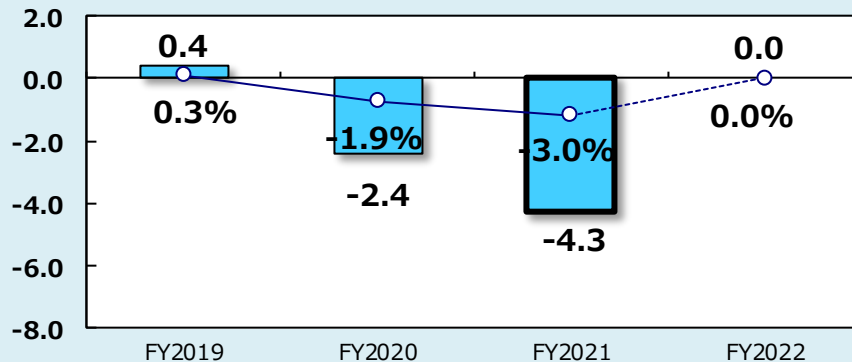
\* All figures in billion yen

## 《 Europe 》

### Net Sales

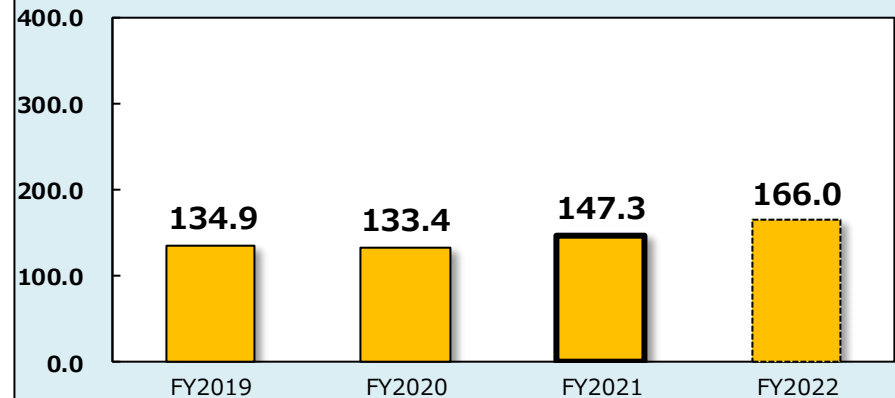


### Operating Income

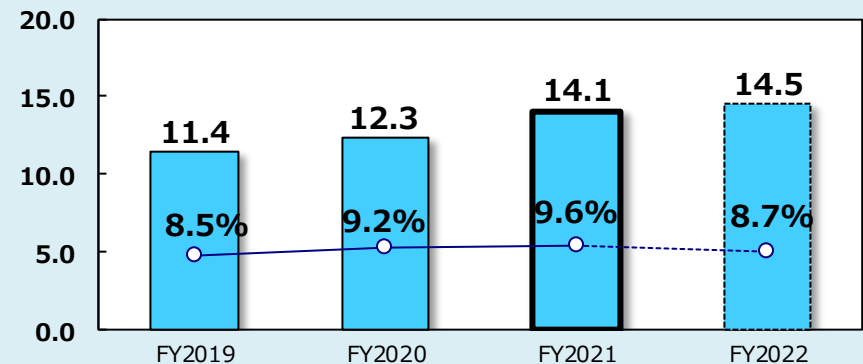


## 《 Asia and others 》

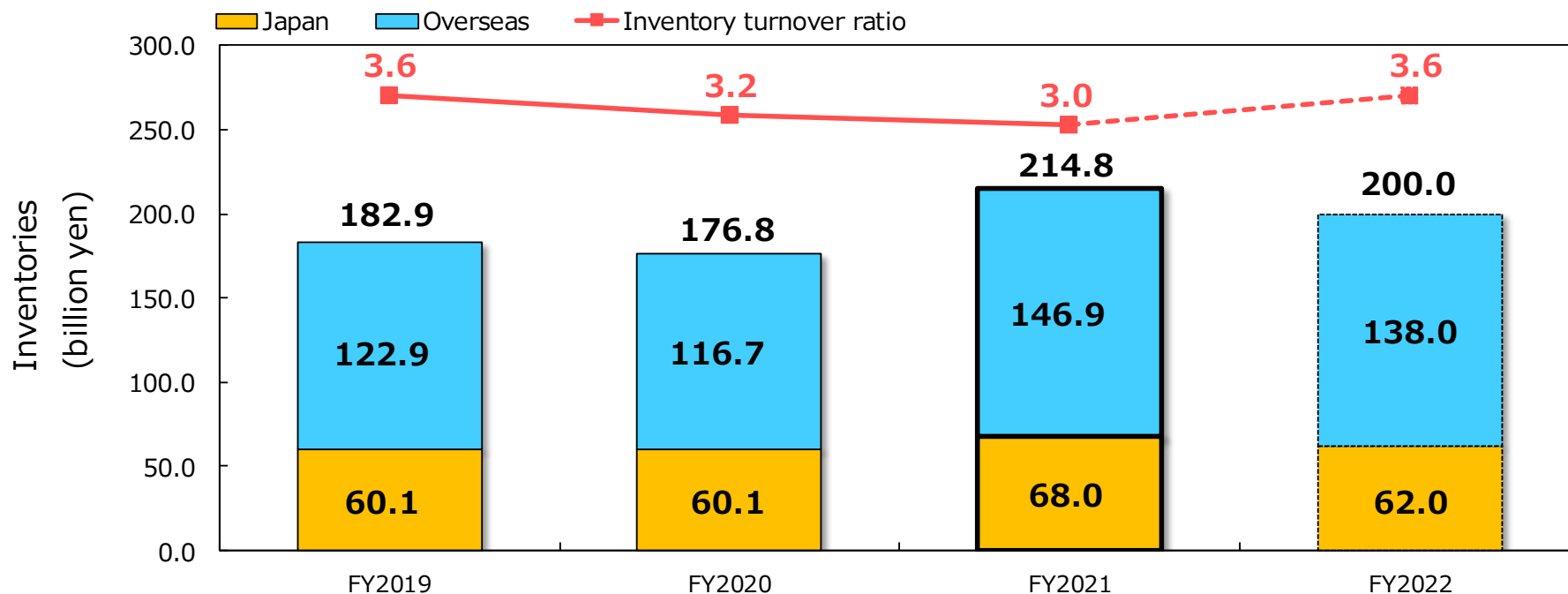
### Net Sales



### Operating Income



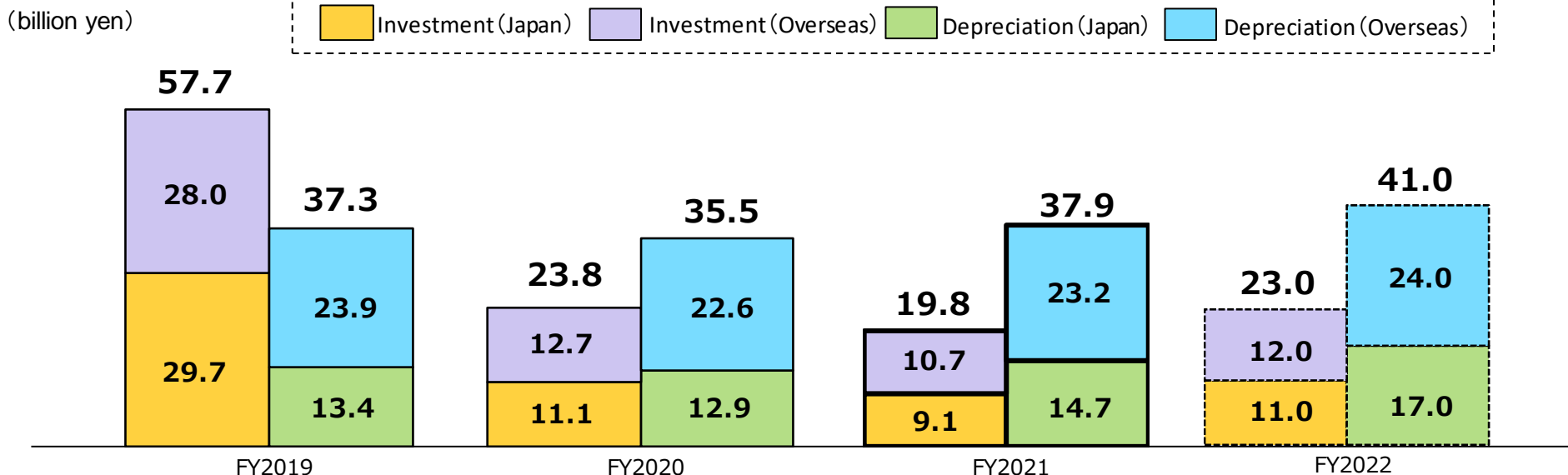
# 9. Inventories



	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Forecast
Inventories (billion yen)	182.9	176.8	214.8	200.0
(Overseas)	(122.9)	(116.7)	(146.9)	(138.0)
(Japan)	(60.1)	(60.1)	(68.0)	(62.0)
Inventory turnover ratio (times)	3.6	3.2	3.0	3.6



# 10. Capital Expenditure and Depreciation

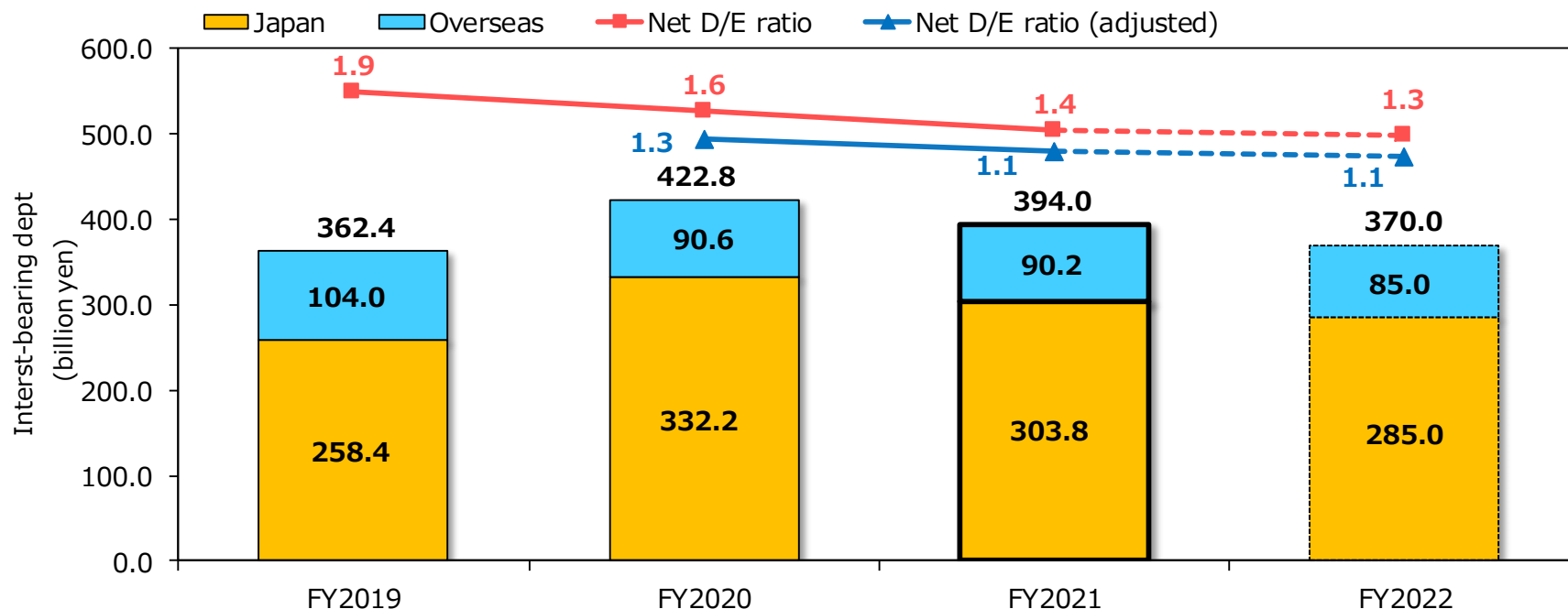


(billion yen)	FY2019 Results	FY2020 Results①	FY2021 Results②	②-①	FY2022 Forecast
Capital expenditure	57.7	23.8	* 19.8	-4.0	23.0
(Overseas)	(28.0)	(12.7)	(10.7)	(-2.0)	(12.0)
(Japan)	(29.7)	(11.1)	(9.1)	(-2.0)	(11.0)

\*In addition, capital expenditure for intangible fixed assets (FY2021 full year results : ¥5.6 billion, FY2022 full year forecast : 5.0 billion)

(billion yen)	FY2019 Results	FY2020 Results①	FY2021 Results②	②-①	FY2022 Forecast
Depreciation	37.3	35.5	37.9	2.4	41.0
(Overseas)	(23.9)	(22.6)	(23.2)	(0.6)	(24.0)
(Japan)	(13.4)	(12.9)	(14.7)	(1.8)	(17.0)

# 11. Interest-Bearing Debt

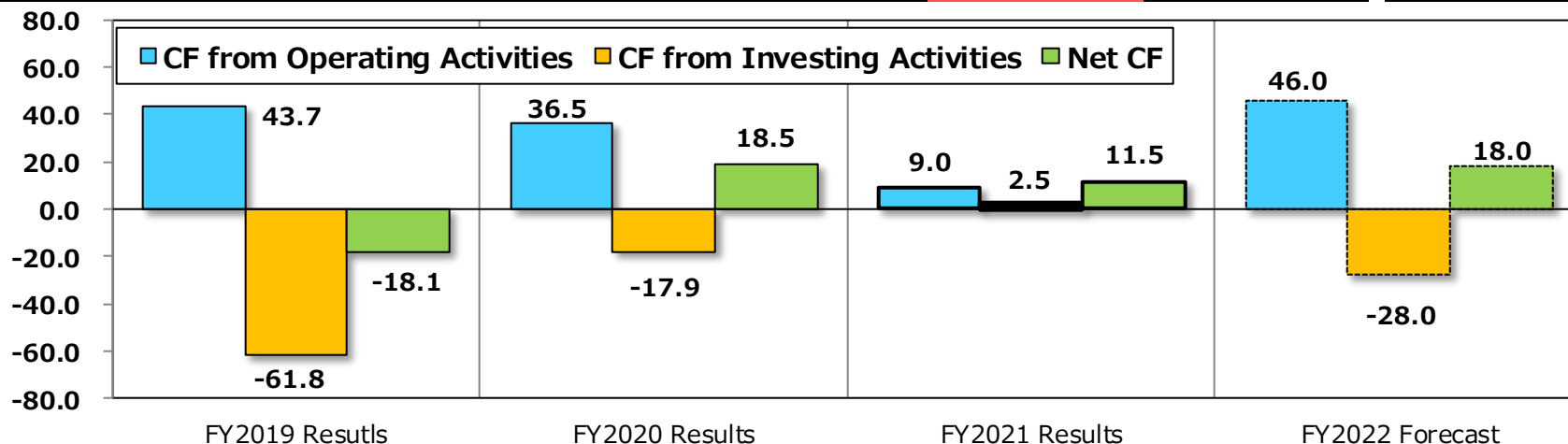


	FY2019	FY2020	FY2021	FY2022
(billion yen)	Results	Results	Results	Forecast
Interest-bearing debt	362.4	422.8	394.0	370.0
(Overseas)	(104.0)	(90.6)	(90.2)	(85.0)
(Japan)	(258.4)	(332.2)	(303.8)	(285.0)
Net Interest-bearing debt	291.3	275.6	272.6	260.0

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

# 12. Cash Flows

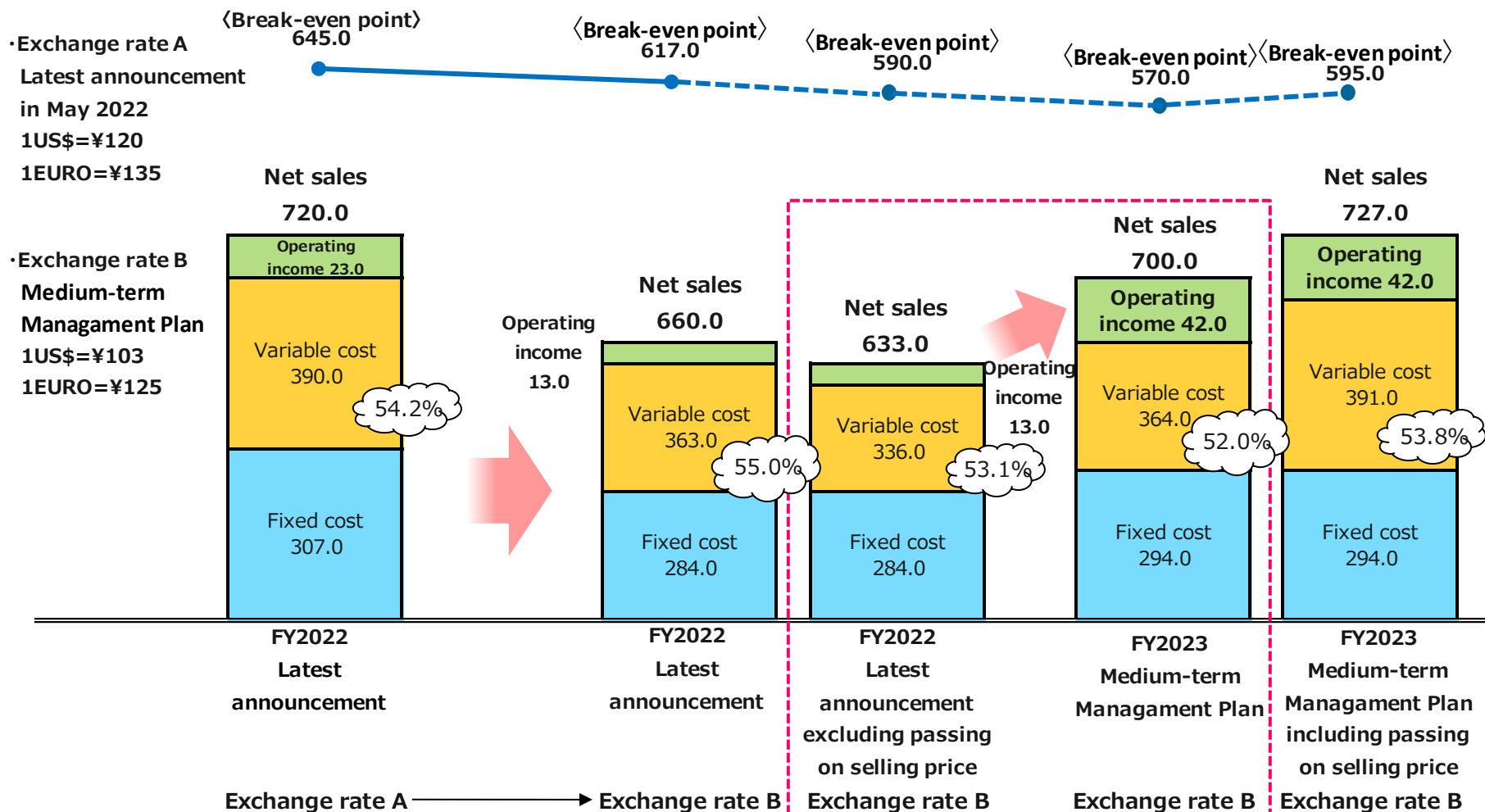
(billion yen)	FY2019 Results	FY2020 Results①	FY2021 Results②	②-①	FY2022 Forecast
I. Cash flow from operating activities	43.7	36.5	9.0	-27.5	46.0
II. Cash flow from investing activities	-61.8	-17.9	2.5	20.5	-28.0
I + II. Net cash flow	-18.1	18.5	11.5	-7.1	18.0
III. Cash flow from financing activities	7.4	54.7	-41.3	-96.0	-28.0
IV. Effect of exchanging rate translation on cash and cash equivalents	-1.7	2.9	4.0	1.2	-1.5
V. Net increase in cash and cash equivalents	-12.3	76.1	-25.8	-101.9	-11.5



# 13. Lower Break-even Point towards Revitalization

FY2022 Full Year <Latest Announcement> vs FY 2023 Full Year <Medium-term Management Plan>

(in billion yen)



# 14. NTN Revitalization Scenario (Fiscal Year Ended March 2023)

## Priority Issues for the Current Fiscal Year

### ◇ Promotion of higher sales prices

⇒ **Pass** increased raw material costs on selling prices

⇒ **Withdraw from unprofitable product and negotiations on higher prices**

### ◇ Reduction of proportional costs through procurement reforms

⇒ **- 1 point in the variable cost ratio**

### ◇ Fixed cost management in the phase of increasing scale

⇒ **Within 15% of the increase in volume**

## Revitalization scenario

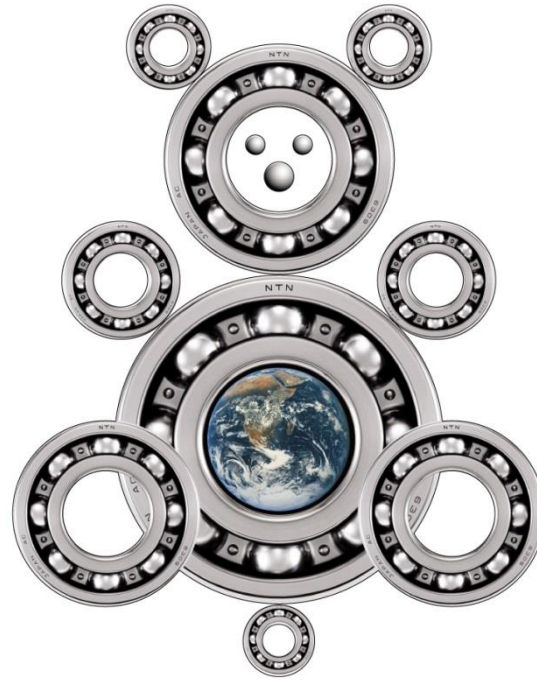
### <Definition of Playback>

1. Creating Corporate Value ⇒ **ROIC 5%**
2. Strengthen financial position ⇒ **Internet D/E 1.0**
3. Realize stable dividends ⇒ **DOE 4%**

### <Acceleration of reforms for revitalization>

1. **Pricing Power**  
(Product/Business Portfolio Reform)
2. **Cash Conversion Cycle**  
(Production and Logistics Reforms)
3. **Strategic partnership**  
(Procurement Reform)

# ***DRIVE*** Digitalization Resources Innovation Variable cost reformation Efficiency improvement ***NTN100*** Phase 2



**NTN**  
Make the world **NAMERAKA**

**D**igitalization, **R**esources, **I**nnovation, **V**ariable cost reformation, **E**fficiency improvement  
**NTN** **T**ransformation for **N**ew **100** years



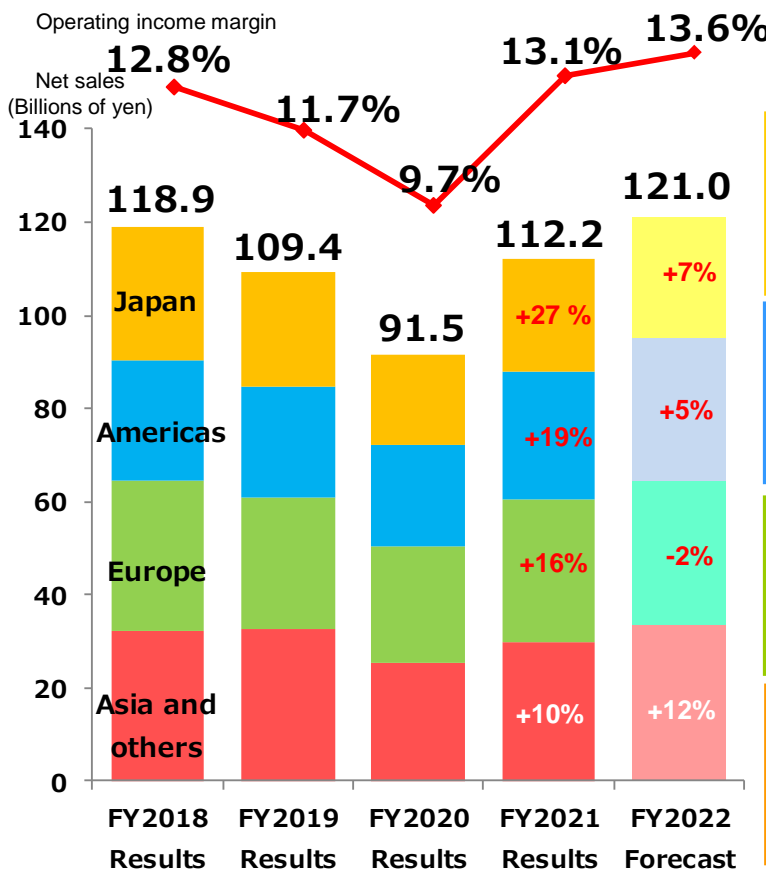


# (Reference)

## Sales Trends by Business Category: Aftermarket Business

<FY2021 results (vs. FY2020)> **Net sales: ¥112.2 billion (+22.6%), Operating income: ¥14.7 billion**

- Sales of industrial machinery aftermarket increased due to strong global demand.
- Automotive aftermarket sales increased due to higher demand mainly in Europe, Asia, and other regions.



### <FY2022 forecast: Comments on changes in sales compared to FY2021>

#### Japan

Demand continued to recover due to the impact of the new coronavirus, sales are expected to increase year on year.

#### Americas

Industrial machinery AM, the economy revitalizes as a whole in the Americas. Automotive AM, are expected to be unchanged from the previous fiscal year.

#### Europe

There is uncertainty due to the impact of the attack on the Ukrainian invasion by Russia despite robust demand

#### Asia and Others

Demand is decreasing in automotive aftermarket, industrial machinery aftermarket recovered from the impact of the new coronavirus and increased sales.

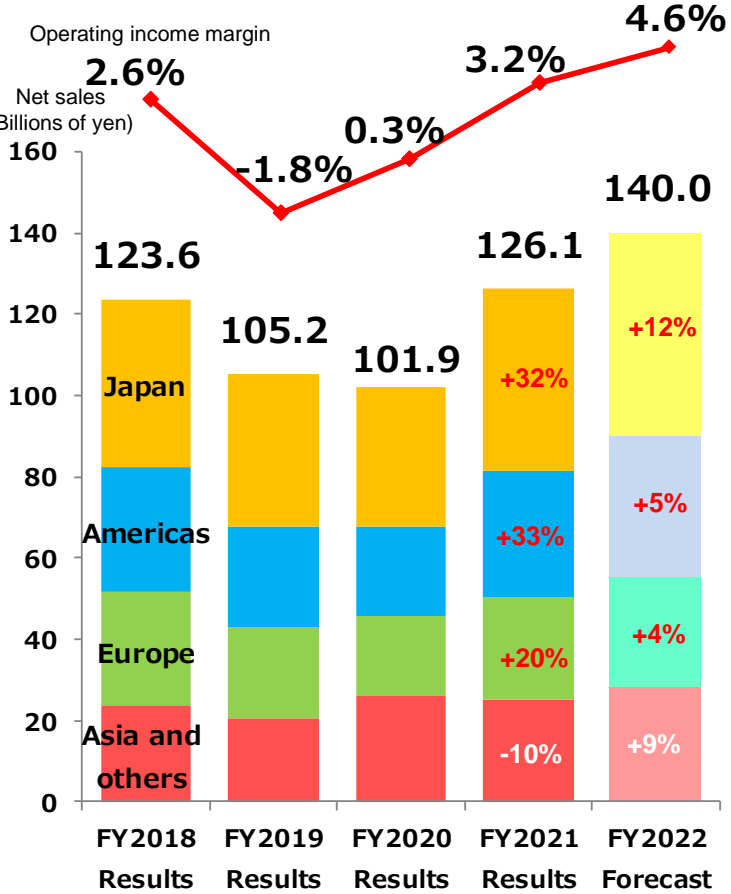
NOTE :The percentage change in the bar graph (%) represents the year-on-year growth rate of "excluding foreign exchange."

# (Reference)

## Sales Trends by Business Category:Industrial Machinery Business

<FY2021 results (vs. FY2020)> **Net sales: ¥126.1 billion (+23.8%), Operating income: ¥4.1 billion**

- In the global market, demand for wind power generation was sluggish, but sales increased due to firm demand, mainly for construction machinery, agricultural machinery, gearboxes, and aircraft.
- In China, sales of construction machinery and agricultural machinery increased, but sales of railway rolling stock and wind turbine declined.



### <FY2022 forecast: Comments on changes in sales compared to FY2021>

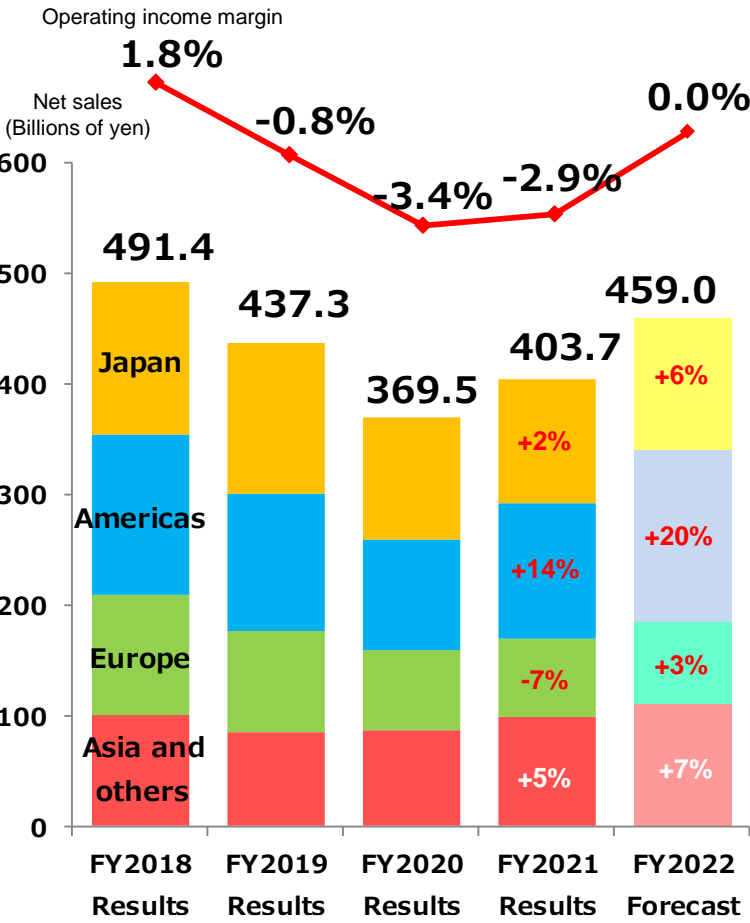
<b>Japan</b>	Agricultural machinery, construction machinery, gearboxes machine tools, aircraft, etc. expected to increase and sales will increase as a whole
<b>Americas</b>	Sales increased mainly in construction machinery and agricultural machinery even though recovery delayed wind turbine.
<b>Europe</b>	Demand for agricultural machinery, transmission equipment, and aircraft is large, and sales will increase. However, there is an effect of attack on Ukraine
<b>Asia and Others</b>	In China, demand for wind turbine and machine tools is rising, and sales will increase in Asia YoY due to an increase in machine tools and gearboxes.

# (Reference)

## Sales Trends by Business Category:Automotive Business

<FY2021 Results (vs. FY2020) > **Net sales: ¥403.7 billion (+9.3%), Operating income: ¥-11.9 billion**

- Sales in Japan, the Americas, Asia, etc. increased from the previous year.
- New projects in the Americas and Asia, and sales to emerging EV manufacturers in China were strong.



<FY2022 forecast: Comments on changes in sales compared to FY2021>

<b>Japan</b>	Demand will increase. Expect a year-on-year increase. The problem of the semiconductor shortage continues.
<b>Americas</b>	Production recovers despite the problem of supplying semiconductors. Sales are expected to increase from the previous year.
<b>Europe</b>	The market is expected to recover, but there is a shortage of semiconductor. Influenced by Russia's attack on Ukraine.
<b>Asia and Others</b>	Despite problems such as lockdown in China, Expect to increase year-on-year due to an increase in new projects in Asia.