

Consolidated Financial Results of FY2022



May 16, 2023

NTN Corporation

- I. Key Points of FY2022 Financial Results and Progress of “DRIVE NTN100” Phase 2
- II. FY2022 Financial Results and FY2023 Forecast

- This presentation and comments made in this conference or during the following Q&A session include forward-looking statements about future performance and future business strategies, all of which are based on decisions of the management of the Company currently available.
- These statements represent the best judgment of the management of the Company based on the information currently available. However, there can be no assurance that future results will meet any expectation, estimate or projection conveyed by these statements or comments. Actual results may differ materially from Management projections depending on various factors such as changes in product demand, exchange rates and interest rates, and contingent liabilities.

1. Key Points of FY2022 Financial Results

Increase sales and income year on year

Increase sales and decrease income compared to announced forecast

- ◆ **Business results improved steadily** and **both sales and income increased year on year** by reflecting improvement in selling prices as planned and positive effect of exchange rate in addition to gradual recovery trend after COVID-19.
- ◆ On the other hand, **operating income significantly fell short of announced forecast** due to production adjustment, considerable price hike in raw materials and energy in 4Q, and acceptance of price increase from suppliers.

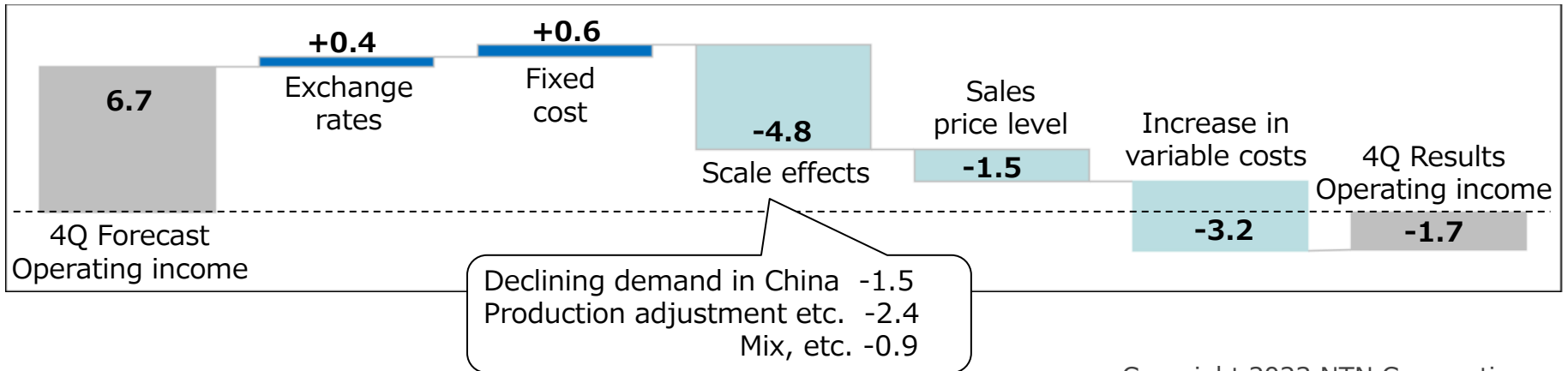
(billion yen)	FY2021 Results	FY2022			
		Results	Year on year	Previous forecast at 3Q	Difference
Net sales	642.0	774.0	+131.9(+21%) Excl. forex 60.7(+9.5%)	770.0	+4.0(+0.5%) Excl. forex+2.7(+0.4%)
Operating income (Operating margin)	6.9 (1.1%)	17.1 (2.2%)	+10.3 (+1.1pt)	26.0 (3.4%)	-8.9 (-34.2pt)
Ordinary income	6.8	12.0	+5.2	23.0	-11.0
Extraordinary income/loss	10.8	-1.2	-12.0	-3.0	+1.8
Income before income taxes	17.6	10.8	-6.8	20.0	-9.2
Profit attributable to owners of parent	7.3	10.4	+3.0	12.0	-1.6
Inventories	214.8	239.4	+24.6	235.0	+4.4
Capital expenditure	19.8	22.3	+2.5	23.0	-0.7
FCF	11.5	20.4	+8.9	18.0	+2.4

2. Net Sales and Operating Income by Business Segment

	(billion yen)	FY2021		FY2022		FY2022						②-①		
		Full year Results		Full year forecast①		1H Results		2H Results		Full year Results②		Total	Volume	Forex
Net sales (Composition by Business Segment)	Aftermarket	112.2	17.5%	134.1	17.4%	65.9	17.7%	68.1	16.9%	134.0	17.3%	-0.1	+0.0	+0.1
	Industrial Machinery	126.1	19.6%	138.2	17.9%	69.1	18.6%	70.4	17.5%	139.5	18.0%	+1.2	+1.0	+0.2
	Automotive	403.7	62.9%	497.7	64.6%	236.7	63.7%	263.7	65.6%	500.4	64.7%	+2.7	+1.7	+1.0
	Total	642.0	100.0%	770.0	100.0%	371.7	100.0%	402.3	100.0%	774.0	100.0%	+4.0	+2.7	+1.4
Operating income (Operating margin)	Aftermarket	14.7	13.1%	22.0	16.4%	10.0	15.1%	12.3	18.1%	22.3	16.6%	+0.3	+0.2	+0.1
	Industrial Machinery	4.1	3.2%	8.0	5.8%	2.7	3.9%	4.6	6.5%	7.3	5.2%	-0.7	-0.7	+0.0
	Automotive	-11.9	-2.9%	-4.0	-0.8%	-8.8	-3.7%	-3.6	-1.4%	-12.4	-2.5%	-8.4	-8.8	+0.4
	Total	6.9	1.1%	26.0	3.4%	3.9	1.0%	13.3	3.3%	17.1	2.2%	-8.9	-9.5	+0.6

◆ Income Analysis of Automotive Business in 4Q

(billion yen)		1Q-3Q Results	4Q forecast ①	FY2022 Full year forecast	4Q Results ②	FY2022 Full year Results	②-①
Automotive	Net sales	367.6	130.1	497.7	132.9	500.4	+2.8
	Operating income	-10.7	6.7	-4.0	-1.7	-12.4	-8.4
	Operating margin	-2.9%	5.1%	-0.8%	-1.3%	-2.5%	



3. FY2022 Achievements and Issues

Achievements

- ◆ Achieved selling price improvement targets in Aftermarket and Industrial Machinery Businesses
- ◆ Achieved the highest net sales and operating income in Aftermarket Business by utilizing bearing production capacity for aftermarket demands
- ◆ Achieved the highest net sales and operating income in Industrial Machinery Business due to selling price improvements in continuous unprofitable businesses and strong customer demand
- ◆ Turned profitable in 4Q for businesses in Americas and Europe regions
- ◆ Have been improving financial structure steadily

Issues

- ◆ Revitalization of Automotive Business (CVJs and hub bearings)
- ◆ Stay profitable in Americas and Europe regions
- ◆ Continue selling price increase or withdrawal of unprofitable businesses
- ◆ Continue negotiations to price pass-on measures for increase in raw materials and energy
- ◆ Reduce variable costs by accelerating procurement reform

FY2022 (Billion yen)	Aftermarket					Industrial Machinery					Automotive				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Net sales	32.3	33.6	33.1	35.0	134.0	34.1	35.0	33.8	36.7	139.5	106.2	130.6	130.8	132.9	500.4
year on year	+5.3	+6.5	+5.1	+4.9	+21.8	+3.4	+4.6	+2.5	+3.0	+13.4	+7.3	+38.9	+27.7	+22.9	+96.7
Operating income	4.6	5.3	5.7	6.6	22.3	1.2	1.5	2.2	2.4	7.3	-6.6	-2.2	-1.9	-1.7	-12.4
year on year	+1.2	+1.8	+2.0	+2.5	+7.6	+0.7	+0.6	+0.9	+1.0	+3.2	-4.4	+2.2	+2.2	-0.5	-0.6
Operating margin	14.3%	15.9%	17.3%	18.8%	16.6%	3.6%	4.2%	6.6%	6.4%	5.2%	-6.3%	-1.7%	-1.5%	-1.3%	-2.5%

4. FY2023 Forecast

Continue steady recovery of business results through gradual recovery in automotive production, promotion of price pass-on measures, and cost reduction

- ◆ Expect increased net sales year on year by reflecting gradual recovery in automotive production
- ◆ Continue price pass-on measures in raw materials and energy from the previous year
- ◆ Reduce variable costs by decrease in ocean freight rates and procurement reform

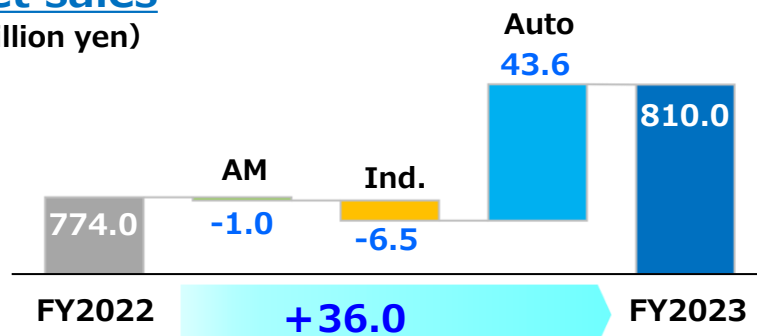
(billion yen)	FY2022			FY2023	
	1H Results	2H Results	Full year Results①	Full year forecast②	YoY ①vs②
Net sales	371.7	402.2	774.0	810.0	+36.0 Excl. forex+63.0(+8%)
Operating income (Operating margin)	3.9 (1.0%)	13.3 (3.3%)	17.1 (2.2%)	30.0 3.7%	+12.9
Ordinary income	3.6	8.4	12.0	23.0	+11.0
Profit attributable to owners of parent	-1.6	12.0	10.4	11.0	+0.6
Exchange rates US\$	¥133.9	¥137.0	¥135.5	¥130	-¥5.5
€	¥138.7	¥143.1	¥140.9	¥140	-¥0.9
Inventories	247.6	239.4	239.4	220.0	-19.4
Capital expenditure	9.5	12.8	22.3	27.0	+4.7
FCF	13.5	6.9	20.4	29.0	+8.6

5. FY2023 Forecast: By Business Segment

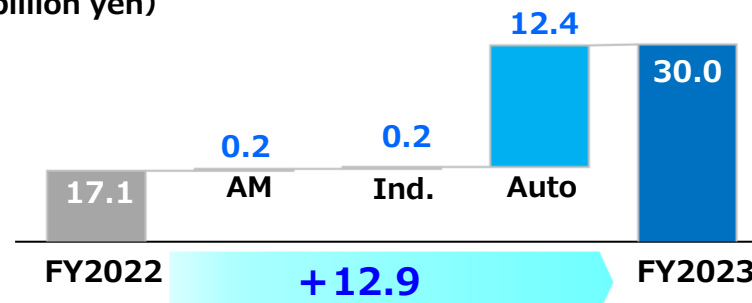
Highest operating income in Aftermarket and Industrial Machinery Businesses
Increased sales and income year on year and turned profitable in Automotive Business

		FY2021		FY2022				FY2022			
		Full year Results		1H Results		2H Results		Full year Results		Full year forecast	
(billion yen)											
Net sales (Composition by Business Segment)	Aftermarket	112.2	17.5%	65.9	17.7%	68.1	16.9%	134.0	17.3%	133.0	16.4%
	Industrial Machinery	126.1	19.6%	69.1	18.6%	70.4	17.5%	139.5	18.0%	133.0	16.4%
	Automotive	403.7	62.9%	236.7	63.7%	263.7	65.6%	500.4	64.7%	544.0	67.2%
	Total	642.0	100.0%	371.7	100.0%	402.2	100.0%	774.0	100.0%	810.0	100.0%
Operating income (Operating margin)	Aftermarket	14.7	13.1%	10.0	15.2%	12.3	18.1%	22.3	16.6%	22.5	16.9%
	Industrial Machinery	4.1	3.2%	2.7	3.9%	4.6	6.5%	7.3	5.2%	7.5	5.7%
	Automotive	-11.9	-2.9%	-8.8	-3.7%	-3.6	-1.4%	-12.4	-2.5%	0.0	0.0%
	Total	6.9	1.1%	3.9	1.0%	13.3	3.3%	17.1	2.2%	30.0	3.7%

Net sales
(billion yen)



Operating income
(billion yen)



6. FY2023 Forecast: Comparison with Target of Medium-term Management Plan



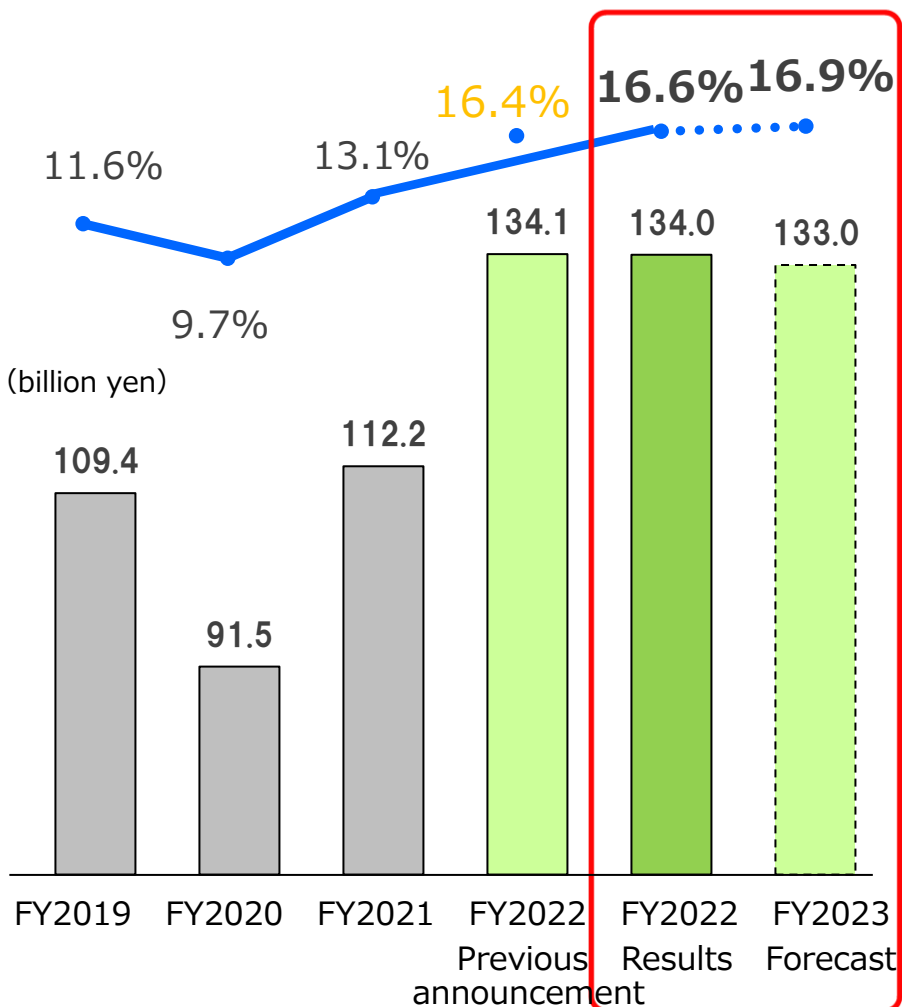
	FY2020 Full Year Results	DRIVE NTN100 Phase2 ①	FY2022 Full Year Results	FY2023 Full Year Forecast②	② - ①
Net sales	¥562.8 billion	¥700.0 billion or more	¥774.0 billion	¥810.0 billion	+¥110.0 billion
Operating income	-¥3.1 billion	¥42.0 billion or more	¥17.1 billion	¥30.0 billion	-¥12.0 billion
Operating margin	-0.6%	6% or more	2.2%	3.7%	-2.3pt
FCF	¥18.5 billion	¥27.0 billion or more	¥20.4 billion	¥29.0 billion	+¥2.0 billion
Inventory turnover ratio	3.2	4.1	3.2	3.7	-0.4
Equity to capital ratio	20.4%	20% or more	25.4%	25.8%	+5.8pt
Net D/E ratio	1.6	1.5 or less	1.2	1.1	-0.4
ROIC	-0.4%	5% or more	2.0%	3.6%	-1.4pt
ROE	-7.1%	8% or more	5.0%	5.0%	-3.0pt

- ◆ Expect to achieve the target of cash flows and improvement of financial structure
- ◆ Continue business management to create corporate value pursuing ROIC 5% or more

7. Initiatives in Aftermarket Business

Continue selling price improvement activities and capture demand by strengthening supply capacity

Net sales and operating margin in Aftermarket Business

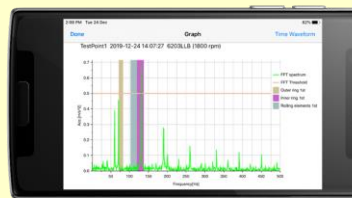


- ◆ Continue measures of selling price improvements such as revising price list to pass on increase prices in raw materials and energy to selling price
- ◆ Strengthen supply capacity and capture new demand by strengthening production capacity in Japan and outsourcing manufacturing to overseas
- ◆ Expand coverage of general-purpose product inventory management system “FIRST” by sales companies, and expand inventories of hot selling items
- ◆ Acquire MRO businesses by strengthening technical service including bearing diagnosis

TOPICS

Start diagnostic report service

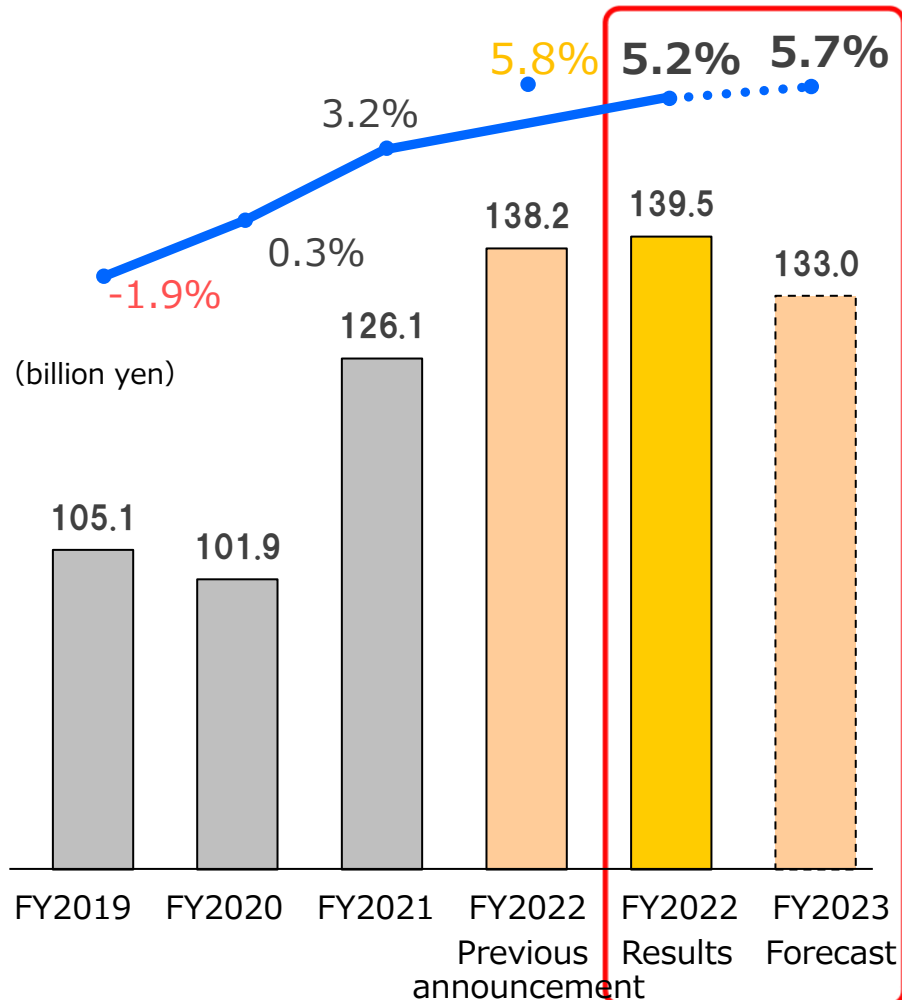
Start service to analyze data measured by “NTN Portable Vibroscope” in Japan



8. Initiatives in Industrial Machinery Business

Continue selling price improvements and downsizing in unprofitable businesses and promote cost reduction activities

Net sales and operating margin in Industrial Machinery Business



- ◆ Construction machinery, aerospace, and gearbox have strong demand, while demand for wind turbines has remained weak
- ◆ Continue and accomplish price pass-on measures for increased costs in raw materials and energy
- ◆ Continue selling price improvements and downsizing in unprofitable businesses
- ◆ Reduce variable costs by establishing new procurement network by changing from conventional supply chains (ex. Purchasing components manufactured in India)
- ◆ Launch new products and services in growth markets

TOPICS

Develop "Multi Track Magnetic Encoder Integrated Rolling Bearing"

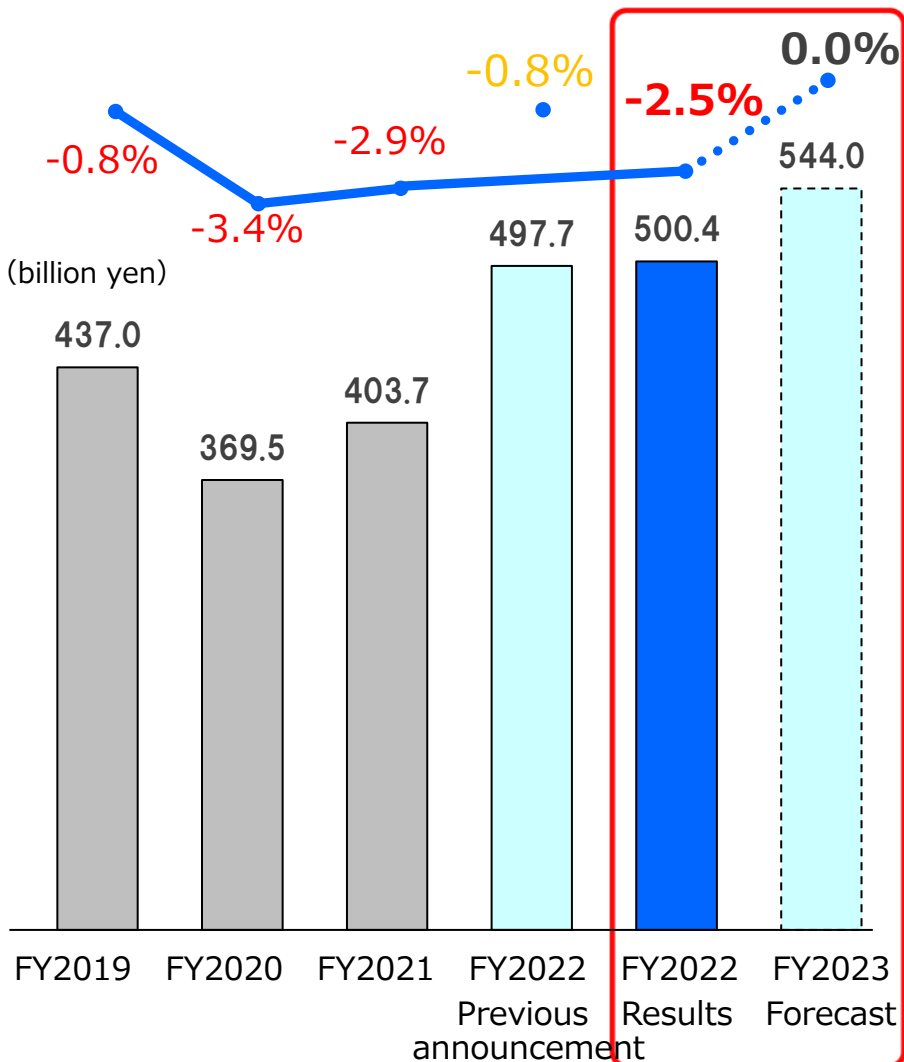


The bearing unit integrates bearing with magnetic type encoder, contributing to improvement of performance, downsizing/lightweighting of robots, and saving person-hours in assembly and setup

9. Initiatives in Automotive Business

Revitalize CVJ and hub bearing businesses as top priority

Net sales and operating margin in Automotive Business



- ◆ Continue and accomplish price pass-on measures for increased costs in raw materials and energy to selling prices
- ◆ Reduce costs by accelerating procurement reform
 - ◆ Promote purchasing of steel materials manufactured in India and China by reviewing order composition
 - ◆ Purchase forged and turned products manufactured in India and Korea mainly for low-profit products
- ◆ Reduce fixed costs by organizational restructuring including production bases mainly in Americas and Europe regions
- ◆ Reduce fixed costs by investing in labor saving

TOPICS

Start mass-production of High Efficiency Fixed Type CVJ "CFJ" in Europe (in FY2023) as well as Japan

Develop Electrical Pitting Resistance Bearing "Bearing with Insulating Coating" for e-Axle



10. FY2023 Forecast: Return to Shareholders

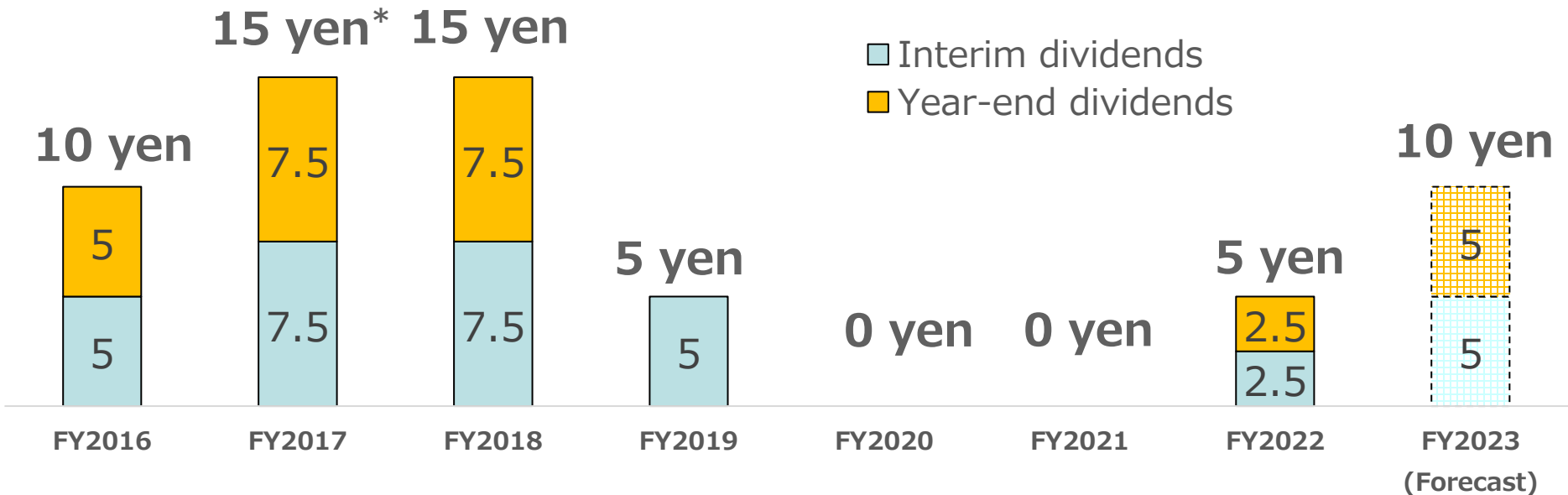
- ◆ Continue to implement dividends according to business results in a stable and continuous manner from a medium -to long-term viewpoint
- ◆ Stable dividends forecast: DOE 4%

Dividends in FY2022

- ◆ Resume dividends for the first time in three fiscal years, and annual dividend per share is planned to be 5 yen

Dividends Forecast in FY2023

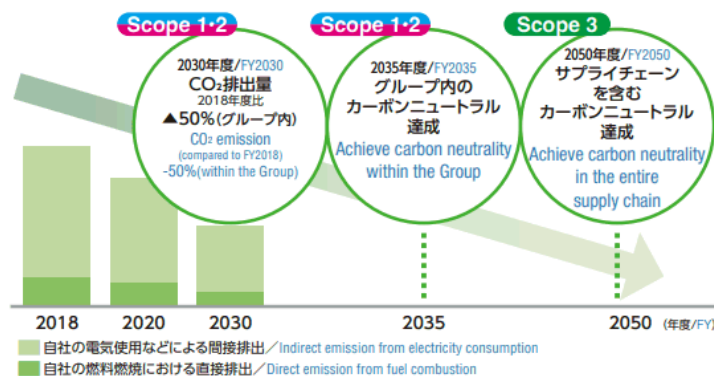
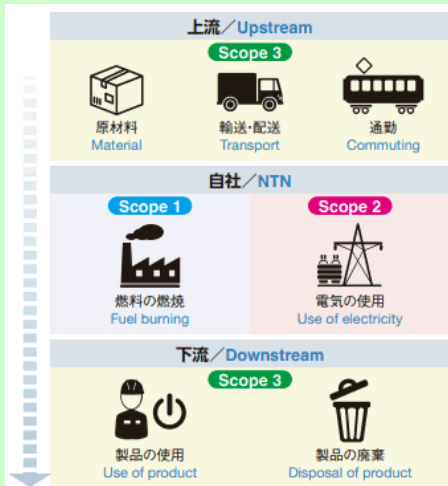
- ◆ Annual dividend per share is expected to be 10 yen (up 5 yen year on year)



*Including 100th anniversary commemorative dividends

E: Environment

◆ Set carbon neutrality target in May, 2022



- ◆ Start project activities to promote carbon neutrality
 - (1) Visualize electric power at production plants and improve energy conservation
 - (2) Promote introduction of natural energy and purchase of renewable electricity
 - (3) Introduce internal carbon pricing
- ◆ Establish Carbon Neutrality Strategy Promotion Dept. to promote measures

S: Social

- ◆ Receives high evaluation for measures to support female success and childcare
- ◆ Bus waiting area utilizing "N³ N-CUBE"



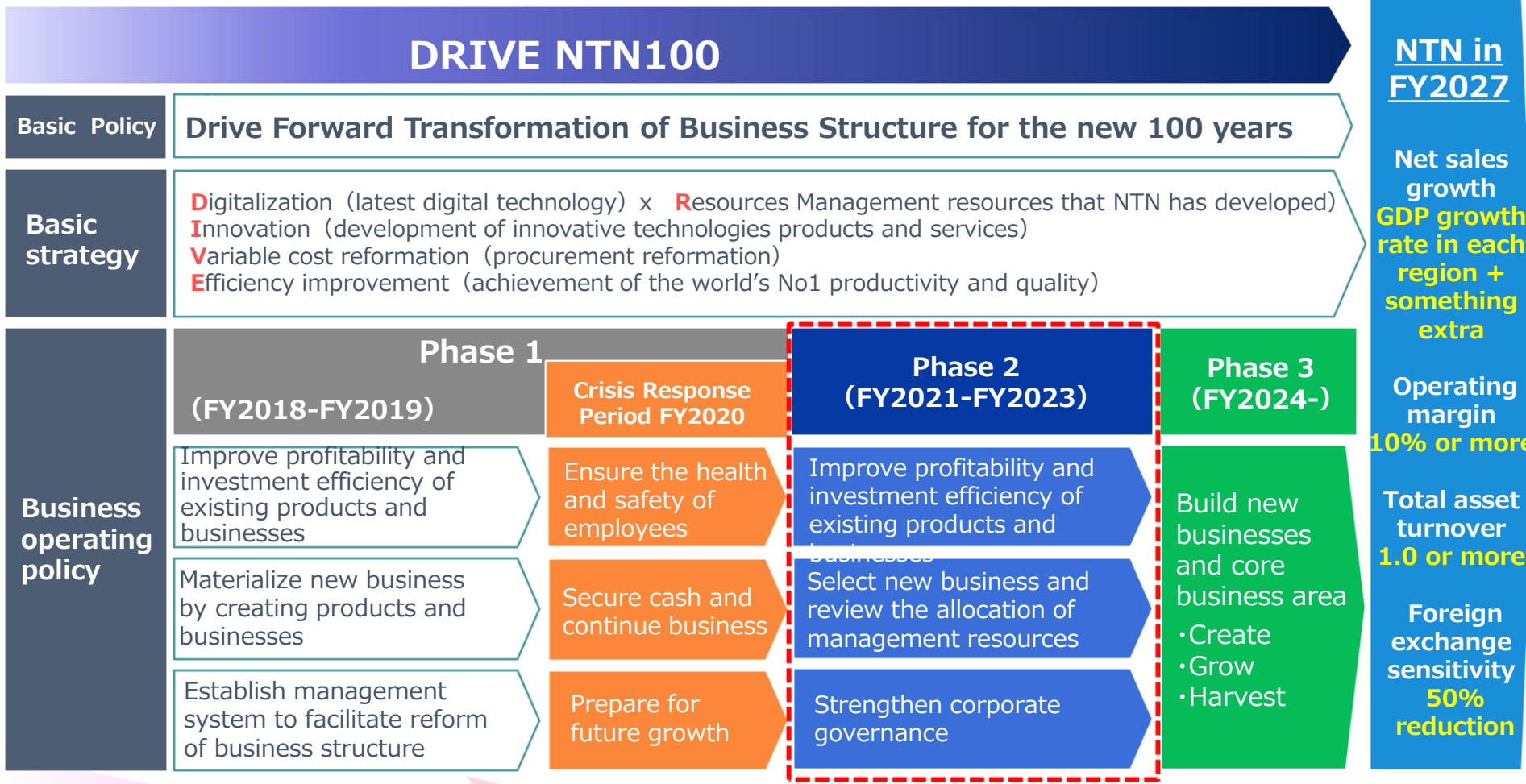
G: Governance

- ◆ Set ESG items for Executive Officers' priority targets as an indicator for annual incentive evaluation
- ◆ Appoint a female Outside Director as chairperson of Board of Directors
- ◆ Hold ESG meeting where CEO and the chairperson of Board of Directors gave presentation on relevant initiatives

12. (Ref.) : Business Operation Policy for the Medium-Term Plan **NTN**

(from Medium-term Management Plan)

*Please refer to the NTN HP for more detail : <https://www.ntnglobal.com/en/investors/mtermplan.html>



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 FY2022 Financial Results and Progress of “DRIVE NTN100” Phase 2
- II. FY2022 Financial Results and FY2023 Forecast

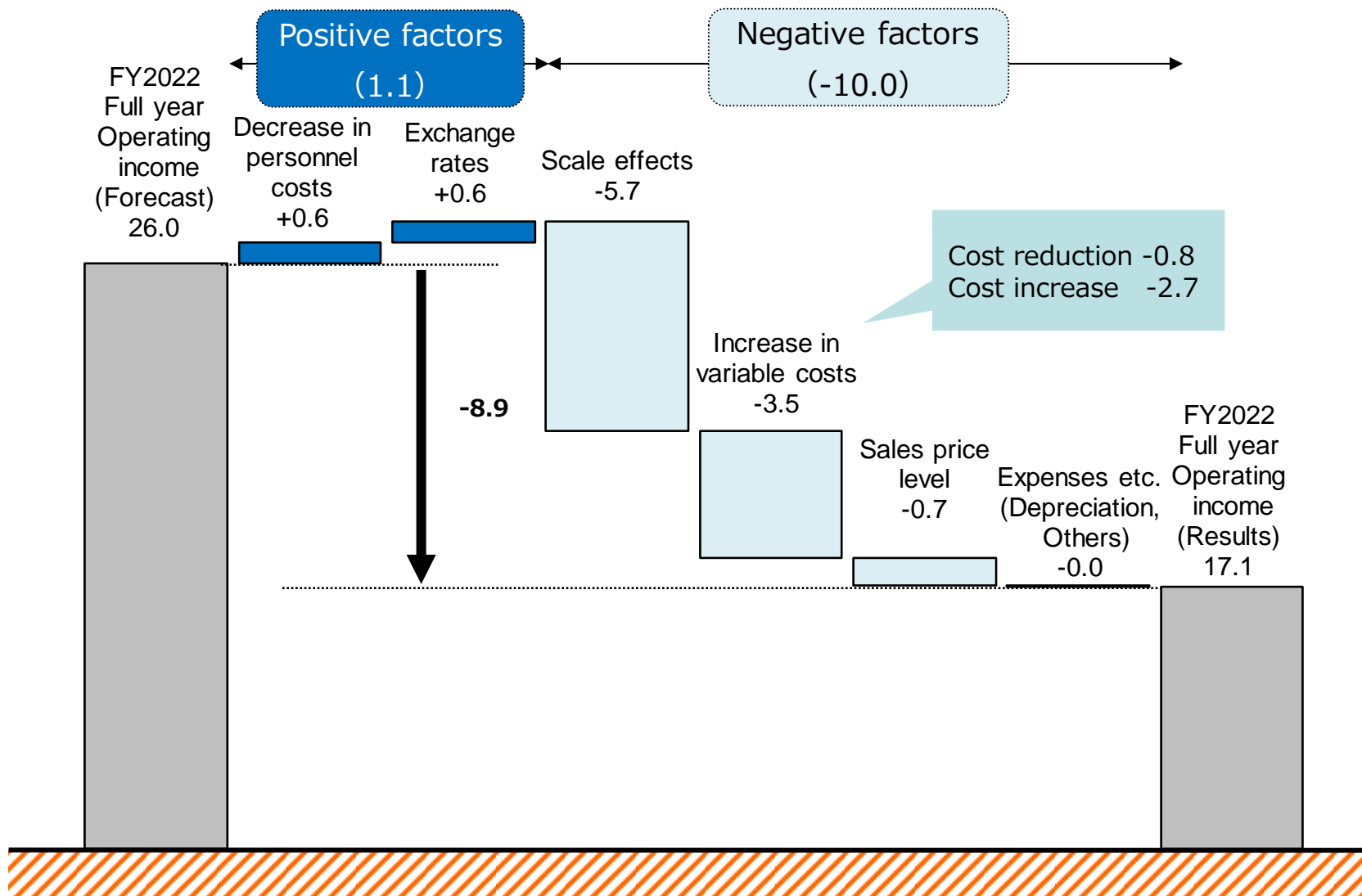
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1. Key Financial Indicators

(billion yen)									
	FY2021	FY2022	FY2023	Year on Year					
	Results	Results	Forecast	FY2022			FY2023		
	①	②	③	②-①			③-②		
(billion yen)				Total	Volume	Forex	Total	Volume	Forex
Net sales	642.0	774.0	810.0	131.9	60.7	71.2	36.0	63.0	-27.0
Operating income	6.9	17.1	30.0	10.3	-4.3	14.6	12.9	12.3	0.5
Operating margin	(1.1%)	(2.2%)	(3.7%)	(1.1%)			(1.5%)		
Ordinary income	6.8	12.0	23.0	5.2	-10.1	15.3	11.0	10.6	0.4
Extraordinary income	10.8	-1.2	-4.0	-12.0	-11.7	-0.3	-2.8	-2.8	-
Profit attributable to owners of	7.3	10.4	11.0	3.0	-6.7	9.7	0.6	-1.1	1.7
Inventories	214.8	239.4	220.0	24.5	14.4	10.1	-19.4	-12.6	-6.8
Net cash flow	11.5	20.4	29.0	8.9	-	-	8.6	-	-
Exchange rate	1USD	¥112.3	¥135.5	¥23.1			¥-5.5		
	1EURO	¥130.5	¥140.9	¥10.4			¥-0.9		
FY2022 Annual Dividend	¥5.0	(Interim¥2.5·Year-end ¥2.5)		FY2023 Annual Dividend	¥10.0	(Interim¥5.0·Year-end¥5.0)			

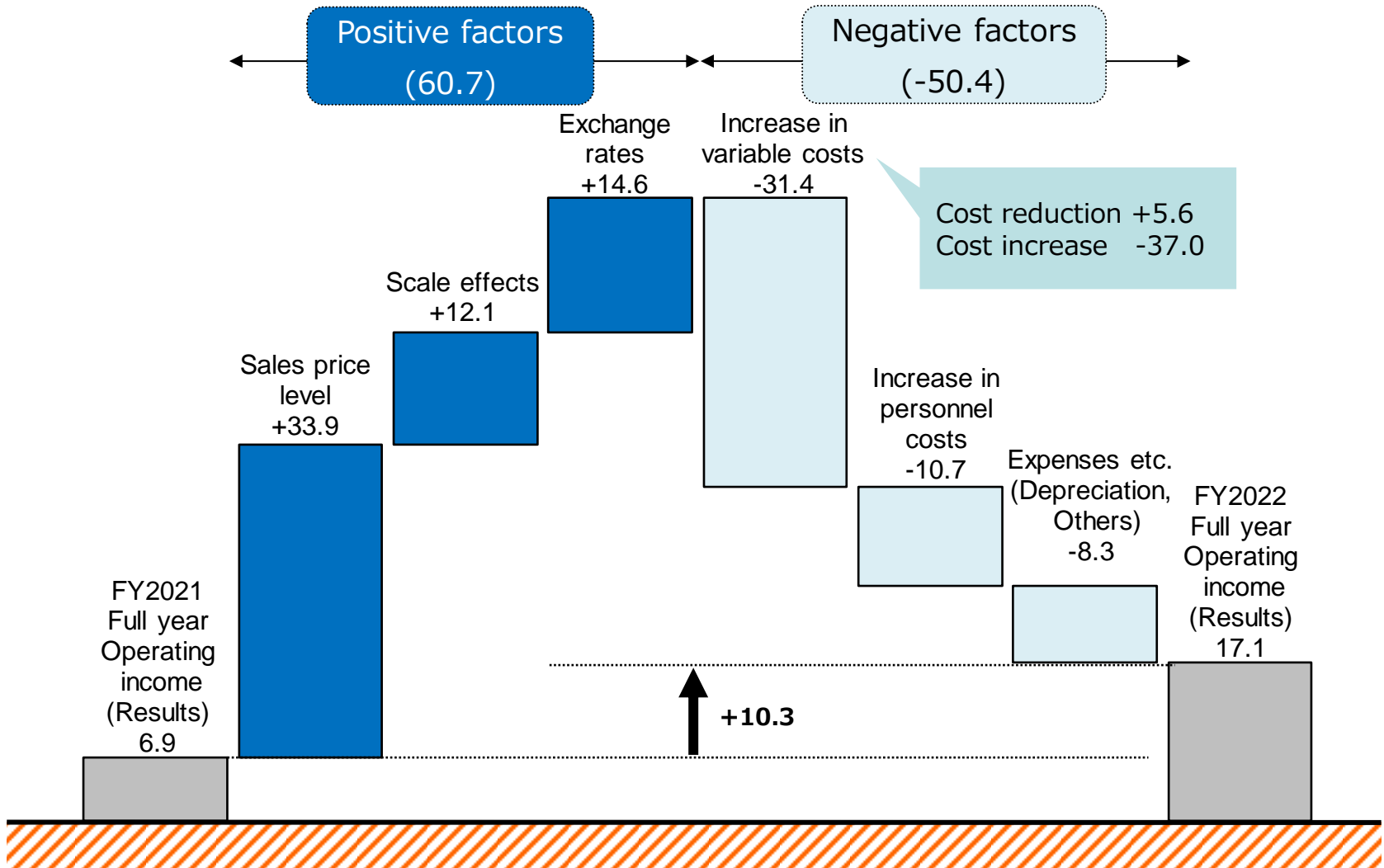
2-1. Analysis of Operating Income (FY2022 Forecast vs FY2022 Results)

* All figures in billion yen



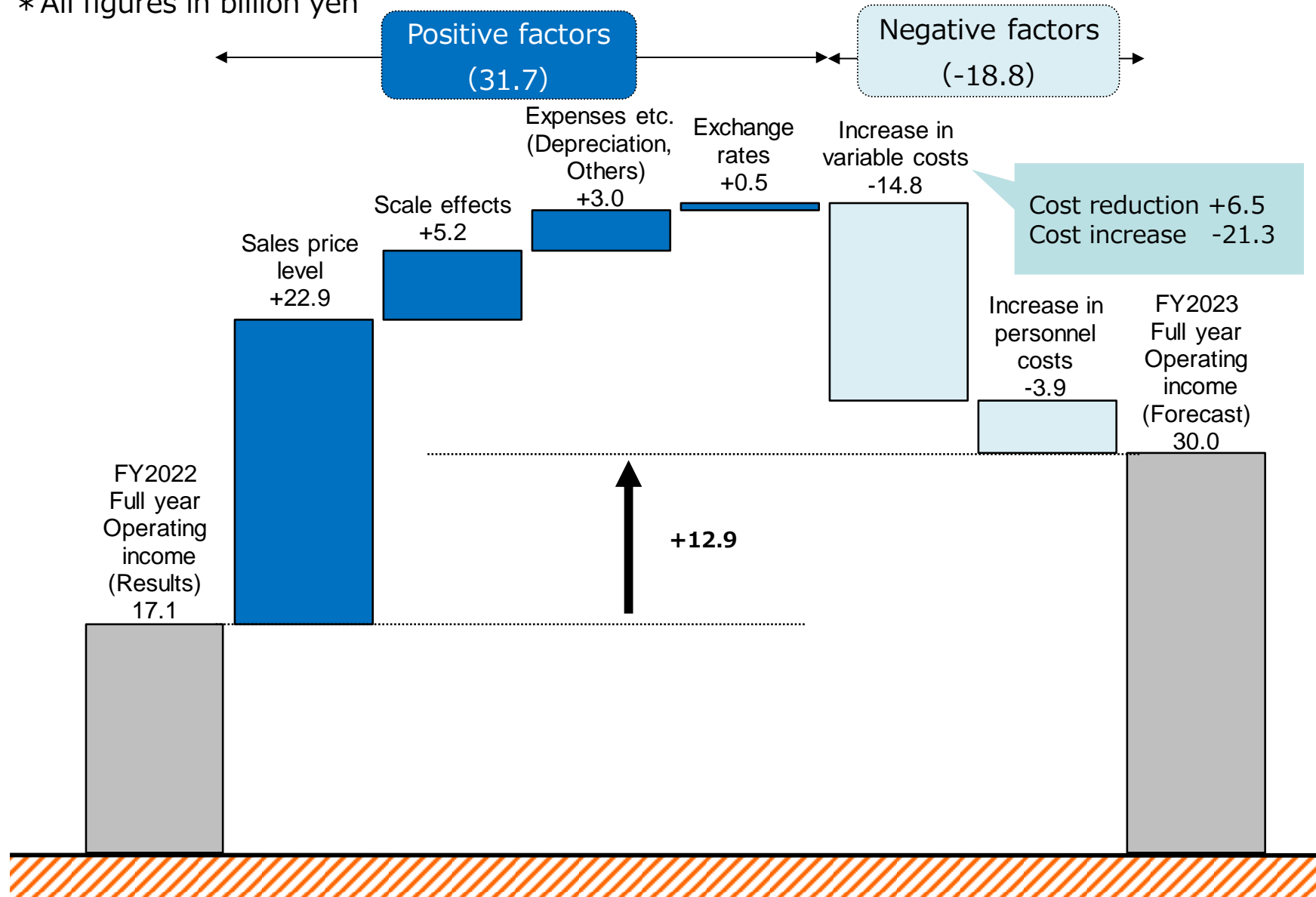
2-2. Analysis of Operating Income (FY2021 Results vs FY2022 Results)

* All figures in billion yen



2-3. Analysis of Operating Income (FY2022 Results vs FY2023 Forecast)

* All figures in billion yen



3. Net Sales by Region



(billion yen)

	FY2021	FY2022	FY2023	Year on Year					
	Results	Results	Forecast	FY2022 ②-①			FY2023 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Japan	180.8	201.6	223.5	20.8	20.8	0.0	21.9	22.0	-0.1
Americas	181.2	246.2	251.5	65.0	24.2	40.8	5.3	15.2	-9.9
Europe	127.1	155.2	160.0	28.1	16.7	11.4	4.8	11.7	-6.9
Asia and others	153.0	170.9	175.0	17.9	-1.0	19.0	4.1	14.1	-10.0
Total	642.0	774.0	810.0	131.9	60.7	71.2	36.0	63.0	-27.0

4. Net Sales and Operating Income by Business Segment

<Net Sales by Business Segment>

(billion yen)

(billion yen)	FY2021	FY2022	FY2023	Year on Year					
	Results	Results	Forecast	FY2022 ②-①			FY2023 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Aftermarket	112.2	134.0	133.0	21.8	9.6	12.3	-1.0	3.4	-4.4
Industrial machinery	126.1	139.5	133.0	13.4	2.4	11.0	-6.5	-2.7	-3.8
Automotive	403.7	500.4	544.0	96.7	48.8	47.9	43.6	62.3	-18.8
Total	642.0	774.0	810.0	131.9	60.7	71.2	36.0	63.0	-27.0

<Operating Income by Business Segment>

(billion yen)	FY2021	FY2022	FY2023	Year on Year FY2022	Year on Year FY2023
	Results	Results	Forecast	FY2022	FY2023
	①	②	③	②-①	③-②
Aftermarket	14.7	22.3	22.5	7.6	0.2
Industrial machinery	4.1	7.3	7.5	3.2	0.2
Automotive	-11.9	-12.4	0.0	-0.6	12.4
Total	6.9	17.1	30.0	10.3	12.9

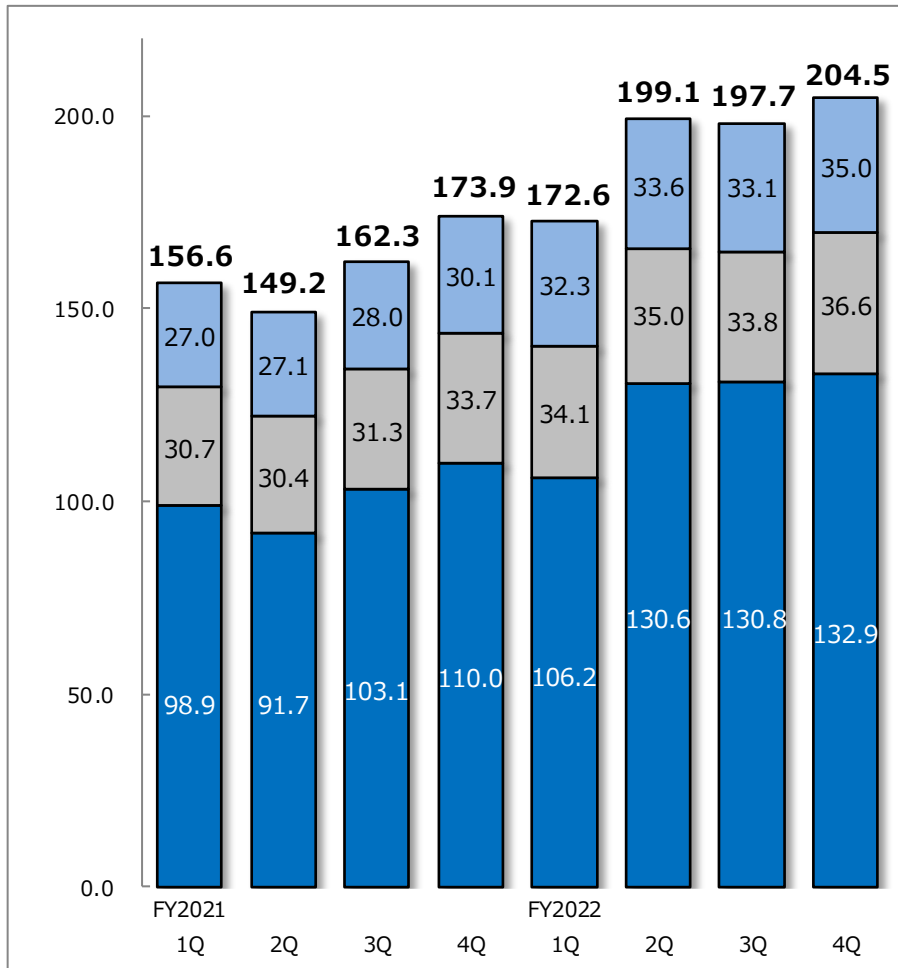
5. Financial Results by Business Segment (Quarterly Trend)



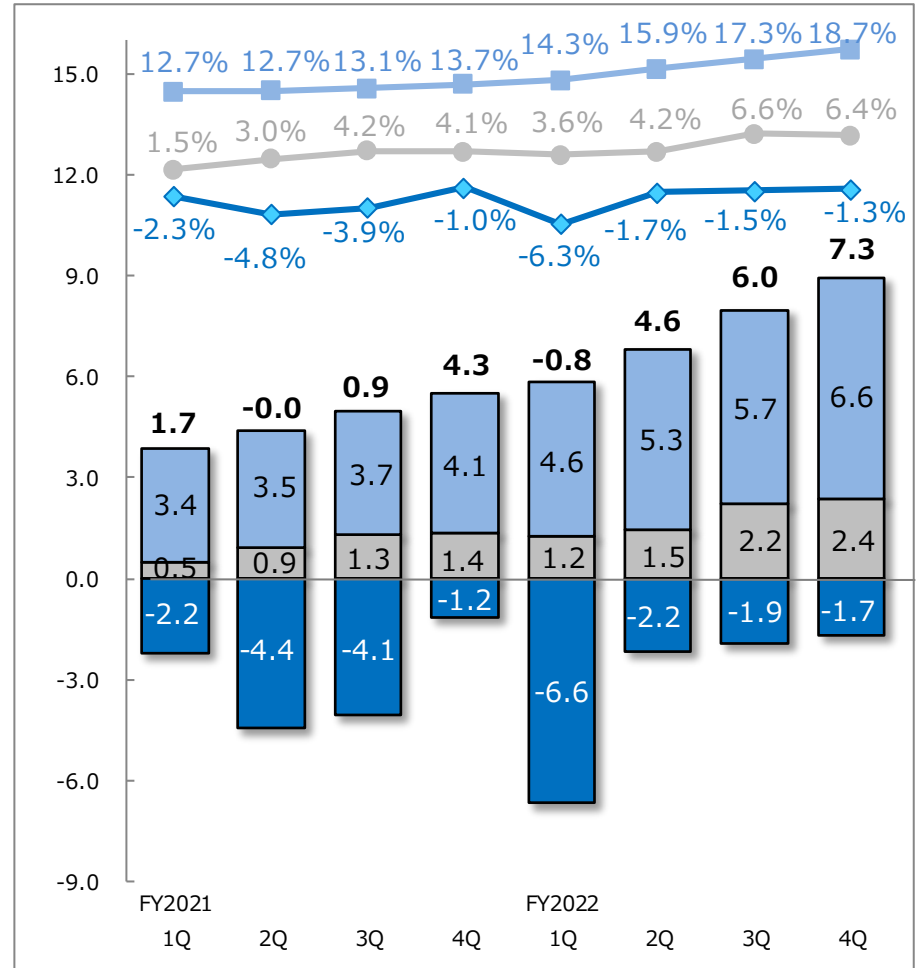
* All figures in billion yen

Automotive Industrial machinery Aftermarket

Net Sales



Operating Income/ Operating Margin



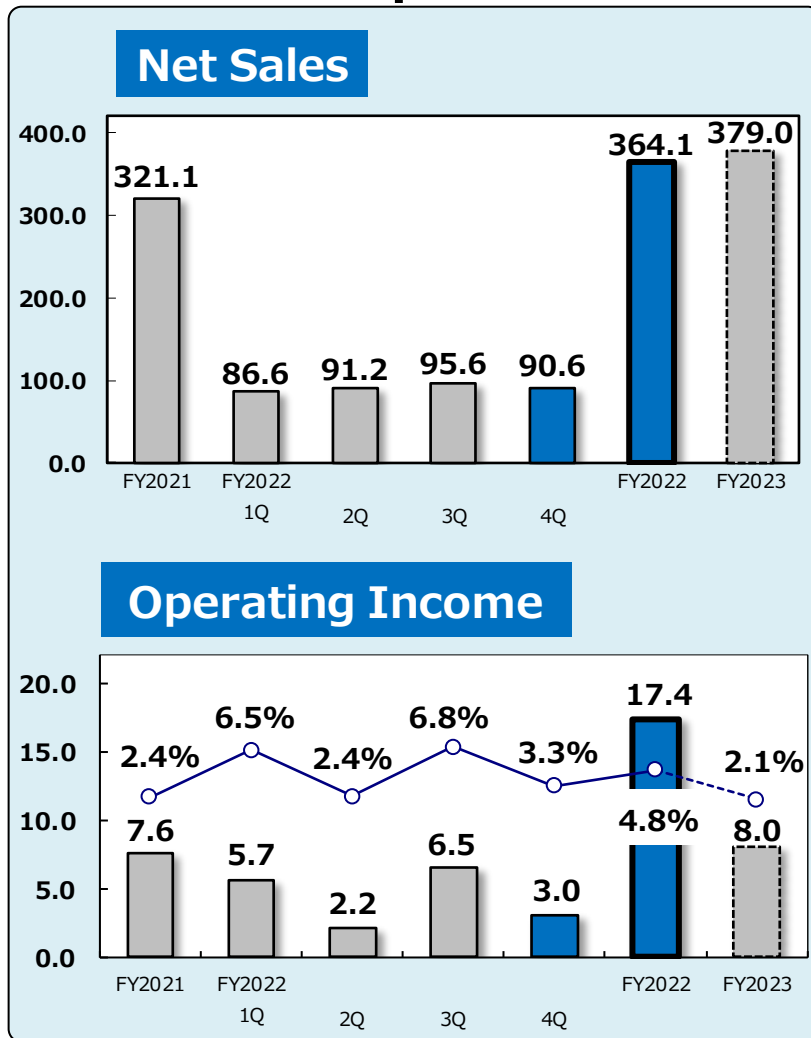
6-1. Net Sales and Operating Income by Company Location



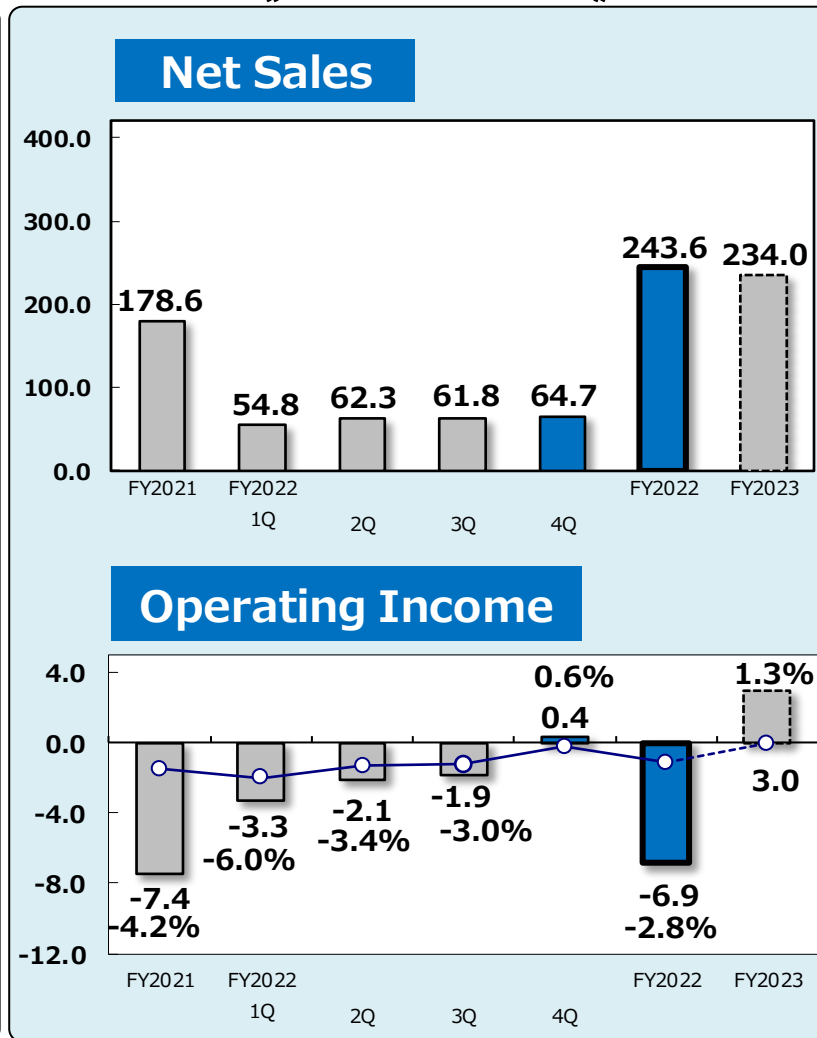
(Japan/Americas)

* All figures in billion yen

《 Japan 》



《 Americas 》

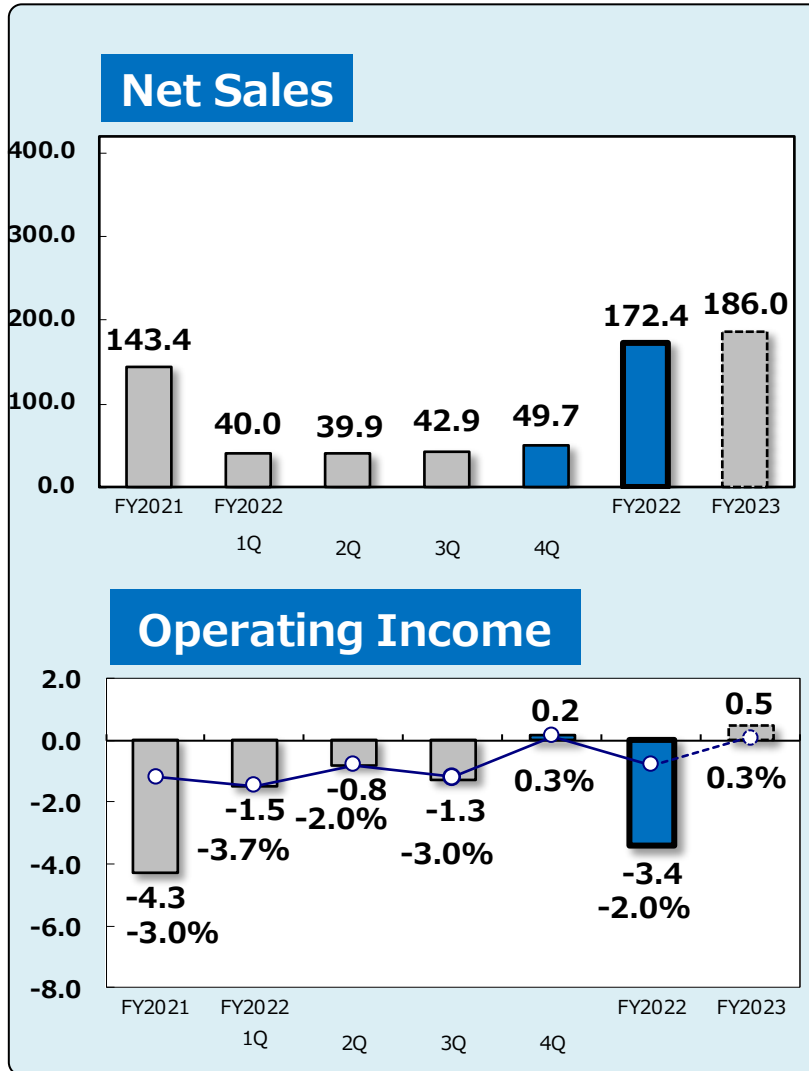


6-2. Net Sales and Operating Income by Company Location

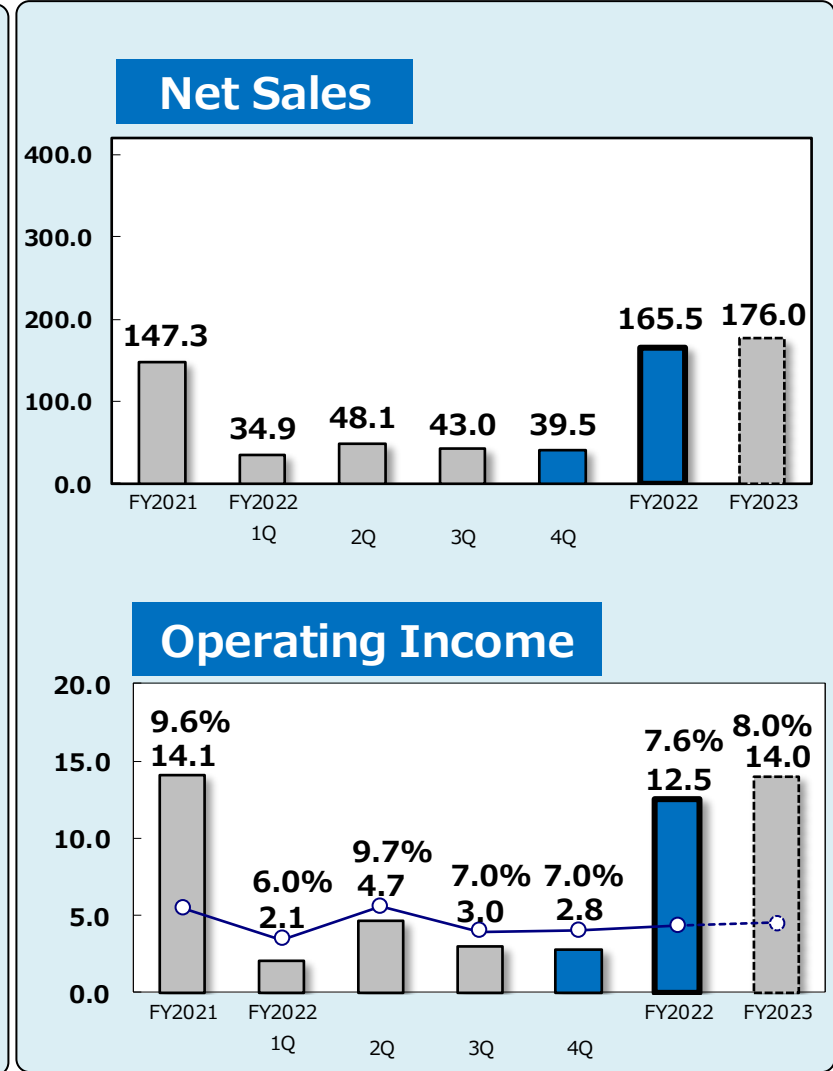
(Europe/Asia and Others)

* All figures in billion yen

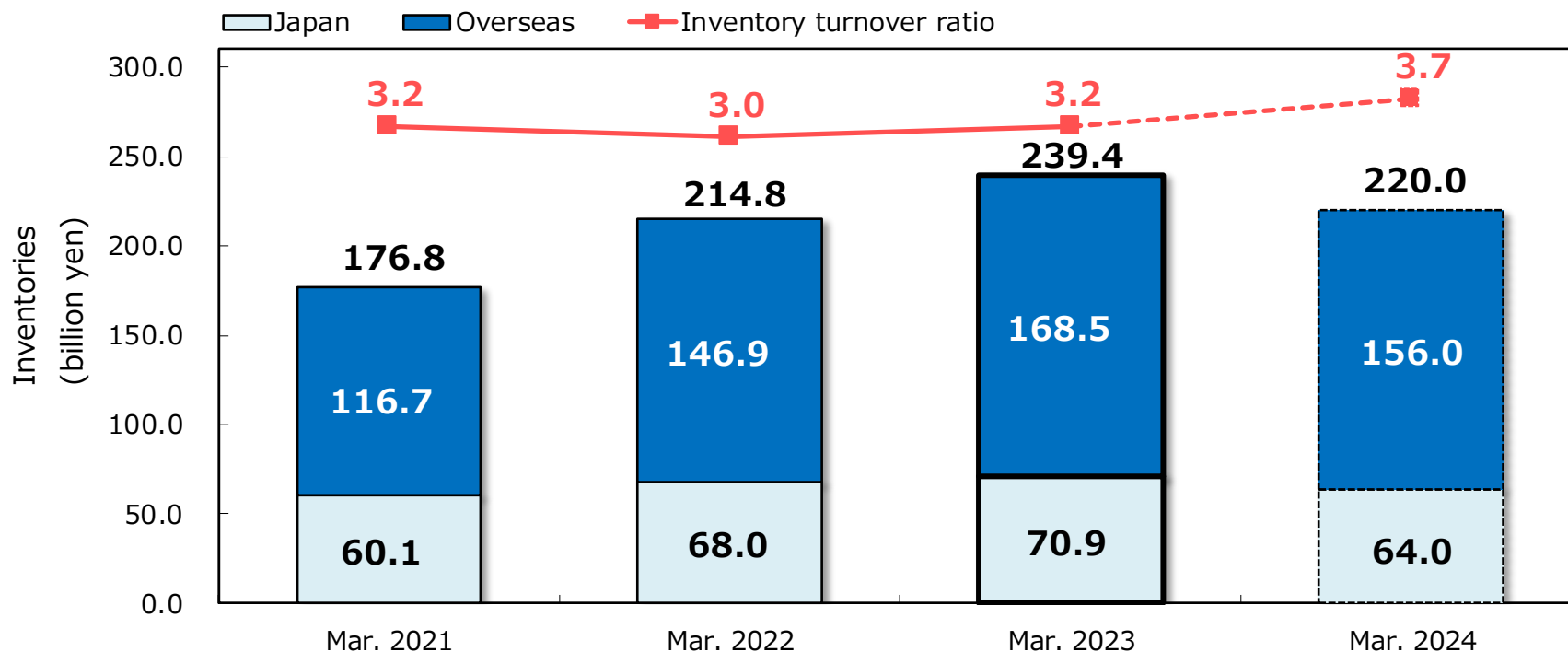
《 Europe 》



《 Asia and others 》



7. Inventories

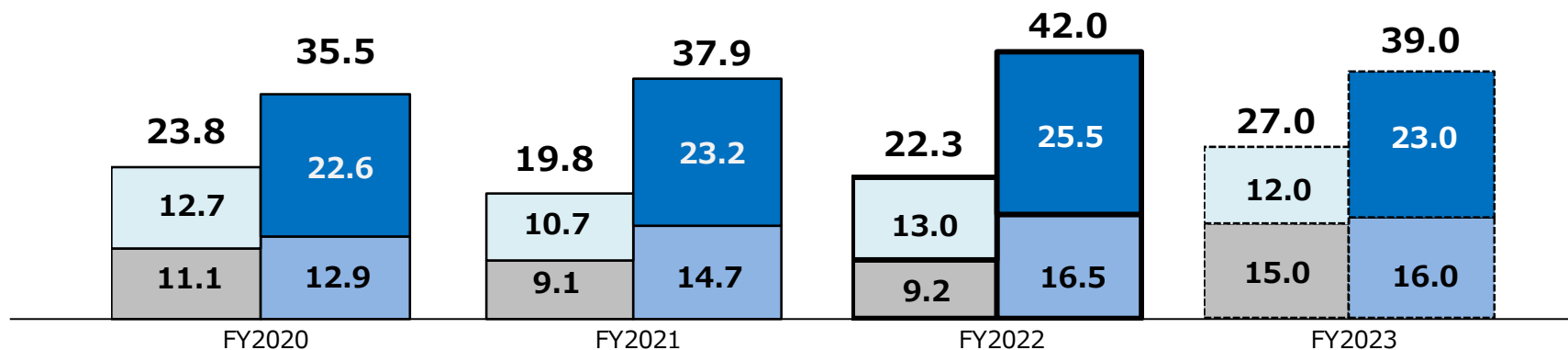


	Mar. 2021 Results	Mar. 2022 Results	Mar. 2023 Results	Mar. 2024 Forecast
Inventories (billion yen)	176.8	214.8	239.4	220.0
(Overseas)	(116.7)	(146.9)	(168.5)	(156.0)
(Japan)	(60.1)	(68.0)	(70.9)	(64.0)
Inventories (billion yen)	176.8	214.8	239.4	220.0
Inventories turnover ratio (times)	3.2	3.0	3.2	3.7

8. Capital Expenditures and Depreciation

(billion yen)

Investment (Japan) Investment (Overseas) Depreciation (Japan) Depreciation (Overseas)

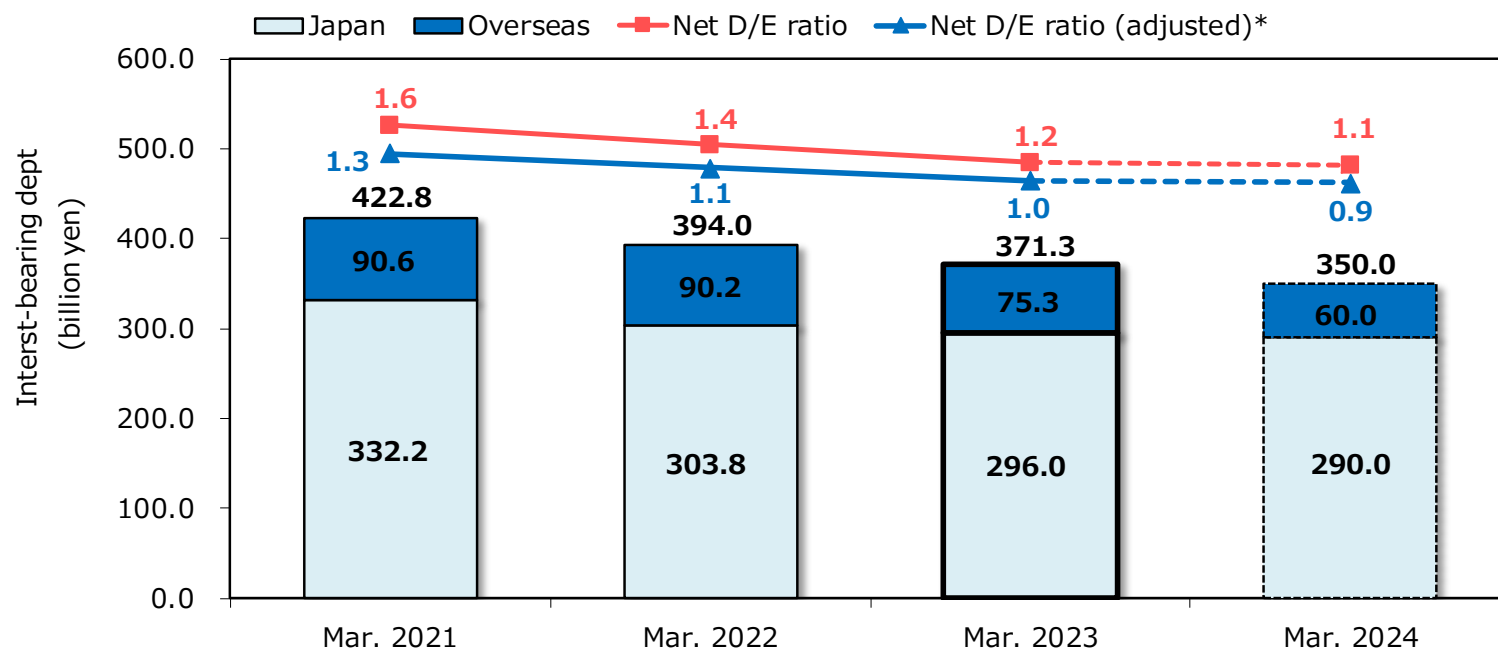


(billion yen)	FY2020 Results	FY2021 Results①	FY2022 Results②	②-①	FY2023 Forecast
Capital expenditure	23.8	19.8	* 22.3	2.4	27.0
(Overseas)	(12.7)	(10.7)	(13.0)	(2.3)	(12.0)
(Japan)	(11.1)	(9.1)	(9.2)	(0.1)	(15.0)

*In addition, capital expenditure for intangible fixed assets (FY2022 full year results : ¥3.8 billion, FY2023 full year forecast : ¥4.0 billion)

(billion yen)	FY2020 Results	FY2021 Results①	FY2022 Results②	②-①	FY2023 Forecast
Depreciation	35.5	37.9	42.0	4.1	39.0
(Overseas)	(22.6)	(23.2)	(25.5)	(2.3)	(23.0)
(Japan)	(12.9)	(14.7)	(16.5)	(1.8)	(16.0)

9. Interest-Bearing Debt

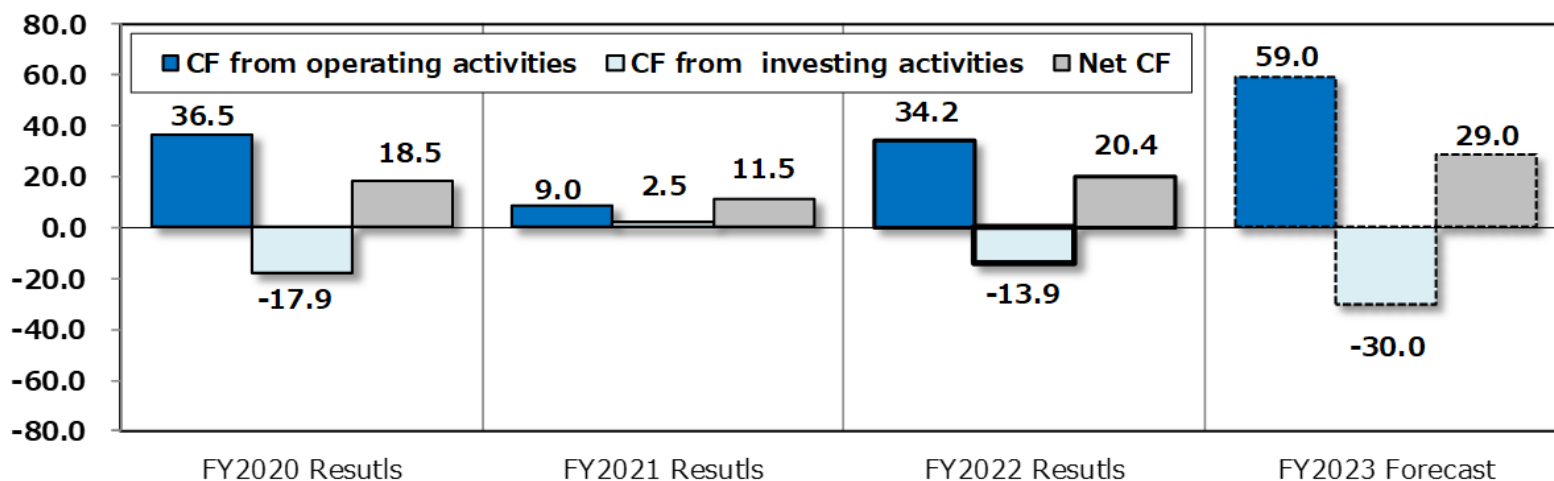


	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
(billion yen)	Results	Results	Results	Forecast
Interest-bearing debt	422.8	394.0	371.3	350.0
(Overseas)	(90.6)	(90.2)	(75.3)	(60.0)
(Japan)	(332.2)	(303.8)	(296.0)	(290.0)
Net Interest-bearing debt	275.6	272.6	260.6	240.0

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

10. Cash Flows

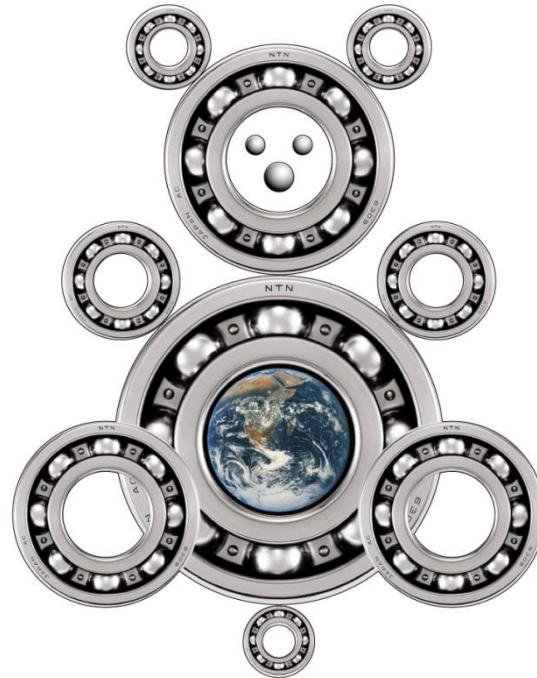
(billion yen)	FY2020 Results	FY2021 Results①	FY2022 Results②	②-①	FY2023 Forecast
I. Cash flow from operating activities	36.5	9.0	34.2	25.3	59.0
II. Cash flow from investing activities	-17.9	2.5	-13.9	-16.4	-30.0
I + II. Net cash flow	18.5	11.5	20.4	8.9	29.0
III. Cash flow from financing activities	54.7	-41.3	-33.3	8.0	-27.0
IV. Effect of exchanging rate translator on cash and cash equivalents	2.9	4.0	2.1	-1.9	-2.7
V. Net increase in cash and cash equivalents	76.1	-25.8	-10.8	15.0	-0.7



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