Consolidated Financial Indicators (Past 11 Years) (Fiscal years ended March 31)

Thousands of U.S. dollars*1 (Excluding per-share values)

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
Financial Data*2													
Net Sales	(Millions of yen)	530,056	543,468	539,595	638,971	701,900	716,997	683,636	744,699	733,846	651,957	**562,847**	***5,100,100***
Operating Income	(Millions of yen)	24,560	20,724	7,278	33,004	43,851	47,770	35,929	39,935	27,222	7,517	**(3,139)**	***(28,443)***
Operating Margin	(%)	4.6	3.8	1.3	5.2	6.2	6.7	5.3	5.4	3.7	1.2	**(0.6)**	***(0.6)***
Income (loss) before Income Taxes	(Millions of yen)	22,855	16,357	(13,898)	(2,451)	37,063	26,943	14,890	26,906	2,939	(33,950)	**(1,257)**	***(11,391)***
Net Income (Loss) Attributable to Shareholders (parent company)	(Millions of yen)	14,399	5,993	(14,196)	(14,648)	23,353	15,037	2,831	20,374	(6,958)	(43,993)	**(11,642)**	***(105,491)***
Capital Expenditures	(Millions of yen)	29,700	54,440	48,979	33,162	31,266	36,300	35,398	37,589	45,172	57,675	**23,817**	***215,812***
Depreciation and Amortization	(Millions of yen)	35,936	34,175	34,841	39,315	40,392	38,278	36,629	37,506	38,926	37,307	**35,479**	***321,484***
R&D expenditures	(Millions of yen)	15,697	17,157	16,174	17,821	18,088	18,481	19,196	21,007	21,661	19,962	**17,486**	***158,445***
Total Assets*3	(Millions of yen)	632,001	693,258	768,462	848,037	856,277	794,651	798,891	839,427	840,751	757,822	**836,564**	***7,580,319***
Net Assets	(Millions of yen)	210,353	212,126	211,743	213,369	262,559	248,505	245,050	269,760	246,405	168,378	**183,751**	***1,665,014***
Inventories	(Millions of yen)	136,985	155,107	163,287	166,484	184,128	178,220	171,482	179,738	194,505	182,923	**176,847**	***1,602,456***
Interest-bearing Debt	(Millions of yen)	223,284	271,978	360,802	381,767	359,105	325,174	320,170	320,832	350,345	362,417	**422,803**	***3,831,125***
Inventory Turnover Ratio	(Times)	3.9	3.5	3.3	3.8	3.8	4.0	4.0	4.1	3.8	3.6	**3.2**	
Net D/E Ratio	(Times)	0.92	1.11	1.37	1.27	1.11	1.11	1.05	0.93	1.16	1.87	**1.62**	
Net Income (loss)/Average Total Assets (ROA)	(%)	2.3	0.9	(1.9)	(1.8)	2.7	1.8	0.4	2.5	(0.8)	(5.5)	**(1.5)**	
Net Income (loss)/ Average Shareholders' Equity (ROE)	(%)	7.2	3.0	(7.2)	(7.3)	10.5	6.3	1.2	8.4	(2.9)	(22.8)	**(7.1)**	
NTN-ROI*4	(%)	4.2	3.4	1.1	4.6	6.3	6.5	5.1	5.7	4.0	1.0	**(0.5)**	
Equity to Capital Ratio	(%)	31.6	28.4	26.0	23.5	28.6	29.2	28.7	30.2	27.4	20.6	**20.4**	
PER-SHARE DATA													
Net Assets	(Yen)	376.05	370.19	375.84	374.68	461.21	436.97	431.66	477.17	433.32	294.00	**321.04**	***2.91***
Net Income (Loss)	(Yen)	27.08	11.27	(26.69)	(27.54)	43.91	28.28	5.33	38.36	(13.10)	(82.83)	**(21.92)**	***(0.2)***
Cash Dividends	(Yen)	10.00	10.00	0	2.00	6.00	10.00	10.00	15.00	15.00	5.00	**0.00**	***0.00***
Non-Financial Data													
Number of employees (consolidated)		19,172	20,789	21,398	22,156	23,360	24,109	24,665	25,493	24,988	24,199	**23,292**	
Percentage of employees overseas	(%)	61	63	63	64	66	66	66	66	65	64	**62**	
Percentage of female employees (non-consolidated)	(%)	9	9	9	9	9	10	10	10	10	10	**10**	
Average years of continuous employment	(Years)	19.0	19.0	18.5	17.7	17.6	17.5	17.5	18.6	19.0	19.3	**19.5**	
Number of Directors		12	13	12	11	11	14	14	14	14	11	**11**	
Number of Independent Outside Directors		1	2	2	2	2	2	2	2	2	5	**5**	
CO_2 emissions	(10,000 tons)	53.1	53.9	56.7	59.3	61.7	60.5	62.0	65.3	67.4	60.6	**55.6**	
Energy consumption*5	TJ/year	5,943	5,857	6,134	6,331	6,463	6,336	6,493	6,849	6,978	6,326	**5,783**	
Water consumption*6	(10,000 m^3)	225.2	219.7	210.9	201.8	197.3	319.7	323.0	326.4	347.1	281.1	**243.0**	
Generated waste	(10,000 tons)	13.2	15.0	14.1	15.0	15.4	15.9	16.3	17.7	17.7	15.5	**13.1**	
Exchange Rate Data													
USD Average		85.74	79.08	82.91	100.17	109.76	120.15	108.39	110.85	110.88	108.73	**106.01**	
EUR Average		113.13	109.02	106.78	134.21	138.69	132.60	118.80	129.64	128.41	120.84	**123.66**	
USD at fiscal year end		83.15	82.19	94.05	102.92	120.17	112.68	111.85	106.49	110.64	107.85	**110.36**	
EUR at fiscal year end		124.92	117.57	109.80	120.73	141.65	130.32	127.70	119.48	131.00	124.21	**129.32**	

*1 The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥110.36 = U.S. $1.00, the exchange rate prevailing on March 31, 2021.
*2 "Loyalty," which was previously included in "non-operating income," has been changed to be included in "net sales" from the fiscal year ended March 31, 2021. The period for retroactive adjustment is after the fiscal year ended March 31, 2017, which is subjected to audit by an audit firm.
*3 The figures for the fiscal year ended March 31, 2018 have been retroactively revised by "Partial Revision of the Accounting Standard for Tax Effect Accounting." Before the fiscal year ended March 31, 2018, no retroactive application was made.
*4 NTN-ROI =Net operating income after tax/(tangible fixed assets + inventories)
*5 The energy of electric power is 3.6 MJ/kWh in physical quantity, and the energy of fuel is calculated using the emission factor described in "Emission intensity database for calculation of greenhouse gas emissions of organizations through the supply chain (Ver.3.1)" (Ministry of the Environment).
*6 Regarding water consumption (millions of m3), the data includes Japan only until the fiscal year ended March 31, 2015, and global data since the fiscal year ended March 31 2016.

Net sales and income

Sales performance

Net sales for the fiscal year ended March 31, 2021 was 562,847 million yen, down 89,110 million yen, or 13.7%, from the previous fiscal year. Accounting for a decrease of 3,464 million yen due to the effect of exchange rates, the actual decrease in net sales amounted to 85,646 million yen. Net sales overseas was 400,033 million yen, down 53,823 million yen or 11.9% from the previous fiscal year. Net sales overseas accounted for 71.1% of net sales (Americas 25.7%, Europe 20.8%, and Asia and other regions 24.6%), up 1.5 percentage points from the previous fiscal year.

Net sales and income by business sector

In aftermarket applications, net sales fell sharply to 91,493 million yen (down 16.4% year on year) due to lower customer demand and other factors. Despite efforts to reduce fixed costs, operating income was 8,904 million yen (down 30.2% year on year) due to a decline in sales volume and other factors.

In industrial machinery applications, net sales was 101,853 million yen (down 3.2% year on year) due to a decline in sales for construction machinery and airplanes. Despite a decrease in sales volume and other factors, 355 million yen of operating income was recorded, compared with operating loss of 1,863 million yen in the previous fiscal year, reflecting efforts to reduce fixed costs.

In automotive applications, net sales fell sharply to 369,501 million yen (down 15.5% year on year) due to lower demand stemming from the shutdown of customer operations and other factors. Operating loss of 12,398 million yen was recorded, compared with operating loss of 3,370 million in the previous fiscal year, mainly due to a decline in sales volume, despite efforts to reduce fixed costs.

Net sales by region

Regarding sales in the Japanese market, sales decreased in all business divisions, due to the impact of the coronavirus pandemic. Sales for aftermarket applications decreased in the industrial machinery aftermarket, sales for industrial machinery applications decreased in construction machinery and machine tools, and sales for automotive applications decreased due to sluggish customer demand and other factors. As a result, net sales declined sharply to 162,814 million yen (down 17.8% year on year).

Regarding sales in the Americas, sales decreased significantly due to the impact of the coronavirus pandemic, although some business divisions saw a recovery. Sales for aftermarket applications increased for the automotive aftermarket, but decreased for the industrial machinery aftermarket. Sales for industrial machinery applications decreased for construction machinery and wind turbines, and also decreased for automotive applications due to sluggish customer demand and other factors. As a result, net sales declined sharply to 144,432 million yen (down 17.1% year on year).

Regarding sales in Europe, sales decreased in all business divisions, due to the coronavirus pandemic. Sales for aftermarket applications decreased both for the industrial machinery aftermarket and automotive aftermarket. Also, sales for industrial machinery applications decreased for airplanes and wind turbines, while sales for automotive applications decreased due to lower customer demand. As a result, net sales decreased sharply to 117,235 million yen (down 16.8% year on year).

Regarding sales in Asia and other countries, sales decreased only slightly compared with the previous fiscal year due to the contribution of the recovery from the coronavirus pandemic in the Chinese economy. Sales for aftermarket applications decreased for both the industrial machinery aftermarket and automotive aftermarket, but sales for industrial machinery applications increased for wind turbines and construction machinery, while sales for automotive applications also increased due to growth in demand. As a result, net sales was 138,366 million yen (down 0.2% year on year).

Cost of sales, selling, general and administrative expenses

In the fiscal year under review, cost of sales was 477,667 million yen, and its ratio to net sales was 84.9%, up 0.6 percentage points from the previous fiscal year.

The amount of selling, general and administrative expenses was 88,319 million yen, and its ratio to net sales was 15.7%, up 1.1 percentage points from the previous fiscal year.

Income

Despite a decrease in personnel expenses, a decline in variable costs , and an increase in income due to the impact of selling prices, certain factors, such as the scale effect and the impact of exchange rates, caused a decline in profit. Consequently, operating loss for the fiscal year under review was 3,139 million yen (compared with operating income of 7,517 million the previous fiscal year). Ordinary profit margin was minus 0.6% (an operating loss, compared with an operating profit margin of 1.2% in the previous fiscal year).

As for other revenues and expenses, 2,604 million yen of net expense was recorded. This is roughly broken down to 7,645 million yen of revenues including 2,733 million yen of foreign exchange gain, net, 569 million yen of dividend income, 853 million yen of interest income, and 344 million yen of equity in earnings of affiliates ; and 10,248 million yen of expenses including 3,506 million yen of interest expense and 2,919 million yen of loss on valuation of derivatives.

As a result, the Company recorded an ordinary loss of 5,742 million, (compared with an ordinary loss of 1,698 million in the previous fiscal year). Ordinary income margin was minus 1.0% (an ordinary loss, compared with minus 0.3% in the previous fiscal year).

In addition to these amounts, the Company recorded 5,769 million yen in subsidy income and 5,700 million yen of gain on sales of investment securities as extraordinary income, and extraordinary loss including 3,344 million yen of loss resulting from low operating capacity , 2,462 million yen of loss on impairment of fixed assets , and 1,176 million yen of loss on surcharge payments under the Antimonopoly Act . As a result, loss attributable to owners of parent was 11,642 million yen, down 32,351 million yen compared to the previous fiscal year. Also, net loss per share amounted to a loss of 21.92 yen.

Regarding annual dividends, we regret to announce that, in view of business performance for the fiscal year under review and the current state of our operations, we will not be paying a dividend for the fiscal year ended March 31, 2021.

R&D and capital expenditures

R&D expenditures

Groupwide R&D expenditures for the fiscal year under review amounted to 17,486 million yen, (down 2,476 million yen year on year) and the ratio of R&D expenditures to net sales was 3.1%.

Since 2018, when we celebrated our 100th anniversary, we have worked to implement our “DRIVE NTN100” medium-term management plan with its basic policy of driving forward a transformation of our business structure for the new 100 years. We will contribute to solving various social issues by researching and accumulating cutting-edge technologies in our core businesses, developing products, and creating new products and services in new business areas. At the same time, we will build a technological foundation and a foundation for business transformation for the next 100 years.

Capital expenditures

At the NTN Group (NTN Corporation and its consolidated subsidiaries), we make capital investments primarily for improvement of production capacity, rationalization by labor-saving, maintenance and upgrading of existing facilities, improvement of safety environment, and R&D of new products.

In Japan, we invested 11,099 million yen in the construction of a new plant in Wakayama and the installation of bearing manufacturing facilities. In the Americas, capital expenditures totaled 6,345 million yen due to the expansion of constant velocity joints manufacturing facilities at NTN DRIVESHAFT, INC. and the expansion of constant velocity joint manufacturing facilities at NTN DRIVESHAFT ANDERSON, INC. In Europe, we invested 3,481 million yen in additional bearing manufacturing facilities in NTN-SNR ROULEMENTS . In Asia and other countries, we invested in 2,891 million yen by expanding our bearing manufacturing facilities at NTN MANUFACTURING (THAILAND) CO. LTD. After adding adjustments of minus 0 million yen, including inter-segment equipment transfers, the amount of capital expenditures in the consolidated fiscal year under review was 23,817 million yen.

The required funds are self-financed and borrowed.

Financial position and cash flow

Current assets increased by 79,956 million yen (up 19.7%) from the end of the previous fiscal year and came to 485,756 million yen. This was mainly due to an increase of 77,400 million yen in cash and deposits and an increase of 13,233 million yen in notes and accounts receivable. Fixed assets decreased by 1,214 million yen (down 0.3%) and came to 350,808 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 8,287 million yen in construction in progress and an increase of 3,811 million yen in machinery, equipment and vehicles. As a result, total assets increased by 78,742 million yen (up 10.4%) from the end of the previous fiscal year, amounting to 836,564 million yen.

Current liabilities increased by 5,382 million yen (up 1.9%) from the end of the previous fiscal year and came to 292,346 million. This was mainly due to an increase of 6,792 million yen in notes and accounts payable, a decrease of 5,870 million yen in electronically recorded monetary claims, and an increase of 4,560 million yen of short-term loans. Long-term liabilities increased by 57,987 million yen (up 19.2%) from the end of the previous fiscal year and ended to 360,467 million yen. This was mainly due to an increase of 50,000 million yen in bonds. Consequently, total liabilities increased by 63,369 million yen (up 10.8%) from the end of the previous fiscal year and amounted to 652,813 million yen.

Total net assets increased by 15,373 million yen (up 9.1%) from the end of the previous fiscal year to 183,751 million yen. This was mainly due to an increase of 13,135 million yen in translation adjustments, a decrease of 9,353 million yen in retained earnings, an increase of 7,031 million yen in accrued retirement benefits adjustments, and an increase of 3,553 million yen in net unrealized holding gain on other securities.

The equity ratio was 20.4% (down 0.2 percentage points from the end of the previous fiscal year), and net assets per share based on the total number of issued and outstanding shares at the term-end was 321.04 yen (up 27.04 yen from the end of the previous fiscal year). Interest-bearing debt increased by 60,386 million yen (up 16.7%) from the end of the previous fiscal year and came to 422,803 million yen. Accounting for an increase of 4,275 million yen due to the effects of exchange rates, the actual increase in interest-bearing debt was 56,111 million yen. The ratio of interest-bearing debt to total assets was 50.5% (up 2.7 percentage points from the end of the previous fiscal year).

Net working capital was 193,410 million yen, up 74,574 million yen from the end of the previous fiscal year. The current ratio was 166.2% (up 24.8 percentage points from the end of the previous fiscal year).

Inventories turnover ratio was 3.18 (down 0.38 from the end of the previous fiscal year) and total assets turnover ratio was 0.67 (down 0.19 from the end of the previous fiscal year).

Net cash from operating activities was 36,473 million yen (down 7,277 million yen, or 16.6% from the end of the previous fiscal year). This was mainly due to proceeds of 35,479 million yen of depreciation and amortization.

Net cash used in investing activities was 17,939 million yen (down 43,869 million, or 71.0% from the end of the previous fiscal year). This was mainly due to outflow of 21,900 million yen in purchases of property, plant and equipment, outflow of 7,724 million yen in purchase of other assets, and 9,465 million yen in proceeds from sales of investment securities.

Net cash from financing activities was 54,672 million yen (up 47,259 million yen, or 637.5% from the previous fiscal year). This was mainly due to 58,833 million yen in proceeds from long-term loans, 50,000 million yen from bonds, and outflow of 38,774 million yen due to repayment of long-term loans and 14,729 million yen of net decrease in short-term loans.

As a result of including a translation difference of 2,878 million yen in these changes, cash and cash equivalents was 147,249 million yen, an increase of 76,084 million yen (106.9%) from the end of the previous fiscal year.

Free cash flow, which is net cash from operating activities less net cash from investing activities, was 18,534 million yen. The cash flow return on sales ratio was 6.5%.

Risk Factors

Business results and the financial position of the NTN Group are subject to the following risks.

(1) Risks Related to External Business Environment

1) Economy
The NTN Group operates global production and sales networks, and supplies customers in various industrial sectors. The financial position, business results, and cash flows of the NTN Group may be affected by a change in economic conditions in a specific country or region or a change in conditions in industries to which our customers belong.

2) Foreign Exchange Fluctuations
Overseas sales of the NTN Group account for over 50% of consolidated sales. This percentage is expected to increase further due to continued acceleration in the global business development of the NTN Group.

Overseas subsidiaries' foreign currency-denominated business results and financial positions are converted to yen for the preparation of consolidated financial statements. Moreover, many export transactions of the Company with overseas customers are conducted in foreign currencies. Although the NTN Group hedges risks through forward foreign exchange contracts and expansion of local procurement, effects of exchange rate fluctuations in foreign currency and yen exchange rates on the financial positions, business results, and cash flows cannot be fully eliminated.

3) Declines in Market Prices
The competitive environment surrounding production and sales activities of the NTN Group is becoming harsher worldwide. As products from China and other emerging countries are gaining ground, bearings have been partially affected by falling market prices. At the same time, against a backdrop of global price competition, calls for price reductions are mounting in the automotive industry, which accounts for over half of the NTN Group's sales. Although the NTN Group works continuously to reduce costs while developing new products of high quality and high added value the financial position, business results, and cash flows may be affected by downward pressure on market prices.

4) Rise in Raw Materials Prices
The NTN Group procures a wide range of raw materials from outside sources. To deal with cost increases, especially of steel materials, which have a high weighting in material costs, we have taken measures such as mark-ups on selling prices to reflect higher material costs. In addition, the Group is targeting cost reductions through enhanced production yields and VA/VE methods. Nevertheless, the financial positions, business results, and cash flows may be affected by stronger-than-expected increases in raw material costs.

5) Risk of Disasters and Spread of Infectious Diseases
The business sites of the NTN Group and our business partners may be affected by natural disasters such as earthquakes, flooding, fires, and the spread of infectious diseases. In preparation for large-scale disasters, the NTN Group has introduced a safety confirmation system and conducted emergency drills. In order to combat the spread of infectious diseases, we have taken various measures, such as stockpiling masks. We are prepared to minimize damage by taking immediate action in the event of a crisis. However, it is difficult to completely avoid risk, and as a result, the financial position, business results and cash flows may be affected.

In response to new coronavirus infections, the NTN Group is striving to prevent infections by utilizing telework, staggered work, and prohibiting business trips and visits in principle. We also promote telecommuting overseas and take other measures in accordance with the circumstances of each country.

(2) Risks Related to Business Operations

1) Dependence on Specific Industries
The NTN Group's bearing division derives approximately half of its sales revenues from the automotive industry, which also accounts for more than half of the sales of components that the constant velocity joint division produces for automotive power transmission to the drive axle. Dependence on the automotive industry is therefore high. Although the NTN Group works to expand sales of bearings and precision equipment parts to the industrial machinery sector and implements measures to achieve a balanced sales structure, a rapid shift in demand in the automotive industry could potentially affect the NTN Group's financial position, business results, and cash flows.

2) Product Defects
To ensure product quality, the NTN Group works to satisfy customers' requirements concerning product functions and specifications, and strives to provide appropriate quality and product safety by enforcing quality assurance globally. However, a substantial product defect leading to a serious accident, claim for damages, or product recall could entail huge product warranty costs and potentially affect the financial position, business results, and cash flows of the NTN Group. Although the NTN Group has taken out global product liability insurance, complete coverage for loss (including compensation for damages) is not possible.

3) Intellectual Property
The NTN Group generates substantial portion of its new technologies and expertise through new product development, utilizing these as management resources. However, there is a possibility that a third party might violate our intellectual property rights, or that we might unexpectedly violate a third party's intellectual property rights. We are striving to thoroughly implement intellectual property rights management, such as protecting rights through patent applications. However, the infringement of intellectual property rights as described above could have an impact on the Group's financial position, business results, and cash flows.

4) Global Operations
The NTN Group develops its business operations worldwide with overseas sales accounting for more than 50% of consolidated sales. Overseas business development is associated with the following risks:

a. Risks from an unforeseen change in tax systems of or between individual countries
b. Risks from an unforeseen change in laws of individual countries
c. Difficulty in hiring and retaining appropriate personnel
d. Evolving technology levels and unstable labor relations in emerging economies
e. Political instability in emerging economies

The NTN Group collects information on these risks within the Group and strives to prevent and avoid them. However, if these risks occur, they may affect the Group's financial position, business results and cash flows.

5) Information Security
The NTN Group is taking action to ensure that our employees are thoroughly aware of appropriate methods of managing information through conducting trainings for our employees as well as establishing internal regulations. However, in the event of information leakage the destruction or, alteration of important data, or system shutdown of important data are occurred, etc. due to a cyber attack, unauthorized access, and computer virus intrusion, they may lead to a deterioration in the NTN Group's credibility loss, and disruptions to production and sales activities, thereby affecting the Group's financial position, business results, and cash flows.

6) Statutory Regulations
The NTN Group is subject to the various laws and regulations (tax laws, environmental laws, occupational safety and health laws, economic statues such as antimonopoly laws, anti-dumping laws and bribery-related laws, trade and exchange laws, and stock exchange listing regulations of the countries and regions where it does business.

The NTN Group strives to abide by these laws and regulations and conduct fair business activities. However, if the NTN Group is ever subject to litigation or involved in legal proceedings because of a violation of a law or regulation, and if the decision of such litigation or legal proceedings goes against the Group, this may have an effect on the business performance or the financial position of the Group. Furthermore, if these laws or regulations change, or if new unforeseen laws or regulations are enacted, these also may have an effect on the financial position, business performance, and cash flows of the Group. NTN Group is currently subject to the following actions.

a. There is an ongoing investigation by the competition authority in India in relation to overseas sale of bearings.
b. A lawsuit has been filed against the Company and its two consolidated subsidiaries in Europe before the France Tribunal de Commerce de Lyon by Renault S.A. and its group companies, which are 15 in total (hereafter, "Renault"), seeking compensation of 66.7 million euros (provisional amount) for damages. In December 2020, Renault changed the claiming amount for damages to 32.5 million euros (provisional amount). In addition, a lawsuit has been filed against the Company and its two consolidated subsidiaries in Europe before the United Kingdom Commercial Court by Fiat Chrysler Automobiles N.V. and its group companies, which are seven in total (hereafter, "FCA"), seeking compensation for damages. This lawsuit was transferred to the United Kingdom Competition Appeal Tribunal on July 14, 2020.
   These lawsuits were filed by Renault and FCA alleging that they suffered damages in connection with the infringement of the European competition laws, which was subject of the decision adopted by the European Commission dated March 19, 2014.
c. The NTN Group may be subject to claims for compensation for damages in connection with the violation of competition laws and continue to address these claims. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the NTN Group.

Consolidated Financial Statements (March 31, 2021)

Consolidated Balance Sheet

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Assets			
Current assets:			
Cash and cash equivalents (Note 15)	¥ 147,249	¥ 71,165	$1,334,261
Short-term investments (Note 15)	7,720	6,403	69,953
Trade receivables (Note 15):			
Notes	3,871	4,298	35,076
Accounts	112,734	99,074	1,021,511
Electronically recorded monetary claims	4,996	4,788	45,270
Allowance for doubtful accounts	(1,011)	(1,061)	(9,161)
	120,590	107,099	1,092,696
Inventories (Note 7)	176,847	182,923	1,602,456
Other current assets (Note 15)	33,350	38,210	302,193
Total current assets	485,756	405,800	4,401,559
Property, plant and equipment, at cost (Note 8):			
Land (Note 2(g))	32,443	32,370	293,974
Buildings and structures (Note 2(g))	225,560	214,621	2,043,856
Machinery, equipment and vehicles (Note 2(g))	772,727	767,409	7,001,876
Construction in progress	22,231	30,518	201,441
	1,052,961	1,044,918	9,541,147
Less accumulated depreciation	(792,517)	(782,274)	(7,181,198)
Property, plant and equipment, net (Note 3 and 22)	260,444	262,644	2,359,949
Investments and other assets:			
Investment securities (Notes 9 and 15)	22,965	20,923	208,092
Investments in unconsolidated subsidiaries and affiliates (Note 15)	20,872	20,862	189,126
Deferred income taxes (Note 22)	2,438	6,036	22,091
Other assets	44,089	41,557	399,502
Total investments and other assets	90,364	89,378	818,811
Total assets (Note 24)	¥ 836,564	¥ 757,822	$7,580,319

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 10 and 15)	¥ 67,348	¥ 77,431	$ 610,257
Current portion of long-term debt and lease obligations (Notes 10 and 15)	56,183	41,121	509,088
Trade payables (Note 15):			
Notes	721	836	6,533
Accounts	54,747	47,840	496,076
Electronically recorded obligations	62,815	68,685	569,183
	118,283	117,361	1,071,792
Accrued income taxes (Notes 15 and 22)	2,126	1,828	19,264
Other current liabilities	48,406	49,223	438,620
Total current liabilities (Note 24)	292,346	286,964	2,649,021
Long-term liabilities:			
Long-term debt and lease obligations (Notes 10 and 15)	307,357	249,510	2,785,040
Liability for retirement benefits (Note 11)	39,921	46,727	361,734
Provision for product defect compensation	1,082	1,118	9,804
Deferred income taxes (Note 22)	5,856	276	53,063
Other long-term liabilities	6,251	4,849	56,643
Total long-term liabilities (Note 24)	360,467	302,480	3,266,284
Contingent liabilities (Note 13)			
Net assets:			
Shareholders' equity (Note 12): Common stock: Authorized – 1,800,000,000 shares Issued – 532,463,527 shares in 2021 and 2020	54,347	54,347	492,452
Capital surplus	67,970	67,970	615,893
Retained earnings	52,786	62,139	478,307
Treasury stock, at cost: 1,299,641 shares in 2021 and 1,314,946 shares in 2020 (Note 6)	(784)	(788)	(7,104)
Total shareholders' equity	174,319	183,668	1,579,548
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities (Note 9)	8,647	5,094	78,353
Translation adjustments	(6,863)	(19,998)	(62,187)
Retirement benefit liability adjustments (Note 11)	(5,576)	(12,607)	(50,526)
Total accumulated other comprehensive loss, net	(3,792)	(27,511)	(34,360)
Non-controlling interests	13,224	12,221	119,826
Total net assets	183,751	168,378	1,665,014
Total liabilities and net assets	¥ 836,564	¥ 757,822	$7,580,319

Consolidated Statement of Operations

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2021	2020	2021
Net sales (Note 24)	¥ 562,847	¥ 651,957	*$ 5,100,100*
Cost of sales (Note 17)	477,667	549,398	*4,328,262*
Gross profit	85,180	102,559	*771,838*
Selling, general and administrative expenses (Note 17)	88,319	95,042	*800,281*
Operating income (Note 24)	(3,139)	7,517	*(28,443)*
Other income (expenses):			
Interest and dividend income	1,422	2,072	*12,885*
Interest expense	(3,506)	(3,952)	*(31,769)*
Equity in earnings (losses) of affiliates	344	(1,210)	*3,117*
Foreign exchange gain (loss), net	2,733	(3,826)	*24,764*
Gain on sales of property, plant and equipment	—	627	*—*
Loss on valuation of derivatives	(2,919)	—	*(26,450)*
Subsidy income (Note 19)	5,769	—	*52,274*
Gain on sales of investment securities (Note 9)	5,700	1,353	*51,649*
Loss on valuation of investment securities	—	(2,389)	*—*
Loss resulting from low operating capacity (Note 20)	(3,344)	(2,097)	*(30,301)*
Loss on impairment of fixed assets (Notes 8 and 24)	(2,462)	(29,001)	*(22,309)*
Loss on surcharge payments under the Anti-Monopoly Act (Note 18)	(1,176)	(745)	*(10,656)*
Other, net	(679)	(2,299)	*(6,152)*
	1,882	(41,467)	*17,052*
Loss before income taxes	(1,257)	(33,950)	*(11,391)*
Income taxes (Note 22):			
Current	3,221	3,220	*29,186*
Deferred	6,113	6,925	*55,391*
	9,334	10,145	*84,577*
Loss	(10,591)	(44,095)	*(95,968)*
Loss attributable to: Non-controlling interests	(1,051)	102	*(9,523)*
Owners of parent	¥ (11,642)	¥ (43,993)	*$ (105,491)*

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2021	2020	2021
Loss	¥ (10,591)	¥ (44,095)	*$ (95,968)*
Other comprehensive income (loss) (Note 21):			
Net unrealized holding gain (loss) on securities	3,553	(6,926)	*32,195*
Translation adjustments	15,057	(13,710)	*136,435*
Retirement benefit liability adjustments	7,024	(3,749)	*63,646*
Share of other comprehensive loss of affiliates accounted for by the equity method	(514)	(44)	*(4,657)*
Other comprehensive income (loss), net	25,120	(24,429)	*227,619*
Comprehensive income (loss)	¥ 14,529	¥ (68,524)	*$ 131,651*
Total comprehensive income (loss) attributable to:			
Owners of parent	¥ 12,268	¥ (67,353)	*$ 111,163*
Non-controlling interests	¥ 2,261	¥ (1,171)	*$ 20,488*

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets

	Millions of yen									
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2019	532,463,527	¥54,347	¥67,970	¥112,778	¥(789)	¥12,020	¥(7,271)	¥(8,900)	¥16,250	¥246,405
Cumulative effect of change in accounting principle	—	—	—	(1)	—	—	—	—	—	(1)
Restated balance at April 1, 2019	532,463,527	54,347	67,970	112,777	(789)	12,020	(7,271)	(8,900)	16,250	246,404
Cash dividends paid	—	—	—	(6,645)	—	—	—	—	—	(6,645)
Loss attributable to owners of parent	—	—	—	(43,993)	—	—	—	—	—	(43,993)
Purchases of treasury stock	—	—	—	—	(1)	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	2	—	—	—	—	2
Other changes	—	—	—	—	—	(6,926)	(12,727)	(3,707)	(4,029)	(27,389)
Balance at April 1, 2020	532,463,527	54,347	67,970	62,139	(788)	5,094	(19,998)	(12,607)	12,221	168,378
Cash dividends paid	—	—	—	—	—	—	—	—	—	—
Loss attributable to owners of parent	—	—	—	(11,642)	—	—	—	—	—	(11,642)
Effect of change of scope of equity method	—	—	—	2,289	—	—	—	—	—	2,289
Purchases of treasury stock	—	—	—	—	(1)	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	5	—	—	—	—	5
Other changes	—	—	—	—	—	3,553	13,135	7,031	1,003	24,722
Balance at March 31, 2021	532,463,527	¥54,347	¥67,970	¥52,786	¥(784)	¥8,647	¥(6,863)	¥(5,576)	¥13,224	¥183,751

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2020	*$492,452*	*$615,893*	*$563,057*	*$(7,140)*	*$46,158*	*$(181,207)*	*$(114,235)*	*$110,738*	*$1,525,716*
Cash dividends paid	—	—	—	—	—	—	—	—	—
Loss attributable to owners of parent	—	—	*(105,491)*	—	—	—	—	—	*(105,491)*
Effect of change of scope of equity method	—	—	*20,741*	—	—				*20,741*
Purchases of treasury stock	—	—	—	*(9)*	—	—	—	—	*(9)*
Sales of treasury stock	—	—	—	*45*	—	—	—	—	*45*
Other changes	—	—	—	—	*32,195*	*119,020*	*63,709*	*9,088*	*224,012*
Balance at March 31, 2021	*$492,452*	*$615,893*	*$478,307*	*$(7,104)*	*$78,353*	*$(62,187)*	*$(50,526)*	*$119,826*	*$1,665,014*

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Loss before income taxes	¥ (1,257)	¥ (33,950)	*$ (11,391)*
Adjustments for:			
Depreciation and amortization	35,479	37,307	*321,484*
Loss on impairment of fixed assets	2,462	29,001	*22,309*
Subsidy income	(5,769)	—	*(52,274)*
Loss resulting from low operating capacity	3,344	2,097	*30,301*
Loss on surcharge payments under the Anti-Monopoly Act	1,176	745	*10,656*
Decrease in allowance for doubtful accounts	(148)	(22)	*(1,341)*
Decrease in provision for directors' and audit & supervisory board members' bonuses	(7)	(119)	*(63)*
(Decrease) increase in provision for product defect compensation	(50)	22	*(453)*
(Decrease) increase in liability for retirement benefits	(188)	1,754	*(1,704)*
Interest and dividend income	(1,422)	(2,072)	*(12,885)*
Interest expense	3,506	3,952	*31,769*
Translation adjustments and foreign exchange (gain) loss, net	(2,943)	1,040	*(26,667)*
Gain on valuation of derivatives, net	2,919	—	*26,450*
Equity in (earnings) losses of affiliates	(344)	1,210	*(3,117)*
Gain on sales of fixed assets	—	(627)	*—*
Gain on sales of investment securities	(5,700)	(1,353)	*(51,649)*
Loss on valuation of investment securities	—	2,389	*—*
(Increase) decrease in trade receivable	(7,903)	25,012	*(71,611)*
Decrease in inventories	13,492	3,994	*122,254*
Decrease in trade payables	(1,193)	(13,681)	*(10,810)*
Other	2,259	(6,156)	*20,469*
Subtotal	37,713	50,543	*341,727*
Interest and dividend income received	1,866	2,586	*16,908*
Interest paid	(3,488)	(3,955)	*(31,606)*
Subsidy received	4,896	—	*44,364*
Payments for loss resulting from low operating capacity	(2,250)	(1,546)	*(20,388)*
Surcharge payments under the Anti-Monopoly Act	(991)	(1,233)	*(8,980)*
Income taxes paid	(1,273)	(2,645)	*(11,534)*
Net cash provided by operating activities	¥ 36,473	¥ 43,750	*$ 330,491*
Cash flows from investing activities:			
Increase in short-term investments, net	¥ (618)	¥ (142)	*$ (5,600)*
Purchases of property, plant and equipment	(21,900)	(59,009)	*(198,441)*
Purchases of other assets	(7,724)	(10,075)	*(69,989)*
Proceeds from sales of investment securities	9,465	2,411	*85,765*
Purchase of investments in affiliated company	(31)	(497)	*(281)*
Other	2,869	5,504	*25,996*
Net cash used in investing activities	(17,939)	(61,808)	*(162,550)*
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans, net	(14,729)	6,213	*(133,463)*
Proceeds from long-term debt	58,833	29,795	*533,101*
Repayment of long-term debt, including current portion	(38,774)	(19,145)	*(351,341)*
Proceeds from issuance of bonds	50,000	—	*453,063*
Cash dividends paid	—	(6,645)	*—*
Repayment of lease obligations	(1,677)	(1,370)	*(15,196)*
Proceeds from sale and leaseback transactions	2,270	—	*20,569*
Other	(1,251)	(1,435)	*(11,336)*
Net cash provided by financing activities	54,672	7,413	*495,397*
Effect of exchange rate changes on cash and cash equivalents	2,878	(1,596)	*(26,079)*
Net increase (decrease) in cash and cash equivalents	76,084	(12,241)	*689,417*
Cash and cash equivalents at beginning of the year	71,165	83,474	*644,844*
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(68)	*—*
Cash and cash equivalents at end of the year	¥ 147,249	¥ 71,165	*$ 1,334,261*

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Preparation

The accompanying consolidated financial statements of NTN Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as additional information.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. Such reclassification had no effect on consolidated profit or net assets.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥110.36 = U.S. $1.00, the exchange rate prevailing on March 31, 2021. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

The financial statements of certain consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rates of exchange prevailing when the transactions were made.

Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rates in effect at the respective balance sheet dates, except for the components of net assets excluding non-controlling interests which are translated at the respective historical rates. Revenue and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in "Translation adjustments" and "Non-controlling interests" in the accompanying consolidated balance sheet and statement of changes in net assets.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(e) Short-term investments and investment securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost based on the moving average method.

(f) Inventories

Inventories are principally stated at lower of cost, determined by the average method, or net selling value.

(g) Property, plant and equipment (other than leased assets)

Property, plant and equipment are stated at cost. The Company and its domestic consolidated subsidiaries calculate depreciation by the straight-line method over the estimated useful lives of the respective assets. The foreign consolidated subsidiaries principally calculated depreciation by the straight-line method over the estimated useful lives of the respective assets.

The principal estimated useful lives are as follows:

Buildings and structures	10 to 50 years
Machinery, equipment and vehicles	5 to 12 years

Contributions granted by national and municipal governments are deducted directly from the acquisition costs of the related fixed assets as stipulated in the Corporation Tax Law of Japan. The property, plant and equipment accounts on the consolidated balance sheet at March 31, 2021 and 2020 were reduced by the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Land	¥ 773	¥ 799	*$ 7,004*
Buildings and structures	367	404	*3,325*
Machinery, equipment and vehicles	58	71	*526*
	¥ 1,198	¥ 1,274	*$ 10,855*

(h) Liability for retirement benefits

Liability for retirement benefits has been provided principally at an amount calculated based on the retirement benefit obligation after the fair value of the pension plan assets are deducted. The estimated benefit is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

Past service cost is amortized as incurred primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

Net unrecognized actuarial gain or loss is amortized commencing in the year following the year in which the gain or loss was recognized primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

(i) Provision for product defect compensation

Provision for product defect compensation is provided at an estimated amount in order to cover the anticipated compensation.

(j) Leases

For lease transactions involving the transfer of ownership, the leased assets are depreciated by the same methods used for owned fixed assets.

For lease transactions not involving the transfer of ownership, leased assets are depreciated over the lease period using the straight-line method with a nil residual value.

(k) Research and development costs and computer software

Research and development costs are charged to income as incurred.

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their respective estimated useful lives, generally a 5 to 10-years period.

(l) Deferred income taxes
Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

(m) Derivative financial instruments and hedging activities
All derivatives are stated at fair value with any changes in fair value included in profit for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which unrealized gain or loss, net of the applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest-rate swaps had originally applied to the underlying debt.

Interest-rate and cross currency swaps which meet certain conditions are accounted for as if the interest rates and currencies applied to the interest-rate and cross currency swaps had originally applied to the underlying debt.

(n) Distribution of retained earnings
Under the Corporation Law of Japan and the Company's Articles of Incorporation, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The distribution of retained earnings with respect to the interim financial period is made by resolution of the Board of Directors. The accounts for the period do not reflect such distributions.

(o) Consolidated taxation system
The Company and certain domestic consolidated subsidiaries adopted the consolidated taxation system, which allows companies to file tax returns based on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

(p) Adoption of tax effect accounting for transition from consolidated taxation system to group tax sharing system
The Company and certain domestic subsidiaries calculated the amounts of deferred tax assets and deferred tax liabilities based on the Japanese Income Tax Act prior to amendment in accordance with the treatment under Paragraph 3 "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Accounting Standards Board of Japan (hereinafter referred to as the "ASBJ") Practical Issues Task Force No.39 March 31, 2020) instead of adopting the provision of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to the group tax sharing system established in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), related to items for which the non-consolidated taxation system has been reviewed in accordance with the transition to the group tax sharing system.

3. Significant Accounting Estimates and Judgments

Impairment of Fixed Assets
Impairment loss recorded for the fiscal year ended March 31, 2021.

	Millions of yen	*Thousands of U.S. dollars*
	2021	*2021*
Loss on impairment of fixed assets	¥ 2,462	*$ 22,309*
Property, plant and equipment	260,444	*2,359,949*
Intangible assets	40,364	*365,748*

The Company and its subsidiaries (collectively, the "Group") confirm whether indication that an asset or each asset group may be impaired based on information inside the company which are profit and loss statement or business plan.

The Group also identifies indications of impairment based on information from outside the Company, including the business environment or fair value of assets.

The Group determines recognition of impairment loss, such as whether there is concern about recovery of the book value due to changes in the corporate environment or the economy. If it is determined that an impairment loss should be recognized, the book value is reduced to the recoverable amount.

When the amount of the undiscounted future cash flow exceeds book value of an asset or each asset group impairment loss recognition is unnecessary, The main assumption used to calculate undiscounted future cash flow is the expansion of sales volume in the business plan and the expected proceeds from sales of property less costs of disposal. In addition, for measuring impairment loss at the subsidiary in the U.S. in the fiscal year ended March 31, 2021, the main assumption used in calculating the recoverable amount was expansion of the sales volume included in business plan and subsequent future cash flows, market growth rate and discount rate.

If these assumptions are changed due to changes in the business plan, market environment or management environment, there is a possibility that impairment losses may be recognized in the fiscal year ending March 31, 2022.

4. Standards Issued but Not Yet Effective

Accounting Standard and Implementation Guidance for Revenue Recognition
(i) Overview
On March 31, 2020, ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29), "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19). On March 26 2021, ASBJ issued "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30). The International Accounting Standards Board (hereinafter referred to as the "IASB") and the Financial Accounting Standards Board (hereinafter referred to as the "FASB") in the United States co-developed comprehensive accounting standards for revenue recognition and issued "Revenue from Contracts with Customers" (issued as IFRS 15 by the IASB and Topic 606 by the FASB) in May 2014. The ASBJ developed comprehensive accounting standards on revenue recognition and issued them in conjunction with the implementation guidance based on the fact that IFRS 15 was applied from fiscal years starting on or after January 1, 2018 and Topic 606 was applied from fiscal years starting after December 15, 2017.

As the basic policy in developing accounting standards for revenue recognition, the ASBJ defined the accounting standard starting with incorporating the basic principle of IFRS 15 from a standpoint of comparability between financial statements, which is one benefit of ensuring consistency with IFRS 15. Furthermore, the ASBJ added alternative accounting treatment without impairing comparability when there are matters to be considered related to accounting practices, etc. common in Japan.

(ii) Scheduled date of adoption
The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(iii) Impact of the adoption of accounting standard and implementation guidance
The Company currently evaluated that the effect of the adoption of the accounting standard and the implementation guidance on its consolidated financial statements is insignificant.

Accounting Standard and Implementation Guidance for Fair Value Measurement
(i) Overview
On July 4, 2019 the ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30), "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9), "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10), "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19). Based on the fact that the IASB and FASB have established almost the same detailed guidance for fair value measurement (issued as IFRS 13 "Fair Value Measurement" in IFRS and Topic 820 "Fair Value Measurement" by the FASB), the ASBJ worked on ensuring consistency between Japanese GAAP and IFRS regarding the guidance and disclosure on fair value of financial instruments and issued "Accounting Standard for Fair Value Measurement" etc.

As the basic policy in developing accounting standards for Fair Value Measurement, the ASBJ incorporates the rules of IFRS 13 from a standpoint of improving the comparability between financial statements of Japanese companies and overseas companies by using the unified calculation method. Furthermore, the ASBJ defined the other accounting treatment for the particular matters without impairing comparability considering accounting practice, etc. common in Japan.

(ii) Scheduled date of adoption
The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(iii) Impact of the adoption of accounting standard and implementation guidance
The effect of the adoption of the accounting standard and the implementation guidance on its consolidated financial statements is to be decided.

5. Change in Presentation

Change in presentation method due to change in classification of royalty
"Royalty," which was previously included in "Other" under "Other income" has been included in "net sales" from the first quarter of the fiscal year ended March 31, 2021. In addition, accounts receivable in "Other current assets" under "Current assets" were reclassified as "Trade receivables – accounts." This change was made in order to appropriately present the results of the Company's operating activities, as the Company positioned increasing income from technology licensing as one of its main operating activities in the fiscal year ended March 31, 2021. To reflect this change in presentation, information for the fiscal year ended March 31, 2020 has been reclassified.

As a result, ¥137 million of accounts receivable, which was included in "Other current assets" under "Current assets" in the fiscal year ended March 31, 2020, was reclassified as "Trade receivables – accounts," in the amount of ¥99,074 million while "Other current assets" amounted to ¥30,518 million. Also, ¥461 million of "royalty," which was included in "Other" under "Other income" in the fiscal year ended March 31, 2020, was reclassified to "Net sales," and operating income increased by ¥461 million with "Net sales" totaling ¥651,957 million while "Operating income" was ¥7,517 million. There was no impact on "Loss before income taxes" for the fiscal year.

In addition, as a result of the change in accounts receivable, the corresponding amount in "Other" under "Cash flows from operating activities" in the fiscal year ended March 31, 2020, was included in "(Decrease) increase in trade receivables" due to the change in the classification of "royalty." As a result, ¥133 million of accounts receivable, which was included in "Other" in consolidated statement of cash flow of the fiscal year ended March 31, 2020 was reclassified as "(Decrease) increase in trade receivables," and "(Decrease) increase in trade receivables" was ¥25,011 million and "other" was ¥(6,155) million.

6. Additional Information

Performance-linked stock compensation scheme
The Company introduced a performance-linked stock compensation scheme (hereinafter referred to as the "Scheme") for its executive officers (excluding executive officers who do not reside in Japan; the same applies hereinafter), which serves as an officer remuneration system that is closely linked to corporate performance targets in the mid-term management plan and which is highly transparent and objective in nature.

(i) Overview of transactions
The Scheme adopts a mechanism known as an officer remuneration BIP (Board Incentive Plan) trust (hereinafter referred to as the "BIP Trust"). The BIP Trust is an incentive plan for officers based on the performance share scheme and the restricted stock scheme in the U.S., and has a system in which the Company's shares acquired by the BIP Trust and funds equivalent to the proceeds received when converting into cash or disposing of such shares are distributed and paid according to the officers' positions and the degree of achievement of performance targets disclosed in the mid-term management plan, and other factors.

(ii) The Company's shares remaining in the trust
The Company's shares remaining in the trust are recorded as treasury stock in the net asset section, based on their book value (excluding the amount of incidental expenses) recorded in the accounts of the trust. The book value and number of shares of such treasury stock at March 31, 2021 totaled ¥145 million ($1,314 thousand) and 456,169 shares, and at March 31, 2020 totaled ¥150 million and 472,666 shares, respectively.

Impact of Spread of Novel Coronavirus on Accounting Estimates
With regard to the spread of the novel coronavirus, there is a high degree of uncertainty regarding the future spread and the timing of its containment. However, while there is a possibility that it will continue to be a significant risk in the future, the Company and its consolidated subsidiaries have made accounting estimates based on the assumption that the situation will improve from the fiscal year ending March 31, 2022.

7. Inventories

Inventories at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Finished goods	¥ 91,849	¥ 96,616	*$ 832,267*
Work in process	48,601	48,928	*440,386*
Raw materials and supplies	36,397	37,379	*329,803*
	¥ 176,847	¥ 182,923	*$ 1,602,456*

8. Impairment of Fixed Assets

The Company and its consolidated subsidiaries group fixed assets used for manufacturing by management segment into minimum units which generate identifiable cash flows (e.g., a factory). They also group fixed assets used at the head office or used for sales activities as shared assets, and group fixed assets on an individual basis when they do not expect any future use.

The Company and its consolidated subsidiaries wrote down the following assets to their respective net recoverable values because the Company and its consolidated subsidiaries do not expect them to be recoverable. Consequently, the Company and its consolidated subsidiaries recorded related losses on impairment of fixed assets of ¥2,462 million ($22,309 thousand) and ¥29,001 million in the accompanying consolidated statement of operations for the years ended March 31, 2021 and 2020, respectively:

			Millions of yen		*Thousands of U.S. dollars*
Location	Usage	Classification	2021	2020	*2021*
Japan	Production equipment and other	Buildings and structures	¥ —	¥ 4,360	*$ —*
		Machinery and equipment	—	16,355	*—*
		Land	—	400	*—*
		Construction in progress	—	249	*—*
		Other	—	591	*—*
Americas	Production equipment	Buildings and structures	471	—	*4,268*
		Machinery and equipment	1,787	5,518	*16,192*
		Land	174	—	*1,577*
		Construction in progress	30	—	*272*
Europe	Production equipment and other	Buildings and structures	—	273	*—*
		Machinery and equipment	—	1,220	*—*
		Other	—	35	*—*
			¥ 2,462	¥ 29,001	*$ 22,309*

The recoverable value of the fixed assets presented in the above table has been measured at fair value for the consolidated subsidiaries in the U.S. and at net realizable value or value in use for other consolidated subsidiaries. If a fixed asset is unlikely to be sold or diverted to other usage, such asset is valued at nil. Fair value under U.S. GAAP is mainly measured using the income approach, and calculated as the sum of anticipated future cash flows discounted at a certain rate. Value in use is measured as the sum of anticipated future cash flows by each business units mainly discounted at rate of 6%.

9. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2021 and 2020 is summarized as follows:

	Millions of yen					
	2021			2020		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 21,340	¥ 9,069	¥ 12,271	¥ 17,124	¥ 8,986	¥ 8,138
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	449	487	(38)	3,512	4,372	(860)
Total	¥ 21,789	¥ 9,556	¥ 12,233	¥ 20,636	¥ 13,358	¥ 7,278

	Thousands of U.S. dollars		
	2021		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	*$ 193,367*	*$ 82,176*	*$ 111,191*
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	*4,069*	*4,413*	*(344)*
Total	*$ 197,436*	*$ 86,589*	*$ 110,847*

(b) Sales and aggregate gain on investment securities are summarized as follows:

The Company sold certain available-for-sale securities with a fair value of ¥9,505 million ($86,127 thousand), and recognized gain of ¥5,700 million ($51,649 thousand) for the fiscal year ended March 31, 2021.

10. Short-Term Bank Loans, Long-Term Debt and Lease Obligations

Short-term bank loans principally represent short-term notes with average annual interest rates of 0.81% and 1.03% at March 31, 2021 and 2020, respectively.

Long-term debt and lease obligations at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Loans from banks and other financial institutions, due through 2029, at an average annual interest rate of 0.78%	¥ 275,456	¥ 254,986	*$ 2,495,976*
0.405% unsecured bonds due 2025	10,000	10,000	*90,613*
0.490% unsecured bonds due 2027	10,000	10,000	*90,613*
0.430% unsecured bonds due 2028	10,000	10,000	*90,613*
2.5% unsecured bonds due 2051	50,000	—	*453,063*
Lease obligations due through 2053	8,084	5,645	*73,250*
	363,540	290,631	*3,294,128*
Less current portion	(56,183)	(41,121)	*(509,088)*
	¥ 307,357	¥ 249,510	*$ 2,785,040*

* 2.5% rate is fixed interest rate from March 19, 2021 to March 18, 2026. After March 19, 2026, the interest rate will be variable interest rate.

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2021 are summarized as follows:

Year ending March 31,	Millions of yen	*Thousands of U.S. dollars*
2022	¥ 56,182	*$ 509,079*
2023	53,310	*483,055*
2024	77,459	*701,876*
2025	53,891	*488,320*
2026	40,716	*368,938*
2027 and thereafter	81,982	*742,860*
	¥ 363,540	*$ 3,294,128*

11. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and certain domestic consolidated subsidiaries have defined benefit pension plans (i.e., corporate pension fund plans and lump-sum payment plans), covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. They also have defined contribution pension plans and advance payment plans. Certain overseas consolidated subsidiaries have defined benefit pension plans and/or defined contribution pension plans. The Company has also established an employees' retirement benefit trust.

2. Defined benefit pension plans

(1) The changes in the retirement benefit obligation for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Retirement benefit obligation at the beginning of the year	¥ 101,349	¥ 102,441	*$ 918,349*
Service cost	3,724	3,553	*33,744*
Interest cost	1,660	1,705	*15,042*
Actuarial gain	1,218	166	*11,036*
Benefits paid	(6,436)	(5,500)	*(58,318)*
Other	1,584	(1,016)	*14,353*
Retirement benefit obligation at the end of the year	¥ 103,099	¥ 101,349	*$ 934,206*

* Certain domestic consolidated subsidiaries calculate the liability for retirement benefits based on the simplified method.

(2) The changes in plan assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Plan assets at fair value at the beginning of the year	¥ 54,622	¥ 60,551	$ 494,944
Expected return on plan assets	1,315	1,434	11,916
Actuarial gain or loss	8,834	(5,153)	80,047
Contributions by the employers	3,345	3,357	30,310
Benefits paid	(5,629)	(4,240)	(51,006)
Other	691	(1,327)	6,261
Plan assets at fair value at the end of the year	¥ 63,178	¥ 54,622	$ 572,472

(3) The balance of retirement benefit obligation and plan assets at fair value, liabilities and assets recognized in consolidated balance sheets as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Funded retirement benefit obligation	¥ 96,288	¥ 94,896	$ 872,490
Plan assets at fair value	(63,178)	(54,622)	(572,472)
	33,110	40,274	300,018
Unfunded retirement benefit obligation	6,811	6,453	61,716
Net amount of liabilities and assets recognized in the consolidated balance sheet	39,921	46,727	361,734
Liability for retirement benefits	39,921	46,727	361,734
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 39,921	¥ 46,727	$ 361,734

(4) The components of retirement benefit expenses for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥ 3,724	¥ 3,553	$ 33,744
Interest cost	1,659	1,705	15,033
Expected return on plan assets	(1,315)	(1,434)	(11,916)
Amortization:			
Actuarial loss	1,046	1,219	9,478
Past service cost	134	67	1,214
Retirement benefit expenses	¥ 5,248	¥ 5,110	$ 47,553

(5) The components of retirement benefit liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Actuarial gain or loss	¥ 8,662	¥ (2,567)	$ 78,488
Past service cost	209	24	1,894
Total	¥ 8,871	¥ (2,543)	$ 80,382

(6) The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized actuarial loss	¥ (3,838)	¥ (12,500)	$ (34,777)
Unrecognized past service cost	—	(209)	—
Total	¥ (3,838)	¥ (12,709)	$ (34,777)

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2021 and 2020 are as follows:

	2021	2020
Equities	40.0%	29.9%
Bonds	33.1	41.2
General accounts at life insurance companies	13.6	15.1
Other	13.3	13.8
Total	100.0%	100.0%

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and anticipated in the future, and long-term expected rate of return from multiple plan assets.

(8) The assumptions used in accounting for the defined benefit plans are as follows:

	2021	2020
Discount rate	Principally 1.2%	Principally 1.2%
Expected long-term rate of return on plan assets	Principally 1.5%	Principally 1.5%

3. Defined contribution pension plans

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Contributions to defined contribution pension plans	¥ 1,304	¥ 1,629	$ 11,816

12. Shareholders' Equity

(a) The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Law. The legal reserve of the Company included in retained earnings amounted to ¥8,639 million ($78,280 thousand) at March 31, 2021 and 2020.

(b) Movements in shares issued and treasury stock during the years ended March 31, 2021 and 2020 are summarized as follows:

	Number of shares			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Shares issued:				
Common stock	532,463,527	—	—	532,463,527
Treasury stock:				
Common stock	1,314,946	1,241	16,546	1,299,641

	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Shares issued:				
Common stock	532,463,527	—	—	532,463,527
Treasury stock:				
Common stock	1,320,628	1,413	7,095	1,314,946

The increase in treasury stock of 1,241 shares was due to purchases of shares of less than one voting unit and the decrease in treasury stock of 16,546 shares was mainly due to disposal of shares by the "Officer Remuneration BIP Trust" for the year ended March 31, 2021 (Please refer to Note 5). Additionally, the Company included 456,169 shares held by the "Officer Remuneration BIP Trust" in the number of treasury stock at March 31, 2021.

The increase in treasury stock of 1,413 shares was due to purchases of shares of less than one voting unit and the decrease in treasury stock of 7,095 shares was mainly due to disposal of shares by the "Officer Remuneration BIP Trust" for the year ended March 31, 2020 (Please refer to Note 6). Additionally, the Company included 472,666 shares held by the "Officer Remuneration BIP Trust" in the number of treasury stock at March 31, 2020.

13. Contingent Liabilities

Lawsuits, etc.

(1) There are ongoing investigations by the authorities into consolidated subsidiaries in Brazil and elsewhere on suspicion of violating competition laws of each country in connection with overseas sales of bearings.

(2) In Europe, a lawsuit has been filed against the Company and its two consolidated subsidiaries in the France Tribunal de Commerce de Lyon. The suit seeks the payment of damages of €66.7 million (provisional amount) to Renault S.A. and its total 15 group companies (hereinafter referred to as "Renault"). In December 2020, Renault changed the amount claimed for damages to €32.5 million (provisional amount). In addition, another lawsuit has been filed against the Company and its two consolidated subsidiaries in Europe in the United Kingdom Commercial Court by Fiat Chrysler Automobiles N.V. and its total 7 group companies (hereinafter referred to as "FCA"). This lawsuit was transferred to the United Kingdom Competition Appeal Tribunal on July 14, 2020.

These suits have been filed because Renault and FCA claimed damages incurred in connection with the alleged violation of the European Competition Law, which is the subject of a decision made by the European Commission on March 19, 2014.

(3) The Company and its related companies may be subject to claims for compensation for damages in connection with the past violation of the Anti-Monopoly Act of Japan or the European Competition Law, etc. and continue to address these claims. Depending on the results of the claims, the results of operations of the Company and its consolidated subsidiaries could be affected. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

14. Operating Leases

Future minimum lease payments subsequent to March 31, 2021 for non-cancelable operating leases were as follows:

Years ending March 31,	Millions of yen	*Thousands of U.S. dollars*
2022	¥ 782	*$ 7,086*
2023 and thereafter	2,723	*24,674*
Total	¥ 3,505	*$ 31,760*

15. Financial Instruments

Overview

(a) Policy for financial instruments

The Company and its subsidiaries (collectively, the "Group") raise necessary funds in accordance with management plans mainly by bank borrowings and issuance of corporate bonds in support of operations related to the manufacture and sales of bearings, constant-velocity joints (CVJs) and precision equipments. The Group utilizes bank borrowings for short-term operating funds, and bank borrowings and issuance of corporate bonds for long-term capital investments and finances. Temporary surplus funds are managed by low-risk financial assets. The Group utilizes derivatives to avoid or mitigate risks as described in the later part of this note and does not hold them for speculative purposes.

(b) Types of financial instruments and related risks

Trade receivables, notes, accounts receivable and electronically recorded monetary claims, are exposed to credit risk of customers. In addition, as a result of the business of the Group, which operates globally, foreign currency trade receivables are exposed to currency rate fluctuation risk, which is mitigated by utilizing forward foreign currency exchange contracts. Securities are mainly composed of stocks of the companies with which the Group has business relationships and they are exposed to fluctuation risk of market prices.

Trade payables, notes, accounts payable and electronically recorded obligations, are due within one year. Certain trade payables resulting from the import of raw materials are denominated in foreign currencies. These are exposed to fluctuation risk of foreign currencies. However, the risk is mitigated because the trade payables, notes and accounts payable denominated in foreign currencies are within persistently the range of accounts receivable denominated in the same currencies.

Loans are mainly utilized for business operations of the Group. Short-term loans are mainly utilized for financing of operating activities. Long-term loans are mainly utilized for capital investments and financing. These have maturity dates of 10 years or less, at the longest, subsequent to March 31, 2021. Certain loans are exposed to fluctuation risk of interest rates and fluctuation risk of exchange rates and this risk is hedged by derivative transactions of interest rate swap agreements and interest-rate and cross currency swap agreements.

The Group has a policy to utilize derivative transactions involving forward foreign currency exchange contracts, currency option agreements, currency swap agreements, interest rate option agreements and interest rate swap agreements for the purpose of avoiding future fluctuation risk of foreign currencies trade receivables and payables and mitigating future fluctuation risk of interest rate of loans and corporate bonds. The Group utilized forward foreign currency exchange contracts, interest rate swap agreements and interest-rate and cross currency swap agreements for the year ended March 31, 2021. Refer to "(m) Derivative financial instruments and hedging activities" in Note 2 "Summary of Significant Accounting Policies."

(c) Risk management for financial instruments

(i) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with internal rules and manual, the credit management section periodically monitors financial conditions of major customers, manages collection due dates and balances of each customer and tries to identify credit risk of customers with worsening financial conditions at the early stage and mitigate the risk. Credit risk of securities is quite low because the Group utilizes certificate of deposits with high credit ratings, up to a limited amount, which is approved by the Company. The Group believes credit risk of derivative transactions is almost nil because counterparties are financial institutions with high credit ratings.

(ii) Monitoring of market risks (the risks arising from fluctuations in foreign currency exchange rates, interest rates and others)

The Group mainly utilizes forward foreign currency exchange contracts for hedging of fluctuation risk which is identified by each currency. Depending on the market conditions of foreign currencies, the Group utilizes forward foreign currency exchange contracts for forecasted export transactions with a maximum period of 6 months.

The Group utilizes interest rate swap agreements and interest-rate and cross currency swap agreements to mitigate fluctuation risk of interest rates and fluctuation risk of loan principal due to floating exchange rates.

The Group continuously reviews securities holdings by monitoring periodically the market value and financial condition of securities' issuers (companies with business relationships with the Group) and by evaluating those relationships.

The Group has established policies which include maximum upper limits and reporting obligations for derivative transactions and complies fully with these guidelines. Derivative transactions are entered into by the Company's Accounting Department and certain consolidated subsidiaries. The Company carries out mutual supervision and monitoring of the derivative transactions in accordance with management policies and its consolidated subsidiaries apply the same approach. Each derivative transaction of the Company is reported to the responsible director when entered into. The consolidated subsidiaries are required to report the status of their derivatives transactions to the Company on a monthly basis and are also required to consult with the Company when they enter into derivative transactions other than forward foreign currency exchange contracts.

(iii) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk with the responsible section preparing and updating cash flow plans and keeping necessary funds based on reports of each section.

(d) Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 16 "Derivative Financial Instruments and Hedging Activities" are not necessarily indicative of the actual market risk involved in the derivative transactions.

Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheets, fair value and the difference as of March 31, 2021 and 2020, are shown in the following table. The table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

	Millions of yen					
	2021			2020		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and cash equivalents	¥ 147,249	¥ 147,249	¥ —	¥ 71,165	¥ 71,165	¥ —
(2) Short-term investments	7,720	7,720	—	6,403	6,403	—
(3) Notes and accounts – trade receivables	116,605	116,605	—	103,372	103,372	—
(4) Electronically recorded monetary claims	4,996	4,996	—	4,788	4,788	—
(5) Investment securities	21,789	21,789	—	20,636	20,638	2
(6) Short-term loans receivable included in other current assets	68	68	—	2,652	2,652	—
Total assets	¥ 298,427	¥ 298,427	¥ —	¥ 209,016	¥ 209,018	¥ 2
(7) Short-term bank loans	67,348	67,348	—	77,431	77,431	—
(8) Current portion of long-term debt	54,488	54,488	—	39,845	39,845	—
(9) Notes and accounts – trade payables	55,468	55,468	—	48,676	48,676	—
(10) Electronically recorded obligations	62,815	62,815	—	68,685	68,685	—
(11) Accrued income taxes	2,126	2,126	—	1,828	1,828	—
(12) Long-term debt	300,967	301,982	1,015	245,140	248,523	3,383
Total liabilities	¥ 543,212	¥ 544,227	¥ 1,015	¥ 481,605	¥ 484,988	¥ 3,383
Derivative transactions (*)	¥ (1,523)	¥ (1,523)	¥ —	¥ 1,331	¥ 1,331	¥ —

	Thousands of U.S. dollars		
	2021		
	Carrying value	Fair value	Difference
(1) Cash and cash equivalents	*$ 1,334,261*	*$ 1,334,261*	*$ —*
(2) Short-term investments	*69,953*	*69,953*	*—*
(3) Notes and accounts – trade receivables	*1,056,587*	*1,056,587*	*—*
(4) Electronically recorded monetary claims	*45,270*	*45,270*	*—*
(5) Investment securities	*197,436*	*197,436*	*—*
(6) Short-term loans receivable included in other current assets	*616*	*616*	*—*
Total assets	*$ 2,704,123*	*$ 2,704,123*	*$ —*
(7) Short-term bank loans	*610,257*	*610,257*	*—*
(8) Current portion of long-term debt	*493,730*	*493,730*	*—*
(9) Notes and accounts – trade payables	*502,609*	*502,609*	*—*
(10) Electronically recorded obligations	*569,183*	*569,183*	*—*
(11) Accrued income taxes	*19,264*	*19,264*	*—*
(12) Long-term debt	*2,727,138*	*2,736,336*	*9,198*
Total liabilities	*$ 4,922,181*	*$ 4,931,379*	*$ 9,198*
Derivative transactions (*)	*$ (13,800)*	*$ (13,800)*	*$ —*

* Assets and liabilities arising from derivative transactions are shown at net value with the amount in parentheses representing net liability position.

Note 1: Methods to determine the fair value of financial instruments and other matters related to securities and derivative transactions

(1) Cash and cash equivalents, (2) Short-term investments, (3) Notes and accounts-trade receivables, (4) Electronically recorded monetary claims and (6) Short-term loans receivable included in other current assets

Since these items are settled in a short time period, their carrying value approximates fair value.

(5) Investment securities

The fair value of equity securities is based on quoted market prices.

(7) Short-term bank loans, (9) Notes and accounts-trade payables (10) Electronically recorded obligations and (11) Accrued income taxes

Since these items are settled in a short time period, their carrying value approximates fair value.

(8) Current portion of long-term debt and (12) Long-term debt

Long-term debt is composed of corporate bonds and long-term loans. The fair market value of corporate bonds is based on quoted market prices. The fair value of long-term loans is based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming new loans under the similar conditions to existing loans are made.

Certain long-term loans with floating interest rates have been hedged by interest rate swap agreements and interest-rate and cross currency swap agreements. These have been accounted for as loans with fixed interest rates. The fair value of those long-term loans is based on the present value of the total of the principal, interest payments and net cash flows of the swap agreements discounted by the interest rates to be applied assuming new loans under similar conditions are made.

Derivative Transactions

Please refer to Note 16 "Derivative Financial Instruments and Hedging Activities" section of these Notes to Consolidated Financial Statements.

Note 2: Financial instruments for which it is extremely difficult to determine the fair value are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Unlisted stocks			
Stocks of subsidiaries and affiliates	¥ 20,872	¥ 20,862	*$ 189,126*
Other	1,176	287	*10,657*
Total	¥ 22,048	¥ 21,149	*$ 199,783*

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

Note 3: Redemption schedules for cash and cash equivalents, receivables and marketable securities with maturities at March 31, 2021 and 2020 are as follows:

	Millions of yen			
	2021			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	¥ 147,249	¥ —	¥ —	¥ —
Short-term investments	7,720	—	—	—
Trade receivables	116,605	—	—	—
Electronically recorded monetary claims	4,996	—	—	—
Short-term loans receivable included in other current assets	68	—	—	—
Total	¥ 276,638	¥ —	¥ —	¥ —

	2020			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	¥ 71,165	¥ —	¥ —	¥ —
Short-term investments	6,403	—	—	—
Trade receivables	103,372	—	—	—
Electronically recorded monetary claims	4,788	—	—	—
Short-term loans receivable included in other current assets	2,652	—	—	—
Total	¥ 188,380	¥ —	¥ —	¥ —

	Thousands of U.S. dollars			
	2021			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	*$ 1,334,261*	*$ —*	*$ —*	*$ —*
Short-term investments	*69,953*	*—*	*—*	*—*
Trade receivables	*1,056,587*	*—*	*—*	*—*
Electronically recorded monetary claims	*45,270*	*—*	*—*	*—*
Short-term loans receivable included in other current assets	*616*	*—*	*—*	*—*
Total	*$ 2,506,687*	*$ —*	*$ —*	*$ —*

Note 4: The redemption schedule for long-term debt is disclosed in Note 10 "Short-Term Bank Loans, Long-Term Debt and Lease Obligations" section of these Notes to Consolidated Financial Statements.

16. Derivative Financial Instruments and Hedging Activities

(a) Derivative transactions to which hedge accounting is not applied

The estimated fair value of the derivatives positions outstanding which do not qualify for deferral hedge accounting at March 31, 2021 and 2020 is summarized as follows:

Currency-related transactions

		Millions of yen			
		2021			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 5,562	¥ —	¥ (73)	¥ (73)
	U.S. dollars	16,978	—	(860)	(860)
Over-the-counter transactions	Other	2,620	—	(80)	(80)
	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	12,292	6,187	(411)	(411)
	Receive/fixed yen and pay/fixed U.S. dollars	9,467	—	(99)	(99)
	Other	—	—	—	—
	Total	¥ 46,919	¥ 6,187	¥ (1,523)	¥ (1,523)

		Millions of yen			
		2020			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 4,676	¥ —	¥ 17	¥ 17
	U.S. dollars	13,638	—	(63)	(63)
Over-the-counter transactions	Other	2,751	—	268	268
	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	15,264	7,874	1,403	1,403
	Other	3,285	—	(294)	(294)
	Total	¥ 39,614	¥ 7,874	¥ 1,331	¥ 1,331

		Thousands of U.S. dollars			
		2021			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	*$ 50,399*	*$ —*	*$ (661)*	*$ (661)*
	U.S. dollars	*153,842*	*—*	*(7,793)*	*(7,793)*
Over-the-counter transactions	Other	*23,740*	*—*	*(725)*	*(725)*
	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	*111,381*	*56,062*	*(3,724)*	*(3,724)*
	Receive/fixed yen and pay/fixed U.S. dollars	*85,783*	*—*	*(897)*	*(897)*
	Other	*—*	*—*	*—*	*—*
	Total	*$ 425,145*	*$ 56,062*	*$ (13,800)*	*$ (13,800)*

The fair value of forward foreign currency exchange contracts is computed using prices provided by counterparty financial institutions.

(b) Derivative transactions to which hedge accounting is applied

The estimated fair value of the derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2021 and 2020 is summarized as follows.

		Millions of yen		
		2021		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps			
	Receive / floating and pay / fixed	¥ 2,500	¥ 2,500	(*1)
Forward foreign currency exchange contracts applied to underlying accounts-trade receivable	Forward foreign currency exchange contract			
	Selling:			
	U.S. dollars	—	—	(*2)

		Millions of yen		
		2020		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps			
	Receive / floating and pay / fixed	¥ 6,000	¥ 2,500	(*1)
Forward foreign currency exchange contracts applied to underlying accounts-trade receivable	Forward foreign currency exchange contract			
	Selling:			
	U.S. dollars	66	—	(*2)

		Thousands of U.S. dollars		
		2021		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps			
	Receive / floating and pay / fixed	*$ 22,653*	*$ 22,653*	*(*1)*
Forward foreign currency exchange contracts applied to underlying accounts-trade receivable	Forward foreign currency exchange contract			
	Selling:			
	U.S. dollars	—	—	*(*2)*

*1 Because interest rate swap agreements are accounted for applying swap rates to underlying long-term debt, their fair value is included in that of long-term debt disclosed in Note 15 "Financial Instruments."

*2 Because forward foreign currency exchange contracts are accounted for applying forward foreign exchange rate to underlying accounts-trade receivable, for the years ended March 31, 2021 and 2020, respectively, their fair value is included in that of accounts-trade receivable.

17. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥17,486 million ($158,445 thousand) and ¥19,962 million for the years ended March 31, 2021 and 2020, respectively.

18. Loss on Surcharge Payments under the Anti-Monopoly Act

The Company has negotiated the compensation of damages with a part of customers in association with investigations by the authorities about the competition laws. Nevertheless, in overall consideration of the effects to operations of the Company and its consolidated subsidiaries due to extended negotiations, the Company reached the conclusion to pay the settlement amount because the Company considered that an amicable and early resolution would accord with the overall benefits for both parties for the year ended March 31, 2020.

In the U.S., the Company and its consolidated subsidiaries reached a settlement with the direct purchasers regarding the class action suit that was filed in the U.S. District Court for the Eastern District of Michigan in November 2020. This settlement agreement will end the class action suit in the United States. In addition, in March 2021, the Conselho Administrativo de Defesa Econômica decided to impose fines of 9,318,311.31 Brazilian reals on the consolidated subsidiary in Brazil for violating the Brazilian competition law in connection with sales of bearings in Brazil, and the subsidiary paid the fines in May 2021.

As a result, the Company and its consolidated subsidiaries recorded loss on surcharge payments under the Anti-Monopoly Act in the amounts of ¥1,176 million ($10,656 thousand) and ¥745 million for the years ended March 31, 2021 and 2020, respectively.

19. Subsidy Income

The Company recorded subsidy income in the amount of ¥5,769 million ($52,274 thousand) for the year ended March 31, 2021. This represents the income such as subsidies for employment adjustment recorded during the period attributable to the Company and certain consolidated subsidiaries that had temporarily suspended operations due to the spread of the COVID-19 infection worldwide.

20. Loss Resulting from Low Operating Capacity

The Company recorded loss resulting from low operating capacity in the amount of ¥2,097 million for the year ended March 31, 2020. This represents fixed costs recorded during the period attributable to some overseas consolidated subsidiaries that had temporarily suspended operations due to the spread of the COVID-19 infection worldwide.

The Company recorded loss resulting from low operating capacity in the amount of ¥3,344 million ($30,301 thousand) for the year ended March 31, 2021. This represents fixed costs recorded during the period attributable to the Company and certain consolidated subsidiaries that had temporarily suspended operations due to the spread of the COVID-19 infection worldwide.

21. Other Comprehensive Income (Loss)

The following table presents the analysis of other comprehensive income (loss) for the years ended March 31, 2021 and 2020.

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Net unrealized holding loss on securities:			
Amount arising during the year	¥ 10,765	¥ (8,526)	*$ 97,544*
Reclassification adjustments for gains included in profit	(5,699)	(1,353)	*(51,640)*
Before tax effect	5,066	(9,879)	*45,904*
Tax effect	(1,513)	2,953	*(13,709)*
Total	3,553	(6,926)	*32,195*
Translation adjustments:			
Amount arising during the year	15,057	(13,710)	*136,435*
Reclassification adjustments for gains included in profit	—	—	—
Before tax effect	15,057	(13,710)	*136,435*
Tax effect	—	—	—
Total	15,057	(13,710)	*136,435*
Retirement benefit liability adjustments:			
Amount arising during the year	7,438	(5,258)	*67,397*
Reclassification adjustments for gains included in profit	1,365	2,810	*12,369*
Before tax effect	8,803	(2,448)	*79,766*
Tax effect	(1,779)	(1,301)	*(16,120)*
Total	7,024	(3,749)	*63,646*
Share of other comprehensive loss of affiliates accounted for by the equity method:			
Amount arising during the year	29	(44)	*263*
Reclassification adjustments for gains included in profit	(543)	—	*(4,920)*
Total	(514)	(44)	*(4,657)*
Other comprehensive income (loss), net	¥ 25,120	¥ (24,429)	*$ 227,619*

22. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate taxes, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in statutory tax rates of 29.9% and 29.9% for the years ended March 31, 2021 and 2020, respectively. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate.

The details of the differences between the statutory tax rate and effective tax rate for the years ended March 31, 2021 and 2020 are omitted because the Company and its consolidated subsidiaries recorded a loss before income taxes for the years.

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2021 and 2020 are presented below:

	Millions of yen		*Thousands of U.S. dollars*
	2021	2020	*2021*
Deferred tax assets:			
Tax loss carryforwards	¥ 25,653	¥ 19,467	*$ 232,448*
Liability for retirement benefits	16,639	18,647	*150,770*
Impairment loss	9,601	11,491	*86,997*
Accrued expenses	2,785	2,975	*25,236*
Inventories	691	1,011	*6,261*
Valuation loss on investment securities	458	1,452	*4,150*
Other	2,432	4,941	*22,037*
Gross deferred tax assets	58,259	59,984	*527,899*
Valuation allowance for tax loss carryforwards	(23,531)	(17,387)	*(213,220)*
Valuation allowance for taxable temporary differences	(26,400)	(23,153)	*(239,217)*
Less: valuation allowance	(49,931)	(40,540)	*(452,437)*
Total deferred tax assets	8,328	19,444	*75,462*
Deferred tax liabilities:			
Unrealized holding gain on securities	(3,685)	(2,172)	*(33,391)*
Gain on contribution of securities to retirement benefit trust	(3,046)	(3,046)	*(27,601)*
Depreciation and amortization	(2,195)	(6,459)	*(19,889)*
Reserve for deferred gain on property included in retained earnings	(1,113)	(1,143)	*(10,085)*
Other	(1,707)	(864)	*(15,467)*
Total deferred tax liabilities	(11,746)	(13,684)	*(106,433)*
Net deferred tax assets	¥ (3,418)	¥ 5,760	*$ (30,971)*

Note 1: Valuation allowance increased ¥9,391 million ($85,094 thousand) in the year ended March 31, 2021. The main reason for this increase is that the valuation allowance for tax loss carry forwards increased ¥6,144 million ($55,672 thousand).

Note 2: Tax loss carryforwards and related deferred tax assets as of March 31, 2021 and 2020 expired or will expire as follows:

	Millions of yen		
	2021		
Year ending March 31,	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2022	¥ 410	¥ (237)	¥ 173
2023	339	(72)	267
2024	324	(7)	317
2025	550	(146)	404
2026	1,017	(588)	429
2027 and thereafter	23,013	(22,481)	532
	¥ 25,653	¥ (23,531)	(*2) ¥ 2,122

	Millions of yen		
	2020		
Year ending March 31,	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2021	¥ 658	¥ (401)	¥ 257
2022	514	(169)	345
2023	386	(64)	322
2024	437	—	437
2025	120	(2)	118
2026 and thereafter	17,352	(16,751)	601
	¥ 19,467	¥ (17,387)	(*2) ¥ 2,080

	Thousands of U.S. dollars		
	2021		
Year ending March 31,	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2022	*$ 3,716*	*$ (2,148)*	*$ 1,568*
2023	*3,071*	*(652)*	*2,419*
2024	*2,935*	*(63)*	*2,872*
2025	*4,984*	*(1,323)*	*3,661*
2026	*9,215*	*(5,328)*	*3,887*
2027 and thereafter	*208,527*	*(203,706)*	*4,821*
	$ 232,448	*$ (213,220)*	*(*2) $ 19,228*

(*1) The tax loss carryforwards in the above table are measured using the statutory tax rates.

(*2) The balance of deferred tax assets of ¥2,122 million ($19,228 thousand) and ¥2,080 million arising from tax loss carryforwards of ¥25,653 million ($232,448 thousand) and ¥19,467 million calculated after multiplying the loss amount with the statutory tax rates as of March 31, 2021 and 2020, respectively. A certain portion of tax loss carryforwards was considered to be recoverable in future income taxes because it is probable that future taxable profit would be available.

23. Amounts per Share

Amounts per share at March 31, 2021 and 2020 and for the years then ended were as follows:

	Yen		U.S. dollars
	2021	2020	*2021*
Net assets	¥ 321.04	¥ 294.00	*$ 2.91*
Loss attributable to owners of parent:			
Basic	(21.92)	(82.83)	*(0.20)*
Cash dividends	—	5.00	*—*

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at the year end.

Basic loss attributable to owners of parent per share is computed based on the profit or attributable to owners of parent of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted profit attributable to owners of parent per share has not been presented because there were no potentially dilutive shares of common stock, and the Company and consolidated subsidiaries recorded loss attributable to owners of parent for the years ended March 31, 2021 and 2020.

The Company recorded shares held by the “Officer Remuneration BIP Trust” (Please refer to Note 6) as treasury stock in the consolidated financial statements as of March 31, 2021 and 2020. Accordingly, to compute “net assets per share,” the Company’s shares held by the trust (456,169 shares and 472,666 shares at March 31, 2021 and 2020, respectively) are included in treasury stock that is excluded from the number of shares outstanding as of March 31, 2021 and 2020. In addition, to compute “Loss attributable to owners of parent per share,” the Company’s shares held by the trust (461,245 and 474,565 average number of shares for the years ended March 31, 2021 and 2020, respectively) are included in treasury stock that is excluded from the computation of the average number of shares for the years ended March 31, 2021 and 2020.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

24. Segment Information

1. Outline of reporting segments

The Company and its subsidiaries’ (correctively, the “Group”) reporting segments are divisions of the Group for which separate financial information is available, and whose operating results are reviewed regularly by the highest management decision-making body (the Board of Directors meeting of the Company) in order to allocate management resources and assess performance of operations.

The Group’s main business lines consist of the manufacture and sales of bearings, CVJs and precision equipments for the aftermarket, general industrial machinery market, and automotive market. Business activities in Japan are controlled by the Company (the Head Office), and overseas business activities are controlled by the General Manager responsible in each region. Business entities in each region prepare their own plans and strategies to conduct business activities while analyzing profitability and the investment efficiency of operations.

Accordingly, the Group has four reporting segments based on geographic business segmentation controlled by the Head Office or the General Managers: Japan, the Americas, Europe, and Asia and other areas. Each reporting segment engages in the manufacture and sale of bearings, CVJs, and precision equipments and other products.

2. Calculation methods used for net sales, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies of the segments are substantially the same as those described in Note 2 “Summary of Significant Accounting Policies.” Inter-segment sales and transfers are recorded at the same prices used in transactions with third parties.

(Changes in Presentation Method)

“Royalty,” which was previously included in “Other” under “Non-operating income”, has been included in “Net sales” from the current fiscal year. In addition, accounts receivable in “Other” under “Current assets,” were reclassified as “Trade receivables.”

The Company made this change in order to appropriately present the results of the Group’s sales activities, as the Company positioned acquiring licensing income as one of its main sales activities from the first quarter of the current fiscal year.

Regarding segment information in the previous fiscal year, it has been presented after reflecting this change. Therefore, net sales and segment profit increased ¥3,421 million in Japan and ¥11 million in Europe compared with the amounts before the change.

3. Information as to net sales, profit or loss, assets, liabilities, and other items for each reporting segment for the years ended March 31, 2021 and 2020

Reportable segment information for the years ended March 31, 2021 and 2020 is summarized as follows:

	Millions of yen						
	2021						
	Reporting segments						
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 168,281	¥ 142,228	¥ 126,777	¥ 125,561	¥ 562,847	¥ —	¥ 562,847
Inter-segment sales and transfers	98,690	706	2,421	7,859	109,676	(109,676)	—
Total	266,971	142,934	129,198	133,420	672,523	(109,676)	562,847
Segment profit or loss	¥ (10,793)	¥ (2,803)	¥ (2,428)	¥ 12,306	¥ (3,718)	¥ 579	¥ (3,139)
Segment assets	¥ 644,492	¥ 161,917	¥ 129,992	¥ 187,411	¥ 1,123,812	¥ (287,248)	¥ 836,564
Segment liabilities	¥ 479,412	¥ 118,725	¥ 84,609	¥ 38,394	¥ 721,140	¥ (68,327)	¥ 652,813
Other items:							
Depreciation and amortization	¥ 12,876	¥ 8,931	¥ 7,232	¥ 6,440	¥ 35,479	¥ —	¥ 35,479
Capital expenditures	¥ 18,475	¥ 6,380	¥ 3,494	¥ 3,082	¥ 31,431	¥ (0)	¥ 31,431

	Millions of yen						
	2020						
	Reporting segments						
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 205,832	¥ 169,879	¥ 152,582	¥ 123,664	¥ 651,957	¥ —	¥ 651,957
Inter-segment sales and transfers	126,685	1,194	3,069	11,266	142,214	(142,214)	—
Total	332,517	171,073	155,651	134,930	794,171	(142,214)	651,957
Segment profit	¥ 2,138	¥ (6,438)	¥ 413	¥ 11,419	¥ 7,532	¥ (15)	¥ 7,517
Segment assets	¥ 584,431	¥ 161,409	¥ 128,354	¥ 170,303	¥ 1,044,497	¥ (286,675)	¥ 757,822
Segment liabilities	¥ 417,340	¥ 112,518	¥ 101,592	¥ 38,182	¥ 669,632	¥ (80,188)	¥ 589,444
Other items:							
Depreciation and amortization	¥ 13,424	¥ 9,719	¥ 7,363	¥ 6,801	¥ 37,307	¥ —	¥ 37,307
Capital expenditures	¥ 38,754	¥ 18,047	¥ 6,097	¥ 4,692	¥ 67,590	¥ (41)	¥ 67,549

	Thousands of U.S. dollars						
	2021						
	Reporting segments						
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	$ 1,524,837	$ 1,288,764	$ 1,148,759	$ 1,137,740	$ 5,100,100	$ —	$ 5,100,100
Inter-segment sales and transfers	894,255	6,397	21,937	71,213	993,802	(993,802)	—
Total	2,419,092	1,295,161	1,170,696	1,208,953	6,093,902	(993,802)	5,100,100
Segment profit or loss	$ (97,798)	$ (25,399)	$ (22,001)	$ 111,508	$ (33,690)	$ 5,247	$ (28,443)
Segment assets	$ 5,839,906	$ 1,467,171	$ 1,177,890	$ 1,698,179	$ 10,183,146	$ (2,602,827)	$ 7,580,319
Segment liabilities	$ 4,344,074	$ 1,075,797	$ 766,664	$ 347,898	$ 6,534,433	$ (619,128)	$ 5,915,305
Other items:							
Depreciation and amortization	$ 116,673	$ 80,926	$ 65,531	$ 58,354	$ 321,484	$ —	$ 321,484
Capital expenditures	$ 167,407	$ 57,811	$ 31,669	$ 27,927	$ 284,813	$ (9)	$ 284,804

The total amount of segment profit is adjusted to operating income of the consolidated statement of operations.

Other than those corresponding to segment assets, adjustments relate to the elimination of inter-segment transactions, etc. The adjustments for segment assets consist of inter-segment elimination, etc. of ¥313,207 million ($2,838,048 thousand) and ¥307,596 million and the corporate assets of the Group of ¥25,959 million ($235,221 thousand) and ¥20,922 million for the years ended March 31, 2021 and 2020, respectively. The corporate assets are mainly long-term investment funds (investment securities) for the years ended March 31, 2021 and 2020.

4. Related information

(1) Sales by products and service

Sales by products and service classified by the similarity of the market for the years ended March 31, 2021 and 2020 are summarized as follows:

	Millions of yen			
	2021			
	Aftermarket	Industrial machinery	Automotive	Total
Sales to third parties	¥ 91,493	¥ 101,853	¥ 369,501	¥ 562,847

	Millions of yen			
	2020			
	Aftermarket	Industrial machinery	Automotive	Total
Sales to third parties	¥ 109,429	¥ 105,210	¥ 437,318	¥ 651,957

	Thousands of U.S. dollars			
	2021			
	Aftermarket	Industrial machinery	Automotive	Total
Sales to third parties	$ 829,041	$ 922,916	$ 3,348,143	$ 5,100,100

(2) Regional information

(a) Sales

Sales categorized by country and region based on locations of customers within the Group for the years ended March 31, 2021 and 2020 are summarized as follows:

Millions of yen				
2021				
Japan	Americas	Europe	Asia and other areas	Total
¥ 162,814	¥ 144,432	¥ 117,235	¥ 138,366	¥ 562,847

Millions of yen				
2020				
Japan	Americas	Europe	Asia and other areas	Total
¥ 198,101	¥ 174,309	¥ 140,839	¥ 138,708	¥ 651,957

Thousands of U.S. dollars				
2021				
Japan	Americas	Europe	Asia and other areas	Total
$ 1,475,299	$ 1,308,735	$ 1,062,296	$ 1,253,770	$ 5,100,100

"Americas" includes the U.S.A., Canada and Central and South America. "Europe" includes Germany, France, the U.K. and others. "Asia and other areas" include China, Thailand, India and others. The sales of the "Americas" segment above include the sales to customers in the U.S.A. of ¥123,096 million ($1,115,404 thousand) and ¥146,644 million for the years ended March 31, 2021 and 2020, respectively. The sales of the "Asia and other areas" segment above include the sales to customers in China of ¥79,534 million ($720,678 thousand) for the year ended March 31, 2021.

(b) Property, plant and equipment

Property, plant and equipment categorized by country and region within the Group at March 31, 2021 and 2020 are summarized as follows:

Millions of yen				
2021				
Japan	Americas	Europe	Asia and other areas	Total
¥ 100,948	¥ 75,696	¥ 44,944	¥ 38,856	¥ 260,444

Millions of yen				
2020				
Japan	Americas	Europe	Asia and other areas	Total
¥ 100,474	¥ 78,120	¥ 45,225	¥ 38,825	¥ 262,644

Thousands of U.S. dollars				
2021				
Japan	Americas	Europe	Asia and other areas	Total
$ 914,715	$ 685,901	$ 407,249	$ 352,084	$ 2,359,949

1. Property, plant and equipment in "Americas" in the amount of ¥67,760 million ($613,991 thousand) and ¥70,347 million is located in the U.S.A. at March 31, 2021 and 2020, respectively.
2. Property, plant and equipment in "Europe" in the amount of ¥28,429 million ($257,602 thousand) and ¥29,688 million is located in France at March 31, 2021 and 2020, respectively.
3. Property, plant and equipment in "Asia and other areas" in the amount of ¥27,655 million ($250,589 thousand) and ¥27,623 million is located in China at March 31, 2021 and 2020, respectively.

5. Loss on impairment of fixed assets
Loss on impairment of fixed assets by reporting segment for the years ended March 31, 2021 and 2020 is summarized as follows:

Millions of yen					
2021					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
¥ —	¥ 2,462	¥ —	¥ —	¥ —	¥ 2,462

Millions of yen					
2020					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
¥ 21,955	¥ 5,518	¥ 1,528	¥ —	¥ —	¥ 29,001

Thousands of U.S. dollars					
2021					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
$ —	*$ 22,309*	*$ —*	*$ —*	*$ —*	*$ 22,309*

25. Subsequent Event

1. Business combination due to acquisition
The Company has concluded a basic agreement on June 9, 2021 regarding the additional acquisition of shares of Taira Forging Co., Ltd., currently an equity-method affiliate.

1. Outline of business combination

1) Name and business description of acquired company
Name of acquired company: Taira Forging Co., Ltd.
Business description of acquired company: Manufacturing and sales of forged rings
2) Main reason for business combination
The aim of the acquisition is to expand the business by strengthening integrated bearing production system and competitiveness of bearings for industrial machineries in the Noto region and continuing and enhancing business of the oil casing pipe connectors and construction machineries parts utilizing forging technology of Taira Forging Co., Ltd.
3) Date of business combination
June 28, 2021
4) Legal form of business combination
Acquisition of shares in exchange for cash
5) Name of company after the business combination
No change
6) Percentage of acquired voting rights
Voting rights before business combination: 46.67%
Voting rights acquired on the date of business combination: 10.00%
Voting rights after business combination: 56.67%
7) Main reason for decided on acquired company
As a result of acquisition of more than one half of the voting rights of the acquired company by acquiring the shares in exchange for cash

2. Cost of acquisition of the acquired company and breakdown of the type of consideration
The consideration of additional acquisition of shares by cash: ¥2,000 million
* Acquisition cost and gain or loss on step acquisition are undetermined

3. Amount of goodwill recognized, reason of its recognition, and method and period of amortization
Undetermined

4. Amounts of acquired assets and liabilities, breakdown of them by main type
Undetermined

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