We are responding to the demands of our customers for long operating life, improved loading capacity, and higher speed, all of which are required by all types of industrial machinery, with the world’s highest standard new-generation bearings, ULTAGE Series. In addition, through constant R&D efforts, we will launch bearings with even lower torque, more slimpage and lighter weight to the marketplace, enabling environmental impact reduction in a variety of industrial machinery fields.

Looking ahead to the next generation, we will promote modularizations and intelligentization by deepening bearing technologies and integrating sensors and precision equipment technologies. In addition to developing high value-added products, we will develop new products and services by utilizing the abnormality detection technology, condition monitoring system (CMS), and IoT. Specifically, we launched sales of the Wind Doctor™ condition monitoring system for wind turbine and i-WRIST™, a Wrist Joint Module that contributes to automation and labor saving at manufacturing sites. By providing these products and services, we will contribute to the development of industry and the creation of a sustainable society.

### Business environment

A recent trend is that, in addition to customers of construction machinery, agricultural machinery, and machine tools, which are the foundation of the industrial machinery business, demand from social infrastructure customers such as rolling stock and wind power generation has increased against the backdrop of changes in social structure and increased environmental awareness, and we have been promoting the establishment of technology and production systems. In the future, the business environment surrounding industrial machinery is expected to change dramatically due to the progress of IoT and the development of AI technologies. Based on this understanding, we are developing condition monitoring services for predictive maintenance that apply IoT and sensing technologies to address issues shared by customers, such as saving energy, stable long-term operation, and reduced lifetime costs. For wind turbines customers, we have already proposed the Wind Doctor™ condition monitoring system for wind turbine, which has been evaluated favorably, and we have begun offering concrete suggestions for other industries, such as construction machinery, machine tools, and rolling stock.

### NTN's Strengths

For core sectors (construction machinery, agricultural machinery, and machine tools):
- Reliability to develop high-speed, high-rigidity and high-precision products
- Ability to respond to new needs in fields and parts for which we have not entered the market
- Strong relationships with manufacturers with the top shares in the industries

For our growth sectors (gearbox, rolling stock, aerospace, and wind turbines):
- Ability to develop products tailored to customer needs
- Experience in doing business with major customers around the world
- Ability to produce products of the sizes that other companies cannot respond to

### OUR VISION

NTN will become a company that customers in the industrial machinery market rely on most for its exceptional technological competence.

The industrial machinery market is comprised of a variety of industries, and bearings are used in a wide range of machinery. We supply bearings with a wide range of sizes, from miniature sizes of several millimeters in outer diameter used in electronic machinery to ultra-large sizes of several meters used in wind turbines and large mining equipment. In addition, products used in aircraft and high-speed railways require extremely high reliability because the stoppage of machinery affects human lives. We have accumulated product and manufacturing technologies for many years, and we utilize these technologies to respond to a variety of market needs. In recent years, the external environment has been constantly changing due to factors such as increasing awareness of the global environment, issues of cost changes and concerns in population dynamics, and changes in the industrial structure can also be seen as a result of a rapid progress in IT-related technologies including IoT and AI. Under these circumstances, we will utilize digital technology based on bearing technology in the industrial machinery business, thereby continuing to be an indispensable company in the industry, and will support the development of the world industry.

### Results for the fiscal year ended March 31, 2020 and forecast for the fiscal year ending March 31, 2021

Net sales was 105.1 billion yen due to the following factors: decreased sales in main industries such as construction machinery, agricultural machinery, machine tools, and reduction gears following a decline in demand caused by the impact of the US-China trade friction; and the impact of customer shutdowns and supply chain turbulence following the spread of the new coronavirus in the fourth quarter and onward. Consequently, we posted operating loss of 2 billion yen despite reduced variable costs and a decrease in fixed cost such as personnel costs and expenses.

For the first quarter of the fiscal year ending March 31, 2021, net sales was 22.6 billion yen and operating loss was 900 million yen. Although we cannot foresee the impact of spread of the new coronavirus, the full-year net sales is expected to be 93.5 billion yen.

### Initiatives to improve profitability

Selection of industries

We will propose better solutions to customers through synergies between industrial machinery business and aftermarket business and establish profitable business models. In addition, by strengthening profit control of each project, we will identify any unprofitable business and work to improve profitability of our entire business. We will also distinguish between “businesses we will focus on” and “businesses we will withdraw from” according to the regions and industries, and select industry sectors in order to optimize the profitability of the entire business.

Reducing cost through optimal procurement of materials and parts

As an initiative to improve profitability other than selling prices, we will actively utilize materials from China and India. At the same time, we will implement centralized purchasing of materials and components at an appropriate price, regardless of local procurement, and strive to improve profitability by reducing costs through procurement of the most appropriate locations with the aim of distributing materials and parts to manufacturing sites that need them.

### Establishing a system for the post-coronavirus world

Acquire highly profitable businesses by developing high performance products such as bearings with IoT sensors

In addition to bearing sensing technologies we have accumulated over many years, we have also developed a “Sensor Integrated Bearing Unit” for machine tool spindles, which can prevent seizure through advanced condition monitoring using the industry’s first’s heat flux sensor. In the future, in addition to advanced condition monitoring and control technologies, we will develop and propose a high-performance product that meets the needs of customers, such as bearings with sensors that enable manufacturing sites to be unmanned and achieve labor-saving by utilizing IoT and AI.

Establishing a fabless system in the new field of materials (i-WRIST™, Wind Doctor™)

With regard to Wrist Joint Module “i-WRIST™” and Condition Monitoring System (CMS) for wind turbines (Wind Doctor™), we will flexibly expand our new business domains through a fabless system in which we do not own these manufacturing plants and conduct outsourced production.