

FY2022 Second Quarter Consolidated Financial Results Highlights

1. Overview

2nd Quarter (YTD) Financial Results	Actual	
	2021/9	2022/9
Net sales	50,315	56,944
Operating profit (Operating margin)	2,677 (5.3%)	664 (1.2%)
Ordinary profit (Ordinary income margin)	2,602 (5.2%)	941 (1.7%)
Profit attributable to owners of parent (Net profit margin)	1,188 (2.4%)	-2,475 (-4.3%)
Return on Equity (ROE) *1	4.2%	-8.0%
Net assets to total assets	36.3%	36.1%
Net interest bearing debt	32,125	39,580
Capital Expenditure	3,368	3,087
Depreciation	4,532	4,659
R&D expenses	944	1,006
Number of consolidated subsidiaries	33	33
Exchange rate (USD)	110.58	136.68
Exchange rate (EUR)	131.58	142.67

*1 Annualized

Year-on-year comparison	
Amount	%
6,629	13.2%
-2,012	-75.2%
(-4.2%)	—
-1,661	-63.8%
(-3.5%)	—
-3,663	—
(-6.7%)	—
-12.1%	—
-0.2%	—
7,454	23.2%
-281	-8.3%
126	2.8%
62	6.6%
0	—

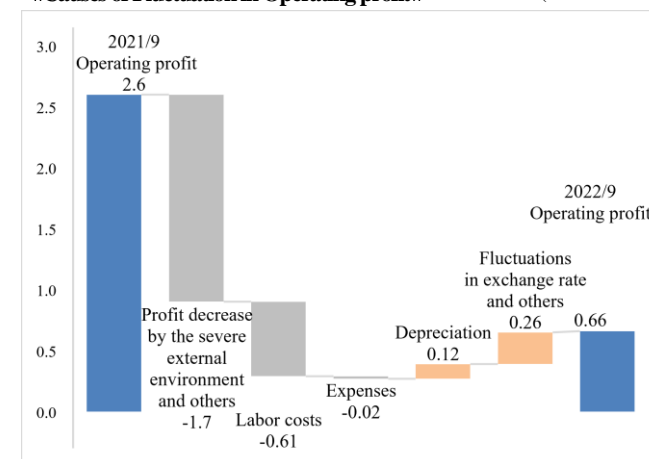
Exchange rate is TTM rate as of June 30.

(Unit: JPY Million)

Forecast
2023/3
110,000
1,800
(1.6%)
2,000
(1.8%)
-2,100
(-1.9%)
—
—
5,500
9,100
2,000
—
135.00
135.00

«Causes of Fluctuation in Operating profit»

(Unit: JPY Billion)



«Dividend/Dividend Payout Ratio»

(Unit: JPY)

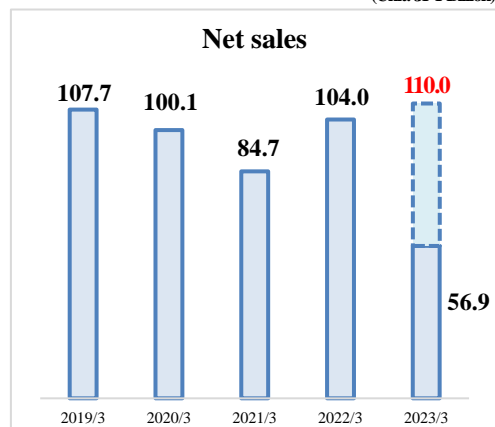
	2019/3	2020/3	2021/3	2022/3	2023/3
Interim	15	20 (*1)	10	10	10 (*2)
Year-end	15	15	10	15	TBD
Annual	30	35	20	25	—
Dividend Payout Ratio	32.0%	60.1%	888.7%	61.4%	—

(*1) The interim dividend for FY2019 : Regular dividend (15 yen) + Commemorative dividend (5 yen)

(*2) Forecast

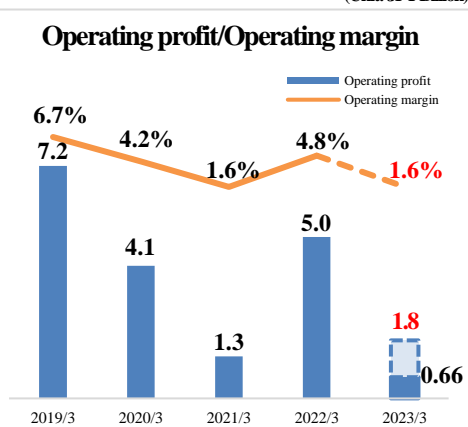
2. Consolidated Financial Results/Capital Expenditure and Depreciation

(Unit: JPY Billion)



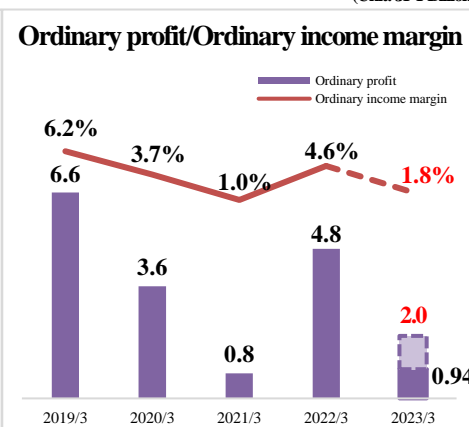
Forecast

(Unit: JPY Billion)



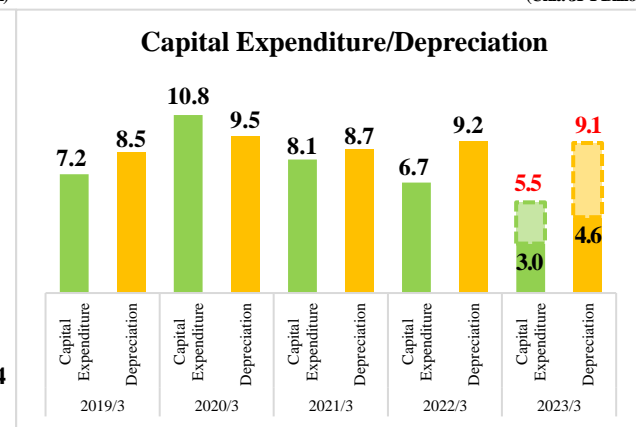
Forecast

(Unit: JPY Billion)



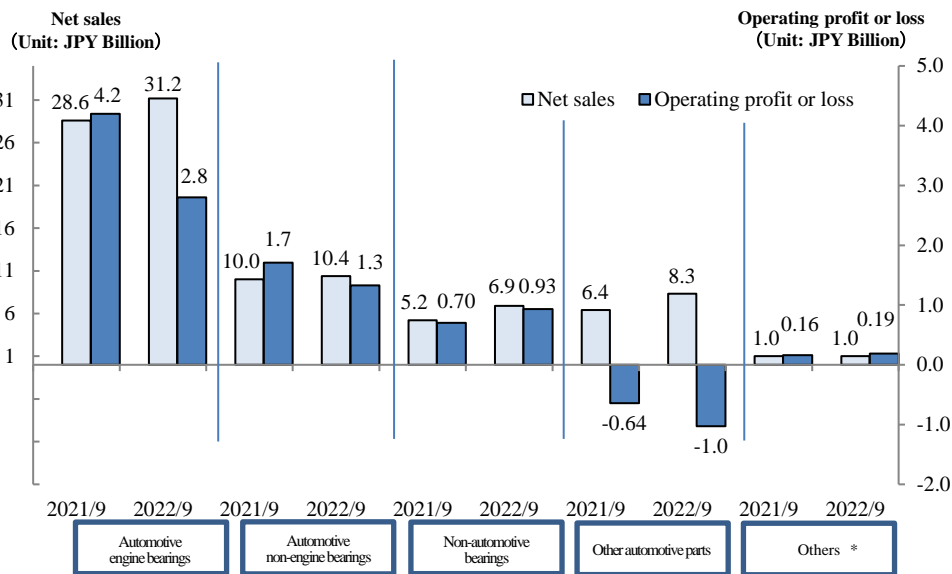
Forecast

(Unit: JPY Billion)



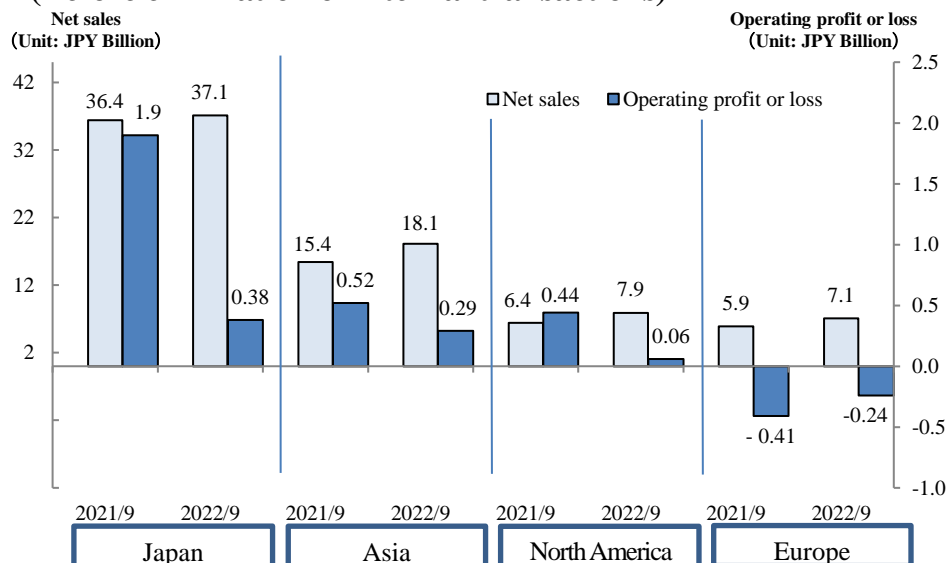
Forecast

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



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

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



* Figures for 2021/9 have been revised for operating profit or loss by the review of the elimination method of internal transactions.

* Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects, and actual performance fluctuates due to various factors.

Segment	Net sales ratio 2022/9 [Q2]	[Sales] (+)Gains (-)Losses (Unit:JPY Million)		Causes of Gains and Losses	[Operating profit] (+)Gains (-)Losses (Unit:JPY Million)		Causes of Gains and Losses
		Year-on-year comparison Amount (%)	Year-on-year comparison Amount (%)		Year-on-year comparison Amount (%)	Year-on-year comparison Amount (%)	
Automotive engine bearings	53.8%	2,611 (9.1%)		①(-) Japan : Orders slightly decreased due to the impact of production cuts at car manufacturers caused by semiconductor supply shortage, despite of steady demand for passenger cars. ②(+) Japan : In trucks, the demand remained firm and orders slightly increased, despite the impact of semiconductor supply shortages. ③(-) China : Orders significant decrease for commercial vehicles (Heavy Trucks) due to the impact of emissions regulations, in addition to the lockdown and logistical disruptions.	- 1,454 (-34.0%)		④(-) Impact of higher raw materials and energy costs.
Automotive non-engine bearings	18.0%	442 (4.4%)		(-) Same as ① above. ④(-) China : Orders decrease due to lockdown and logistical disruptions. ⑤(+) North America : Orders increase by the steady recovery from the COVID-19.	- 376 (-22.0%)		(-) Same as ④ above.
Non-automotive bearings	12.0%	1,747 (33.5%)		⑥(+) Ships : Due to the favorable business environment and new business developments such as increase in offshore cargo movement due to the recovery of the global economy, rising demand for maintenance, as well as an increase in orders for LNG carriers, etc., orders increased. ⑦(+) Construction machinery etc. : Orders increased due to increase in demand for assembly and service parts of construction machinery and generators. ⑧(+) Energy sector : Increase in orders of gas and steam turbine bearings due to the restart of plant projects which had been stalled under the impact of COVID-19 and in orders of bearings for maintenance.	235 (33.7%)		(+) As sales increased on the left.
Other automotive parts	14.4%	1,857 (28.7%)		⑨(-) Formed pipes, Knock pins, NC milled parts, etc. : Orders decreased due to global semiconductor supply shortages. ⑩(+) Aluminum die cast products : Orders increased due to recovery from COVID-19 and new delivery of parts for electric vehicles.	- 390 (-)		③(-) Formed pipes, Knock pins, NC milled parts, etc. : As sales decreased on the left. ⑪(-) Aluminum die cast products : Impact of the slow improvement of production costs increased at the start of the full-scale operations last year and higher production costs for new orders.
Others	1.8%	- 9 (-0.9%)		⑫(-) Despite a decrease in orders of the metallic dry bearings due to inventory adjustment, the decline of total orders is not large due to steady demand of lubrication systems for machine tools.	22 (13.2%)		(+) Impact of improved selling prices
Elimination of inter-segment transactions			- 20		- 49		
Total		6,629 (13.2%)			- 2,012 (-75.2%)		

Region	Net sales ratio 2022/9 [Q2]	[Sales] (+)Gains (-)Losses (Unit:JPY Million)		Causes of Gains and Losses	[Operating profit] (+)Gains (-)Losses (Unit:JPY Million)		Causes of Gains and Losses
		Year-on-year comparison Amount (%)	Year-on-year comparison Amount (%)		Year-on-year comparison Amount (%)	Year-on-year comparison Amount (%)	
Japan	52.8%	709 (1.9%)		(-) Same as ① above. (+) Same as ②, ⑦ above.	- 1,613 (-80.9%)		(-) Same as ④ above.
Asia	25.8%	2,731 (17.7%)		(+) Thailand : Same as ⑥ above. (-) Same as ③ above.	- 238 (-45.0%)		(-) Same as ④ above.
North America	11.3%	1,438 (22.2%)		(+) Orders increased from steady demand for passenger cars and trucks. (+) Construction machinery: Orders increased due to continued strong demand.	- 380 (-84.9%)		(-) Impact of reduced sales of value-added products.
Europe (including Russia)	10.2%	1,184 (19.8%)		(+) Orders increased due to new business development of non-automotive bearings, (for medium and high speed diesel engines, etc.) (-) Orders decreased due to shortages of semiconductors, as well as to the situation in Ukraine.	174 (-)		
Elimination of inter-segment transactions			566		45		
Total		6,629 (13.2%)			- 2,012 (-75.2%)		