

**NTN**

Make the world **NAMERAKA**

**Consolidated Financial Results**  
**for the First Half of FY2024**

***DRIVE***

*Digitalization Resources Innovation Variable cost reformation Efficiency improvement*

***NTN100***  
***Final***

**November 6, 2024**

**NTN Corporation**



- I. Key Points of Financial Results and Progress of “DRIVE NTN100” Final
- II. Financial Results of First Half of FY2024 and Forecast of FY2024

# 1. Key Points of FY2024 H1 Financial Results

## Sales and operating income increased YoY , decreased compared to announced forecast due to the significant impact of declined scale

- Sales decreased compared to announced forecast due to sluggish automobile production and demand in industrial machinery market.
- Operating income decreased compared to announced forecast due to impact of declined scale despite the improvement of selling prices and cost reductions.
- Loss was recorded due to impact of tax effects, etc. Profits decreased YoY and compared to announced forecast.
- Inventories reduced compared to the end of the previous fiscal year, despite a decline in demand.

(billion yen)	FY2023		FY2024				
	H1 Results ①	Full Year Results	H1 Results ②	YoY ①vs②	Previous (Forecast) at Q1③	Diff. ②vs③	
Net sales	409.6	836.3	<b>413.9</b>	+4.3(+1.0%) Excl. forex (4.2%)	<b>430.0</b>	(16.1)(3.7%) Excl. forex (4.9%)	
Operating income	6.8	28.1	<b>9.9</b>	+3.2	<b>11.0</b>	(1.1)	
Operating margin	1.7%	3.4%	<b>2.4%</b>	+0.7pt	<b>2.6%</b>	(0.2pt)	
Ordinary income	4.9	20.0	<b>3.5</b>	(1.4)	<b>6.0</b>	(2.5)	
Profit (loss) attributable to owners of parent	4.1	10.6	<b>(2.1)</b>	(6.2)	<b>2.0</b>	(4.1)	
Exchange rate	1USD	¥140.8	¥144.5	<b>¥152.5</b>	+¥11.6	¥150.4	+¥2.1
	1EURO	¥153.3	¥156.7	<b>¥165.8</b>	+¥12.5	¥163.8	+¥1.9
Inventories	256.1	264.8	<b>255.3</b>	* (9.5)	* vs FY2023 Full year results		
Capital expenditure	10.5	26.6	<b>11.4</b>	+1.0			
FCF	24.2	40.1	<b>2.8</b>	(21.4)			

## 2. Key Points of FY2024 H2 and FY2024 Forecast

### Full-year forecasts were revised downward reflecting lower sales and acceleration of structural reforms

- Recovery of demand in the automotive and industrial machinery markets will be delayed in the H2, and sales are expected to decline in the Americas, Europe, China, and other regions.
- Reduce variable costs price pass-on measures, procurement reform, etc., and thoroughly control fixed costs
- 7.0 billion yen of expenses will be added in H2 to accelerate structural reform for accomplishment of revitalization of NTN.

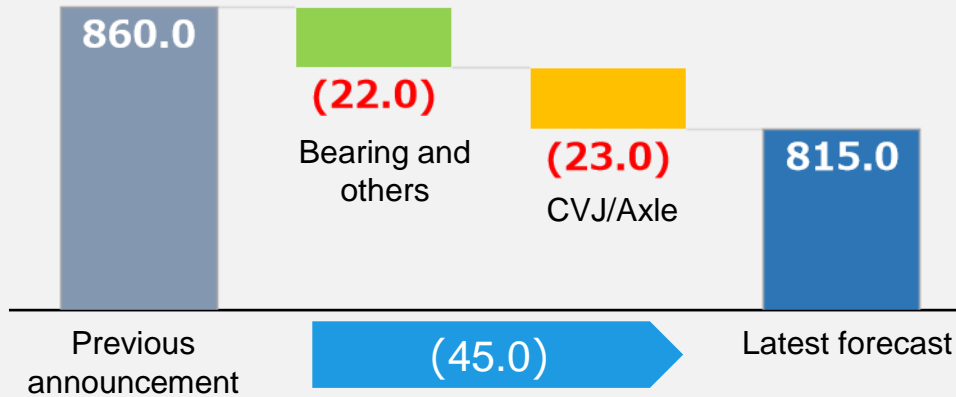
(billion yen)	FY2023		FY2024				
	Full Year Results	H1 Results	H2 Forecast	Full Year Forecast ①	Previous (Forecast) at Q1②	YoY ①vs②	
Net sales	836.3	413.9	401.1	815.0	860.0	(45.0)	
Operating income	28.1	9.9	12.1	22.0	32.0	(10.0)	
Operating margin	3.4%	2.4%	3.0%	2.7%	3.7%	(1.0pt)	
Ordinary income	20.0	3.5	5.5	9.0	22.0	(13.0)	
Extraordinary income (loss)	(3.4)	(0.6)	(14.4)	(15.0)	(8.0)	(7.0)	
Profit (loss) attributable to owners of parent	10.6	(2.1)	(13.9)	(16.0)	5.0	(21.0)	
Exchange rate	1USD	¥144.5	¥152.5	¥145.0	¥148.7	¥147.7	+¥1.1
	1EURO	¥156.7	¥165.8	¥160.0	¥162.9	¥161.9	+¥1.0
Inventories	264.8	255.3	242.0	242.0	242.0	0.0	
Capital expenditure	26.6	11.4	25.6	37.0	37.0	0.0	
FCF	40.1	2.8	12.2	15.0	24.0	(9.0)	

# 3. FY2024 Forecast by Business Segment

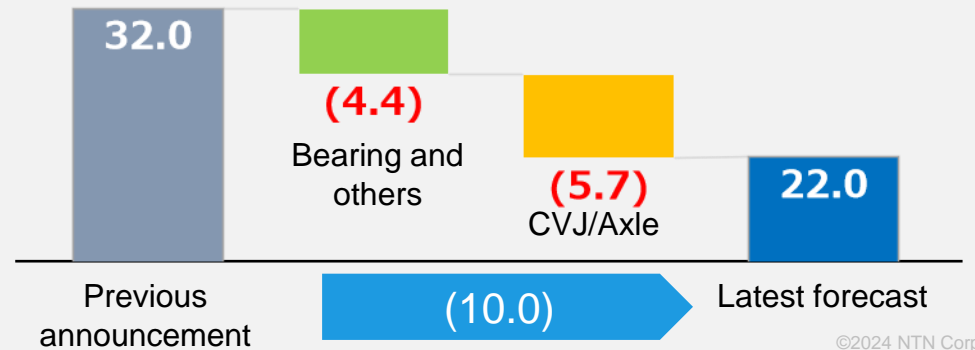
**Full-year forecasts were revised downward reflect lower sales**

	(billion yen)	FY2024											
		1H Results		Latest 2H Forecast		Full Year Forecast		Previous announcement 1H		Previous announcement 2H		Previous announcement Full Year	
Net sales Composition ratio	Bearing and others	168.1	40.6%	166.9	41.6%	335.0	41.1%	176.3	41.0%	180.7	42.0%	357.0	41.5%
	CVJ/Axle	245.8	59.4%	234.2	58.4%	480.0	58.9%	253.7	59.0%	249.3	58.0%	503.0	58.5%
	Total	413.9	100.0%	401.1	100.0%	815.0	100.0%	430.0	100.0%	430.0	100.0%	860.0	100.0%
Operating income Operating margin	Bearing and others	6.6	3.9%	7.7	4.6%	14.3	4.3%	6.1	3.5%	12.5	6.9%	18.7	5.2%
	CVJ/Axle	3.3	1.3%	4.3	1.8%	7.6	1.6%	4.8	1.9%	8.5	3.4%	13.3	2.6%
	Total	9.9	2.4%	12.1	3.0%	22.0	2.7%	11.0	2.6%	21.0	4.9%	32.0	3.7%

Net Sales (billion yen)



Operating income (billion yen)



# 4. Promotion of Structural Reform

## Policy of “DRIVE NTN100” Final structural reform

- Japan : Transfer small-sized ball bearings to overseas suppliers and reduce production scale of unprofitable businesses, etc.
- Americas : Consolidate and eliminate pre-process divisions through promotion of procurement reform and reduce production scale of unprofitable businesses, etc.
- Europe : Consolidate and eliminate production sites in line with local demand
- China : Consolidate and eliminate production sites and expand export to Europe, etc.

**Extraordinary loss**  
**35.0 billion yen/3 years**

Extraordinary income  
4.5 billion yen /3 years

---

Extraordinary income/loss  
30.5 billion yen /3 years

## Structural reform initiatives and effects in FY2024

- Japan : Reduce fixed assets of unprofitable businesses
- Americas : Reduce fixed cost and assets of unprofitable businesses
- Europe : Consolidate and eliminate production sites in Western Europe and transfer production capacity partially to Eastern Europe
- China : Promote consolidation and downsizing of production sites

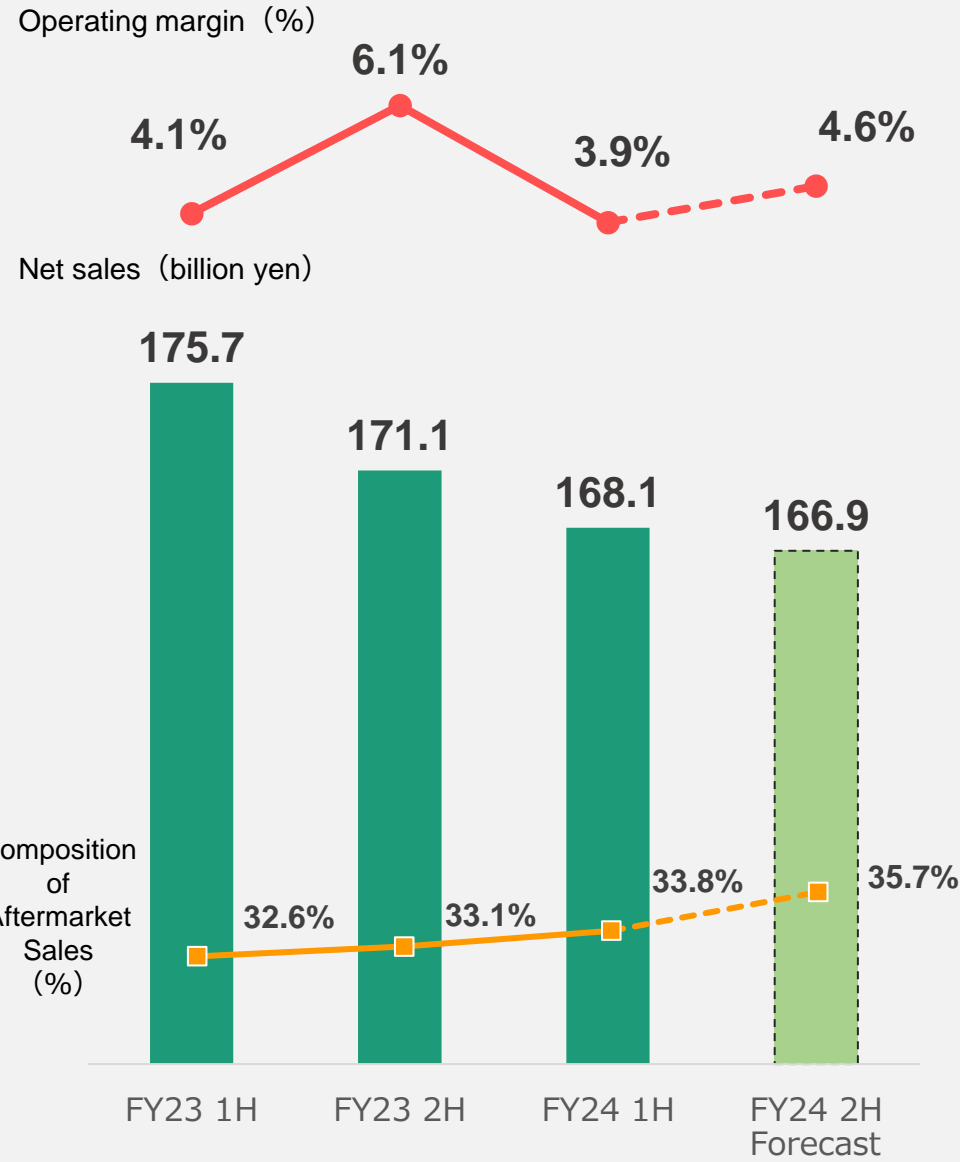
7.0 billion yen (Ahead of schedule)

8.0 billion yen (In line with initial plan )

Restructuring expenses of FY2024 15.0 billion yen

**Approx. 10.0 billion yen fixed cost reductions in FY2026 (vs FY2023)**

# 5-1. Initiatives of FY2024 in Bearing and others



## Sales overview by industry

Industry	FY21 vs FY22	FY22 vs FY23	FY23 vs FY24 (Forecast)
Construction machinery	↑	↓↓	→ Same level as FY2023
Agricultural machinery	→	↓↓	↓↓ Continue to decline
Aerospace	↑↑↑	→	→ Maintain strong performance
Gear box	↑	↓↓	↓↓ Continue to decline
Rolling stock	↓	↑↑	↑ Continue to increase
Machine tool	↑↑	↓↓↓	→ Same level as FY2023
Wind turbine	→	↓↓↓	↓↓↓ Continue to decline
Automobile	→	→	↓ Decrease from FY2023
Aftermarket	↑↑	↓	→ Same level as FY2023

## Profit improvement

- Control of fixed costs in response to declining scale
- Improve in sales price of unprofitable business for automotive bearings etc.
- Promote collaborative activities with some industrial machinery manufacturers

## Expand aftermarket business

### Strengthen supply capability

- Complete transfer of small-sized ball bearings to overseas suppliers by the end of this fiscal year
- Reorganize domestic production, including Wakayama Works and strength supply capability
- Expand inventories for popular products for the aftermarket (from end of previous fiscal year +35%)

### Strengthen engineering services

- Conduct training for customer engineers in North America, South America, Europe, ASEAN, India, etc., and gradually expanding the number of participants.
- Expand service businesses such as bearing diagnostic and refurbishment, etc.

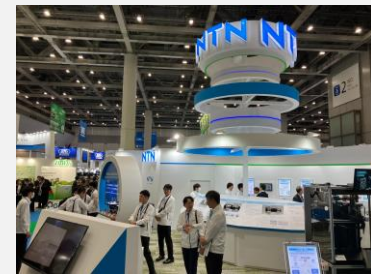
### Expand global sales network

- Expand an introduction of for “FIRST,” a system for immediate delivery of general-purpose product inventory, to our global sales companies
- Strength distributor network with a focus on Latin America, ASEAN, Africa, etc. Combine and complement new distributor openings or e-commerce utilization
- Complete relocation of automotive aftermarket headquarters to Europe

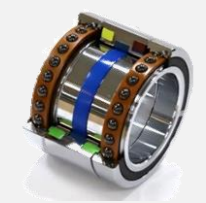
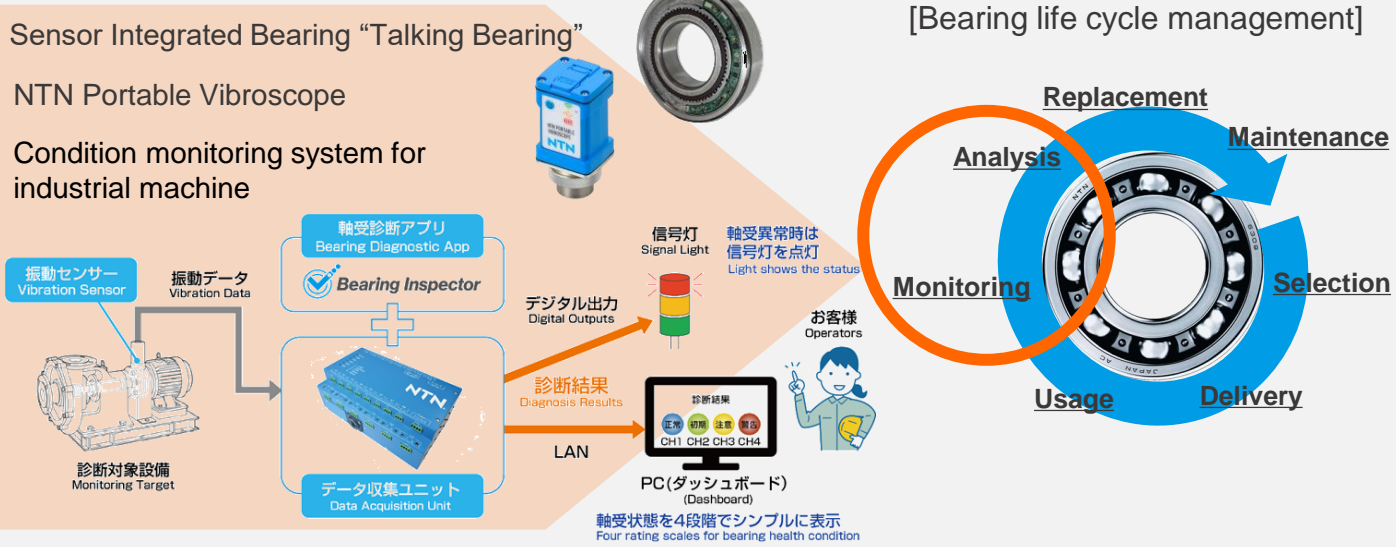
## Improve profit in OEM business

### Develop new product that meet market needs

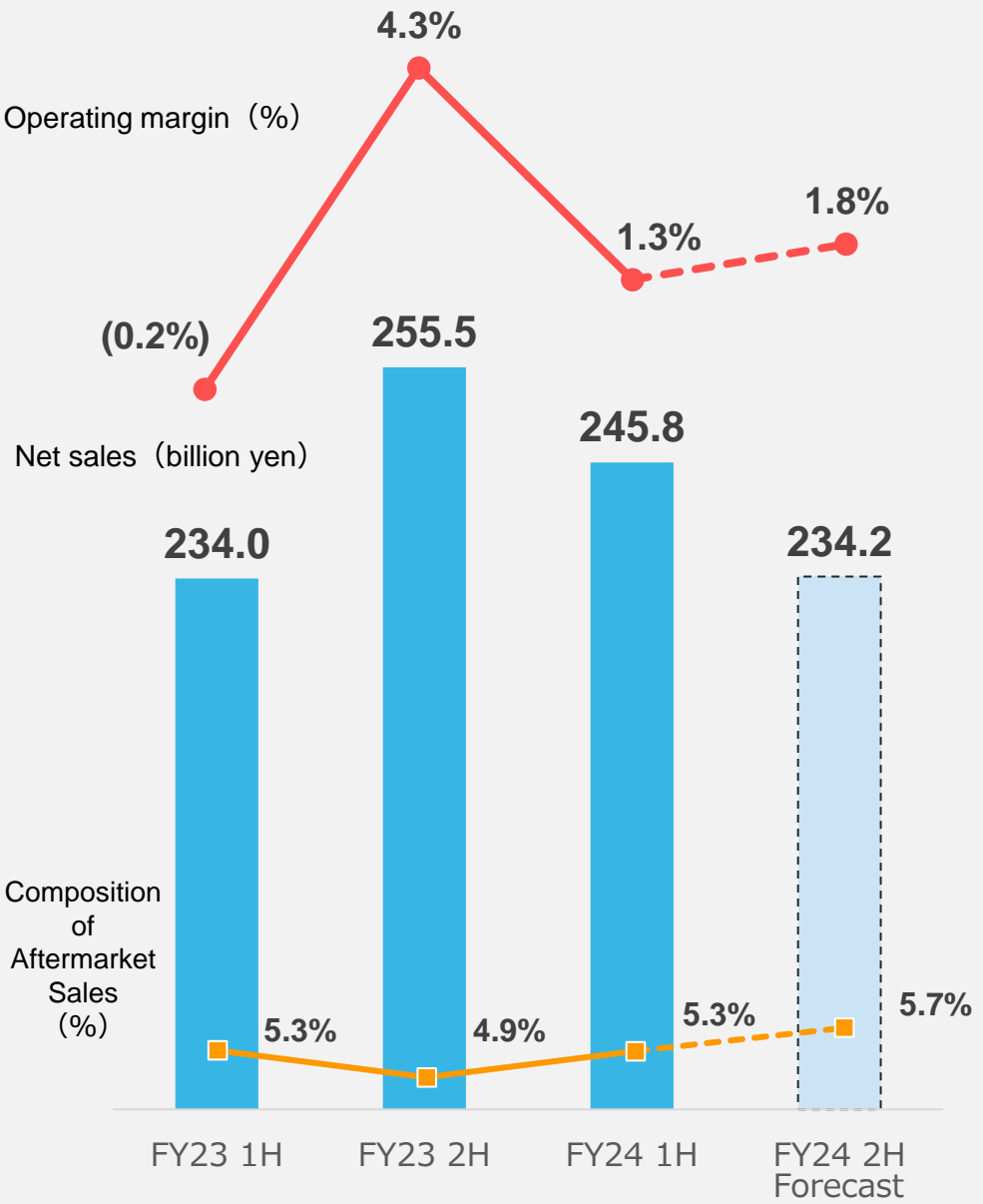
- Large Diameter Deep Groove Ball Bearings for Coaxial e-Axes
- “High Speed and Long Operating Life Grease” for Grease Lubricated Bearings for Machine Tool Spindles
- “Lubricating Unit for Grease Lubricated Bearings for Machine Tool Spindles”



Exhibited at JIMTOF2024



# 6-1. Initiatives of FY2024 in CVJ and Axle bearings

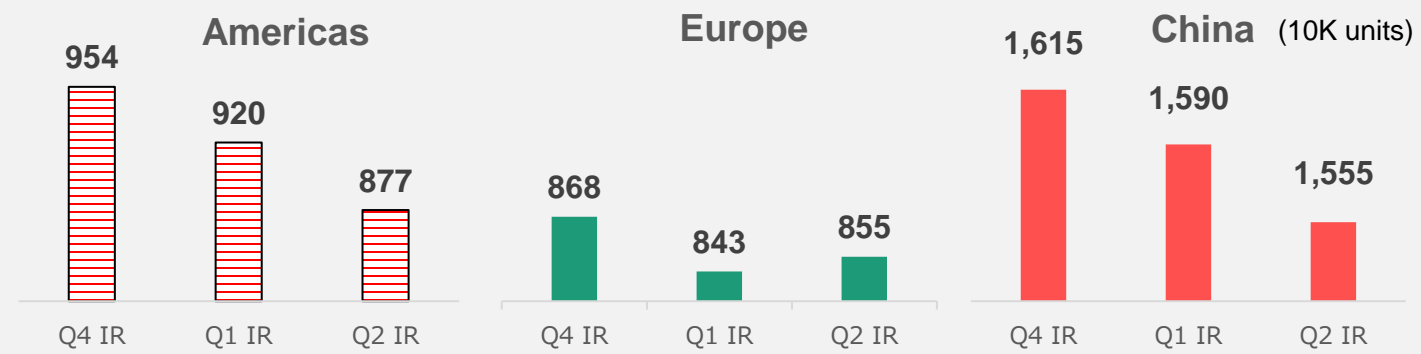


## Sales overview

- In the 1H, sales in the Americas, Europe, and China fell far short of the forecast at the beginning of the fiscal year, and sales declined from the previous announcement.
- Sales in Asia were as expected due to the impact of increased sales in India
- Impact of weak demand will continue in the 2H, particularly in the Americas, Europe, and China.



[S&P FY24 2H Global Vehicle Production Forecast Changes (Americas, Europe and China)]



## Profit improvement

- Price increase exceeded the plan due to the improvement of selling prices to compensate for the increase in labor costs.
- Promote price increase including compensation for reduced demand in the 2H
- Control fixed costs in response to declining scale
- Promote cost reduction through design and procurement reforms

## Regional Strategy

- **Accelerate structural reforms and reorganization of production** in the Americas, in addition to Europe and China, to realize early effects and improve asset efficiency

Japan	<b>Reinforce</b>	Strengthen partnerships with customers who recognize the value we provide Improve efficiency of investment in labor saving, modernization, etc. Perform as an export bases to each region
Americas	<b>Selection &amp; Concentration</b>	<b>Reorganize production ahead of schedule</b> , promote cost reduction through expanded procurement reforms
Europe	<b>Selection &amp; Concentration</b>	<b>Promote reorganization of production</b> , reduce cost by utilizing imported products from the China region
China	<b>Selection &amp; Concentration</b>	<b>Reduce cost by promoting reorganization of production</b> , expand exports to Europe
Asia	<b>Reinforce</b>	Expand business in emerging countries where market growth is expected
India	<b>Reinforce</b>	Strengthen partnerships with customers who recognize the value we provide Enhance R&D functions

## Promotional activities with new products

- Promote new products such as High Efficiency Fixed Type CVJ “CFJ”, Low Friction Hub Bearing, etc. and contribute to profit improvement



High Efficiency Fixed Type CVJ “CFJ”



Shudderless Sliding Type CVJ “PTJ”



Low Friction Hub Bearing



Fixed Type CVJ

Sliding Type CVJ

## Value chain reform

- Realize cost reduction by expanding procurement of parts from China, Korea, India, etc.
- Review designs and materials not constrained by conventional design concepts
- Reduce inventories by shortening production and parts synchronization

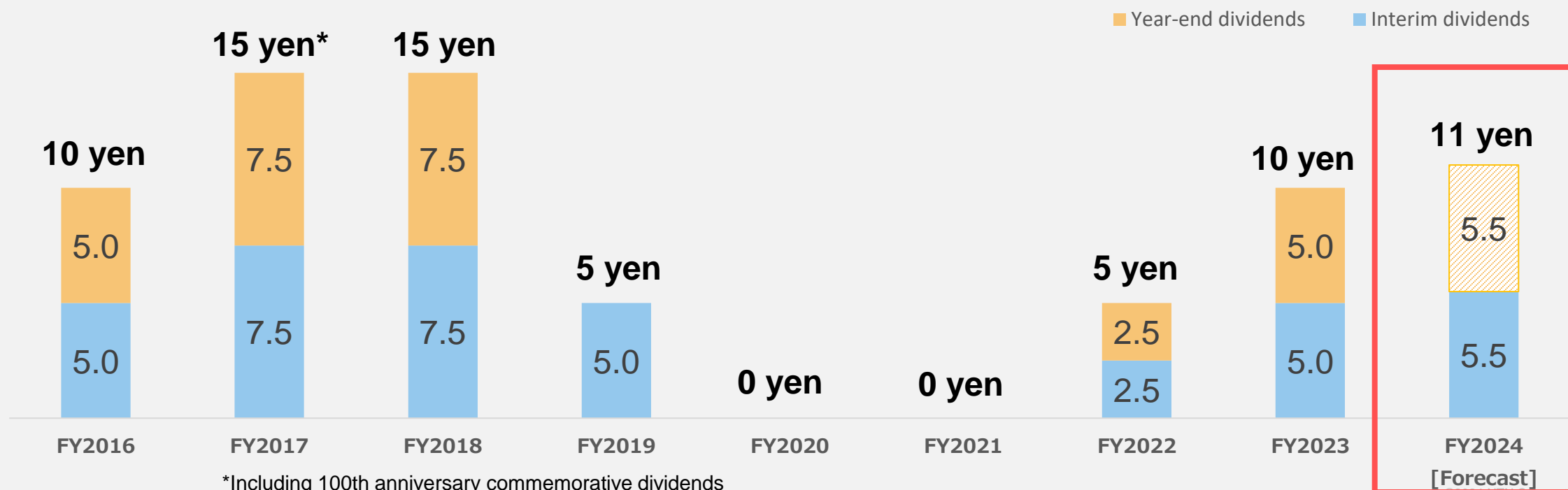
# 7. FY2024 Forecast : Return to Shareholders

## Dividends Policy

- Continue to implement dividends according to business results in a stable and continuous manner from a medium -to long-term viewpoint
- DOE2.5% is the lower limit and we aim to DOE4% after accomplishing the target of “DRIVE NTN100” Final

## Dividends in FY2024

- Dividends for FY2024 are expected to be 11 yen per share, unchanged from the forecast at the beginning of the year



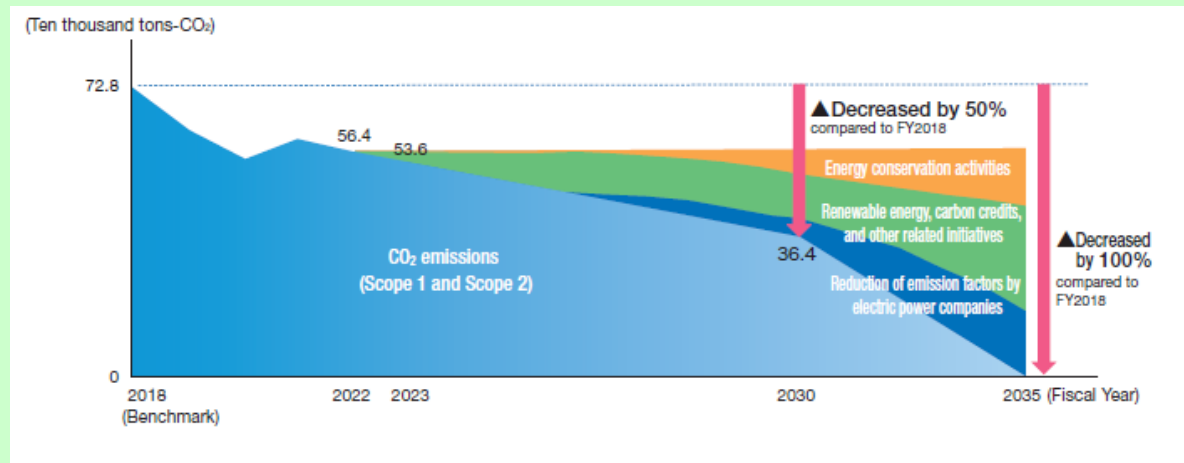
# 8. ESG Management Initiatives

For more information on ESG initiatives, please refer to the Integrated Report “NTN Report”  
<https://www.ntnglobal.com/en/csr/ntnreport.html>

**NTN Report 2024 to be published in October (in Japanese) ; ESG meeting scheduled for December 20**

## E:Environment

- Publish a carbon neutrality roadmap
- Progressing as planned : visualization of electricity at production sites, energy-saving measures, and utilization of renewable energy

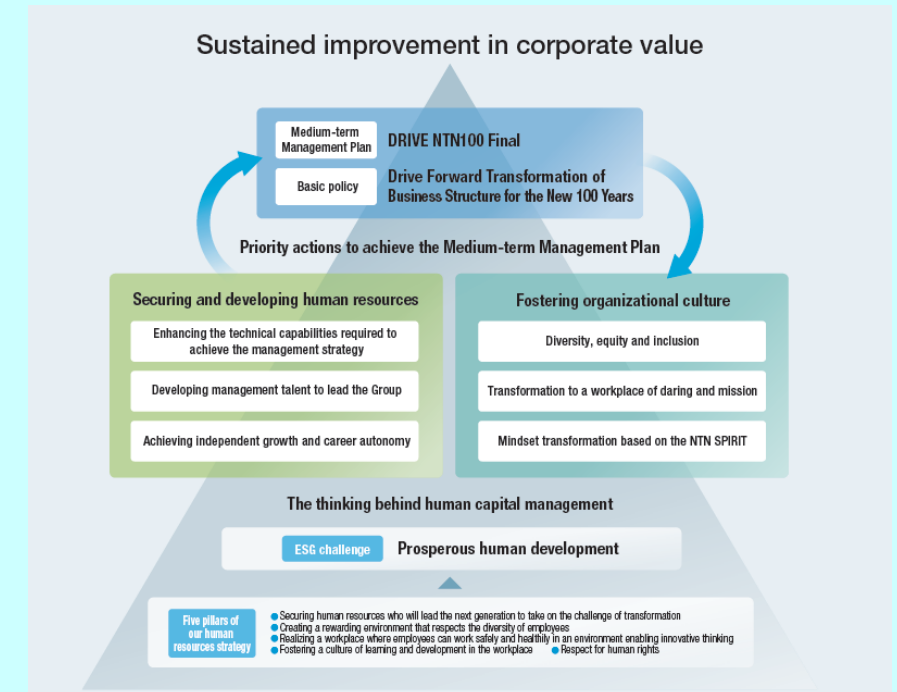


## G:Governance

- Strengthen the Audit Committee’s on-site audits
- Monitor workplace conditions using staff engagement survey

## S:Social

- Publish NTN’s human resources strategy for enhancement of corporate value
- Contribute to enhancement of corporate value from the perspectives of both “securing human resources” and “fostering organizational culture”



- I. Key Points of Financial Results and Progress of “DRIVE NTN100” Final
- II. Financial Results of First Half of FY2024 and Forecast of FY2024**

# 1. Key Financial Indicators of FY2024

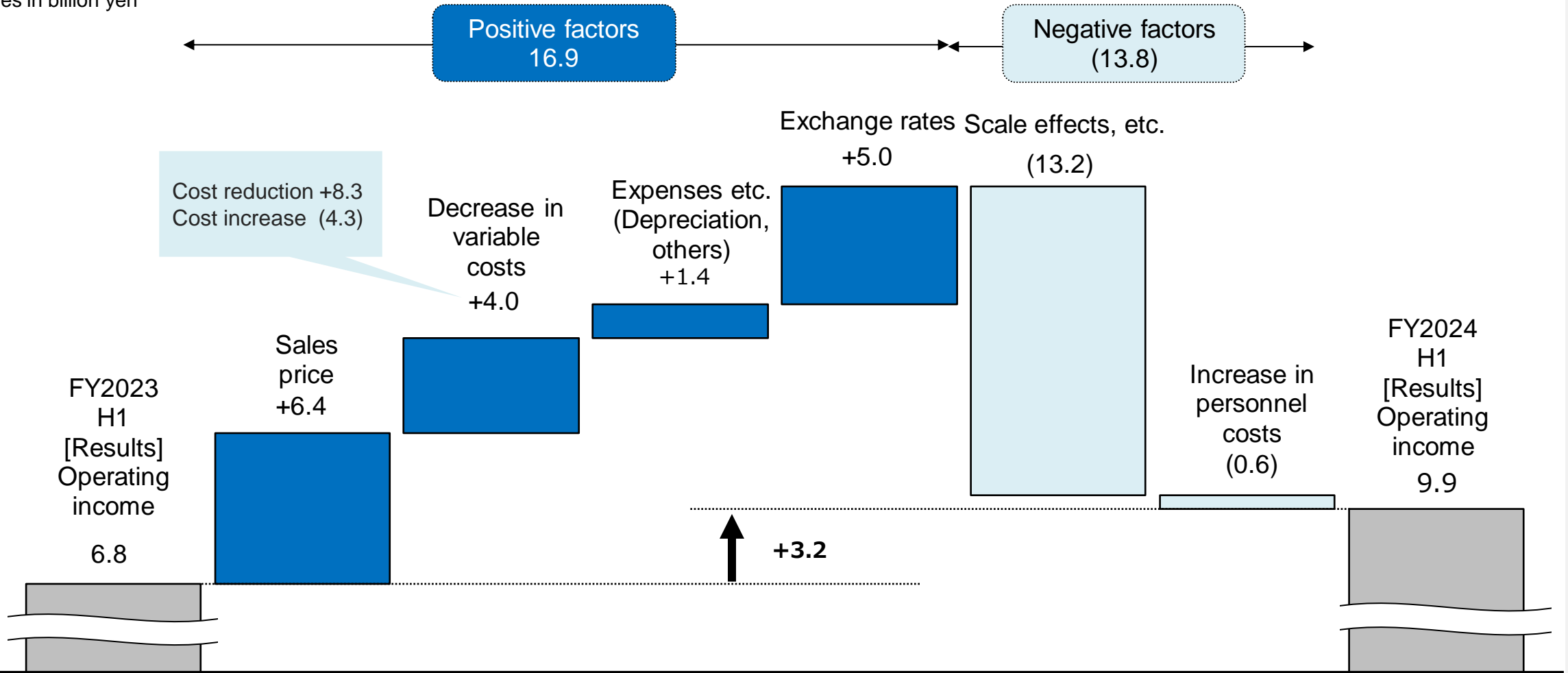
(billion yen)	H1 Results ①	FY2023 H2 Results	Full Year Results	FY2024		Diff.			(For reference)	
				H1 Results ②	Full Year Forecast (Latest)	②-①			H1 Forecast (Previous Announcement)	Full Year Forecast (Previous Announcement)
						Total	Volume	Forex		
Net sales	409.6	426.6	836.3	<b>413.9</b>	<b>815.0</b>	<b>4.3</b>	<b>(17.4)</b>	<b>21.7</b>	<b>430.0</b>	<b>860.0</b>
Operating income	6.8	21.4	28.1	<b>9.9</b>	<b>22.0</b>	<b>3.2</b>	<b>(1.8)</b>	<b>5.0</b>	<b>11.0</b>	<b>32.0</b>
Operating margin	1.7%	5.0%	3.4%	<b>2.4%</b>	<b>2.7%</b>	<b>0.8%</b>			<b>2.6%</b>	<b>3.7%</b>
Ordinary income	4.9	15.1	20.0	<b>3.5</b>	<b>9.0</b>	<b>(1.4)</b>	<b>(6.4)</b>	<b>5.0</b>	<b>6.0</b>	<b>22.0</b>
Extraordinary income (loss)	(0.4)	(3.0)	(3.4)	<b>(0.6)</b>	<b>(15.0)</b>	<b>(0.2)</b>	<b>(0.2)</b>	-	-	<b>(8.0)</b>
Profit (loss) attributable to owners of parent	4.1	6.4	10.6	<b>(2.1)</b>	<b>(16.0)</b>	<b>(6.2)</b>	<b>(9.5)</b>	<b>3.2</b>	<b>2.0</b>	<b>5.0</b>
Inventories	256.1	264.8	264.8	<b>255.3</b>	<b>242.0</b>	* <b>(9.5)</b>	<b>(1.8)</b>	<b>(7.8)</b>	-	<b>242.0</b>
FCF	24.2	16.0	40.1	<b>2.8</b>	<b>15.0</b>	<b>(21.4)</b>	-	-	-	<b>24.0</b>
Exchange rate	1USD	¥140.8	¥148.1	¥144.5	<b>¥152.5</b>	<b>¥11.6</b>			<b>¥150.4</b>	<b>¥147.7</b>
	1EURO	¥153.3	¥160.1	¥156.7	<b>¥165.8</b>	<b>¥12.5</b>			<b>¥163.8</b>	<b>¥161.9</b>
FY2024 Annual Dividend			<b>¥11.0</b> (Interim ¥5.5 / Year-end ¥5.5)	* Increase/decrease from the end of Mar.2024						

# 2-1. Analysis of Operating Income

[ FY2023 H1 Results vs FY2024 H1 Results ]



\* All figures in billion yen



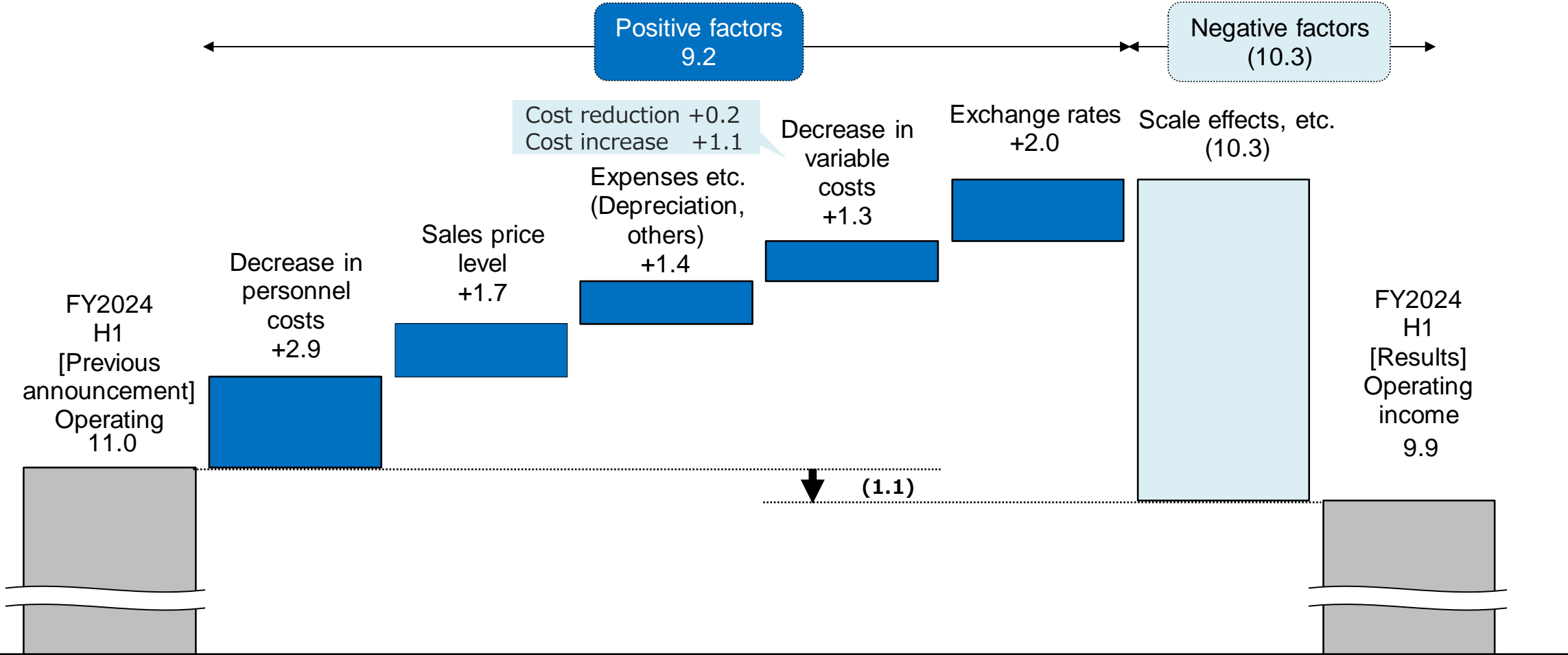
	FY2023 H1 Results	FY2024 H1 Results	Diff.	Breakdown of Diff.		
				Forex	Sales price	Volume
Net Sales	409.6	413.9	4.3	21.7	6.4	(23.8)

# 2-2. Analysis of Operating Income

[ FY2024 H1 Forecast [previous] vs FY2024 H1 Results ]



\* All figures in billion yen



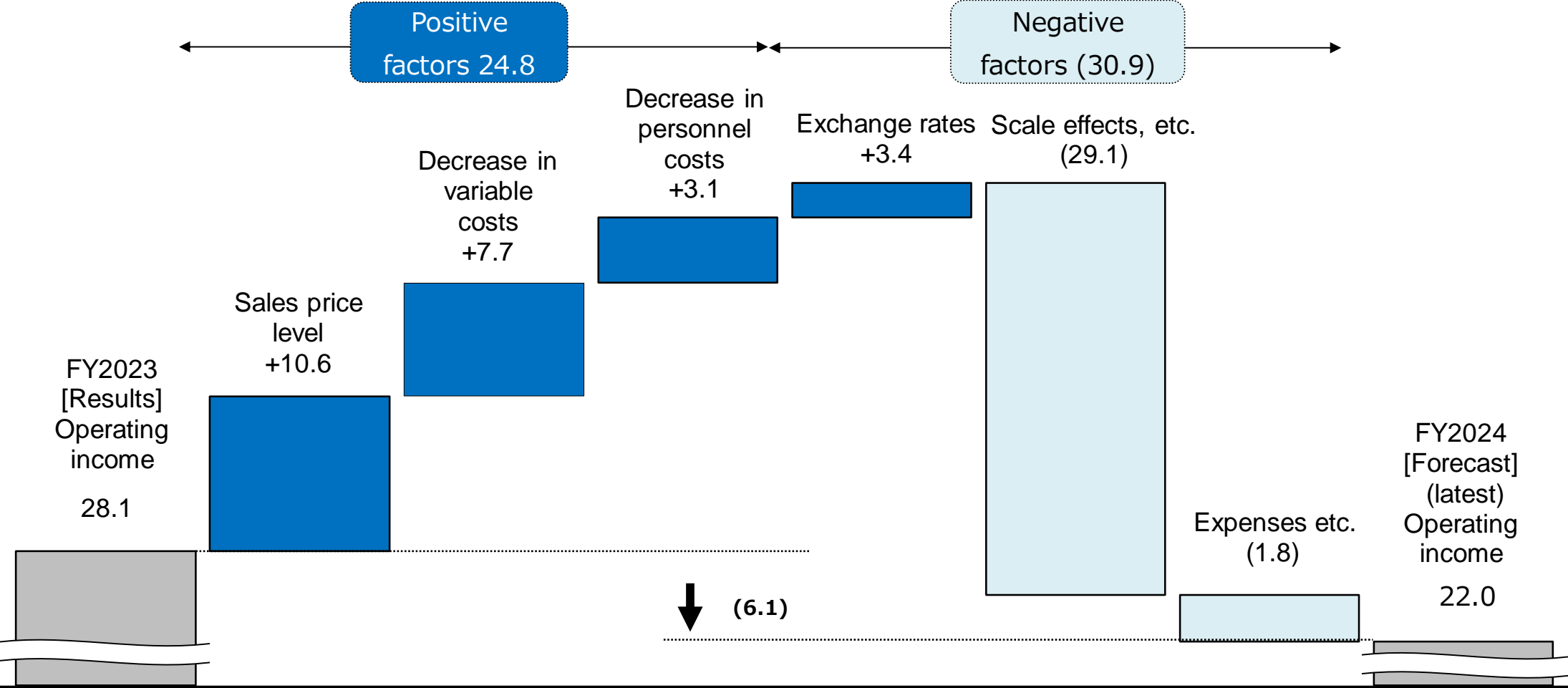
	FY2024 H1 Forecast [previous]	FY2024 H1 Results	Diff.	Breakdown of Diff.		
				Forex	Sales price	Volume
Net Sales	430.0	413.9	(16.1)	5.0	1.7	(22.8)

# 2-3. Analysis of Operating Income

[ FY2023 Results vs FY2024 Forecast [latest] ]



\* All figures in billion yen



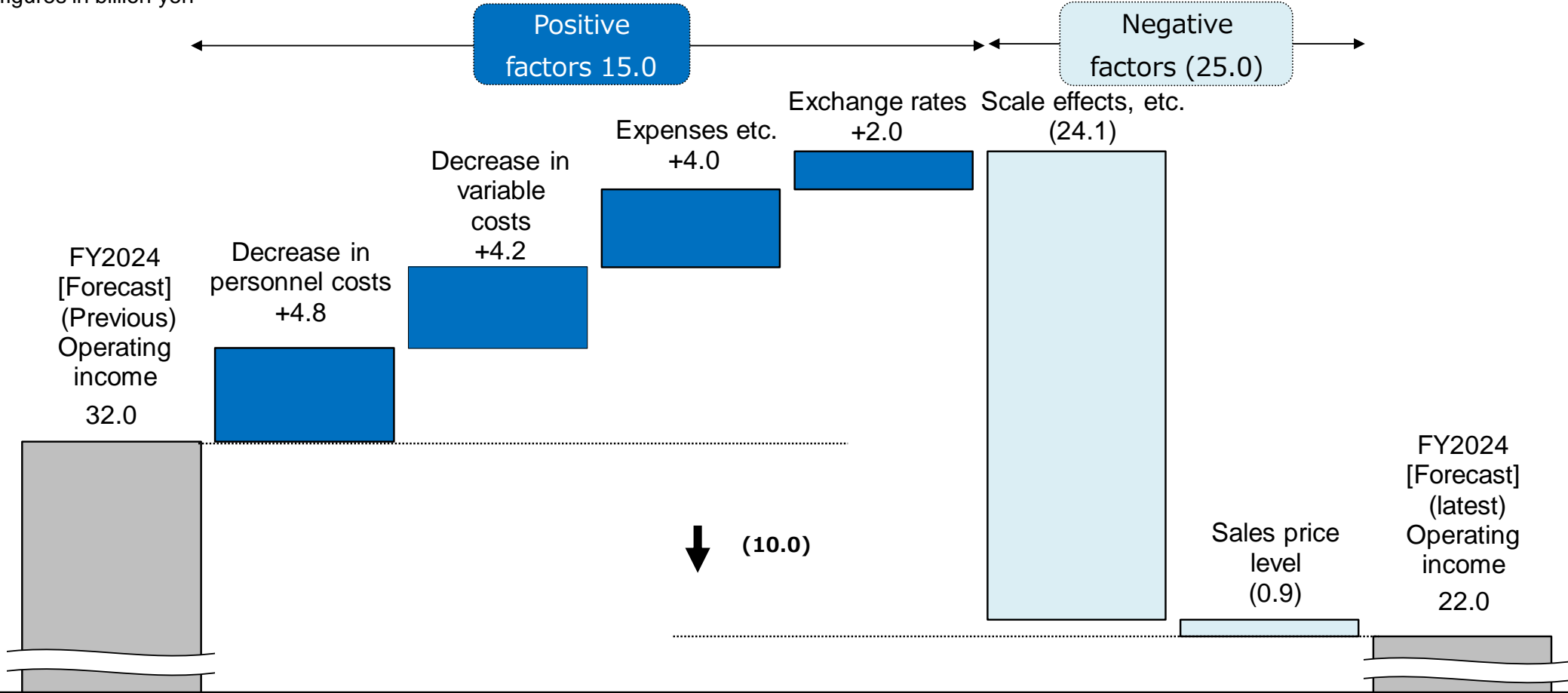
	FY2023 Results	FY2024 Forecast [latest]	Diff.	Breakdown of Diff.		
				Forex	Sales price	Volume
Net Sales	836.3	815.0	(21.3)	15.1	10.6	(46.9)

# 2-4. Analysis of Operating Income

[ FY2024 Forecast [previous] vs FY2024 Forecast [latest]



\* All figures in billion yen



	FY2024 Forecast [previous]	FY2024 Forecast [latest]	Diff.	Diff.		
				Forex	Sales price	Volume
Net Sales	860.0	815.0	(45.0)	5.0	(0.9)	(49.1)

### 3. Net Sales by Company Location (Excluding intragroup sales)

(billion yen)	H1 Results ①	FY2023		FY2024		Diff.		
		H2 Results	Full Year Results	H1 Results ②	Full Year Forecast (Previous Announcement)	Total	Volume ②-①	Forex
Japan	108.0	108.1	216.1	104.5	<b>211.5</b>	<b>(3.5)</b>	<b>(3.5)</b>	<b>0.0</b>
Americas	132.0	140.2	272.3	139.8	<b>268.0</b>	<b>7.8</b>	<b>(1.9)</b>	<b>9.7</b>
Europe	89.9	98.0	188.0	92.4	<b>185.5</b>	<b>2.5</b>	<b>(5.0)</b>	<b>7.5</b>
Asia and others	79.7	80.3	160.0	77.2	<b>150.0</b>	<b>(2.5)</b>	<b>(7.0)</b>	<b>4.5</b>
Total	409.6	426.6	836.3	413.9	<b>815.0</b>	<b>4.3</b>	<b>(17.4)</b>	<b>21.7</b>

\*From this time, sales by region have been changed to sales by company location.

# 4. Net Sales and Operating Income by Business Segment NTN

## <Net Sales by Business Segment>

(billion yen)	FY2023			FY2024		Diff.			FY2024 Full Year Forecast (Previous Announcement)
	H1 Results ①	H2 Results	Full Year Results	H1 Results ②	Full Year Forecast (Latest)	②-①			
						Total	Volume	Forex	
Bearing and others	175.7	171.1	346.8	168.1	335.0	(7.5)	(15.4)	7.9	357.0
CVJ/Axle	234.0	255.5	489.5	245.8	480.0	11.8	(1.9)	13.8	503.0
Total	409.6	426.6	836.3	413.9	815.0	4.3	(17.4)	21.7	860.0

## <Operating Income by Business Segment>

(billion yen)	FY2023			FY2024		Diff. ②-①	FY2024 Full Year Forecast (Previous Announcement)
	H1 Results ①	H2 Results	Full Year Results	H1 Results ②	Full Year Forecast (Latest)		
Bearing and others	7.2	10.5	17.7	6.6	14.3	(0.5)	18.7
CVJ/Axle	(0.4)	10.9	10.4	3.3	7.6	3.7	13.3
Total	6.8	21.4	28.1	9.9	22.0	3.2	32.0

[Notes] After disclosing the results for the fiscal year ended March 31, 2024, at the financial results briefing on May 17, 2024, we have refined our common cost allocation criteria for several overseas subsidiaries.

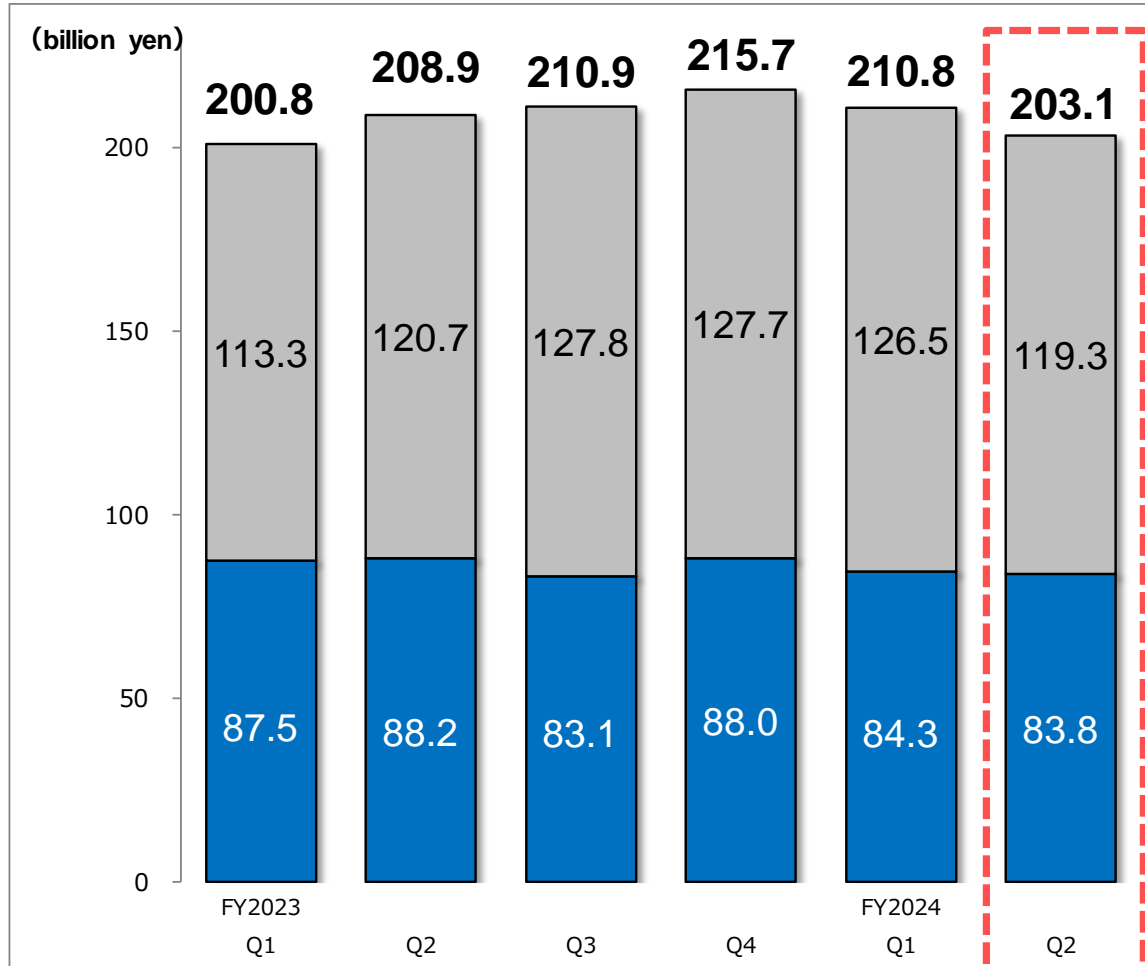
As a result, common expenses allocated to Bearings and others decreased, while common expenses allocated to CVJ/Axles increased (Impact on operating income)

- FY2024 H1 results Bearings and others **+¥1.1 billion** CVJ/Axle **(¥1.1) billion**
- FY2024 Full year forecast Bearings and others **+¥2.3 billion** CVJ/Axle **(¥2.3) billion**

# 5. Financial Results by Business Segment (Quarterly Trend) NTN

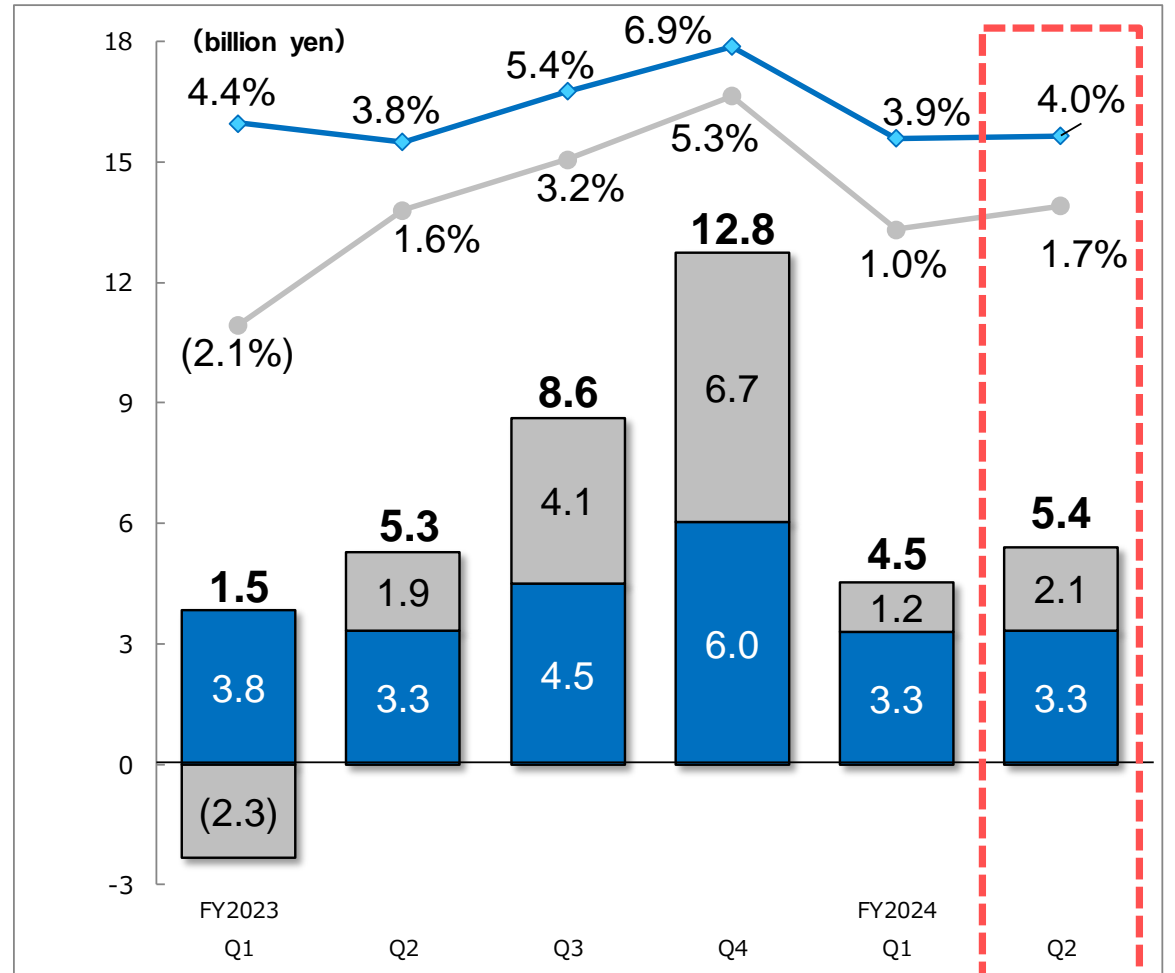
## Net Sales

■ Bearing and others ■ CVJ/Axle



## Operating Income/ Operating Margin

■ Bearing and others ■ CVJ/Axle



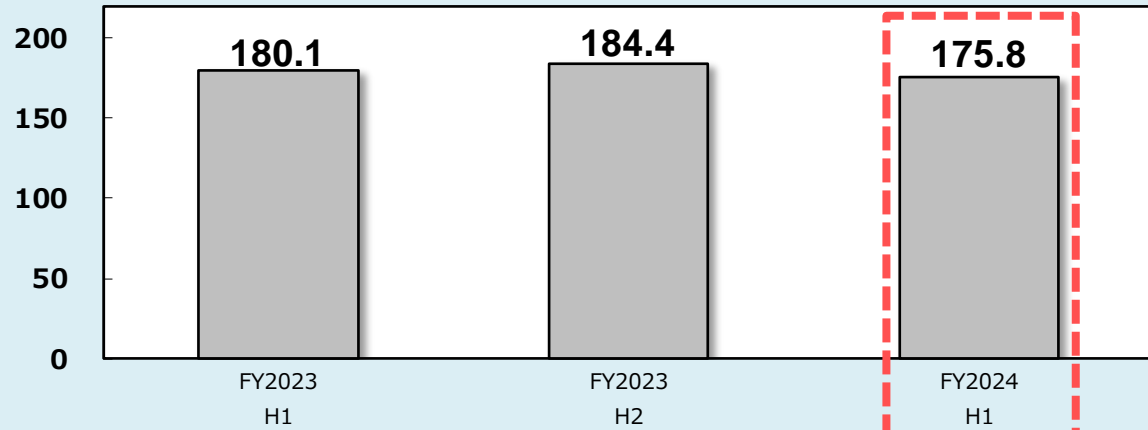
Incl. for Aftermarket	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	Q2
	35.5	34.4	32.6	36.5	35.4	34.5

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

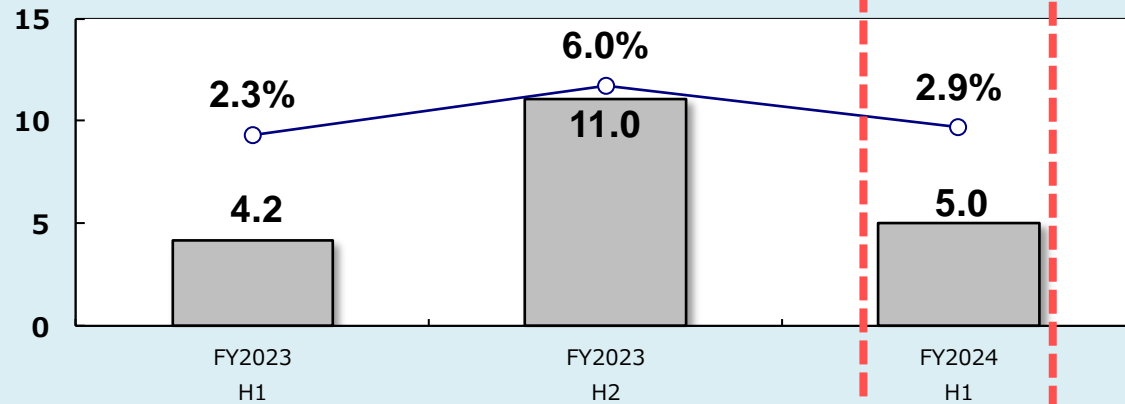
## 《 Japan 》

### Net Sales

(billion yen)



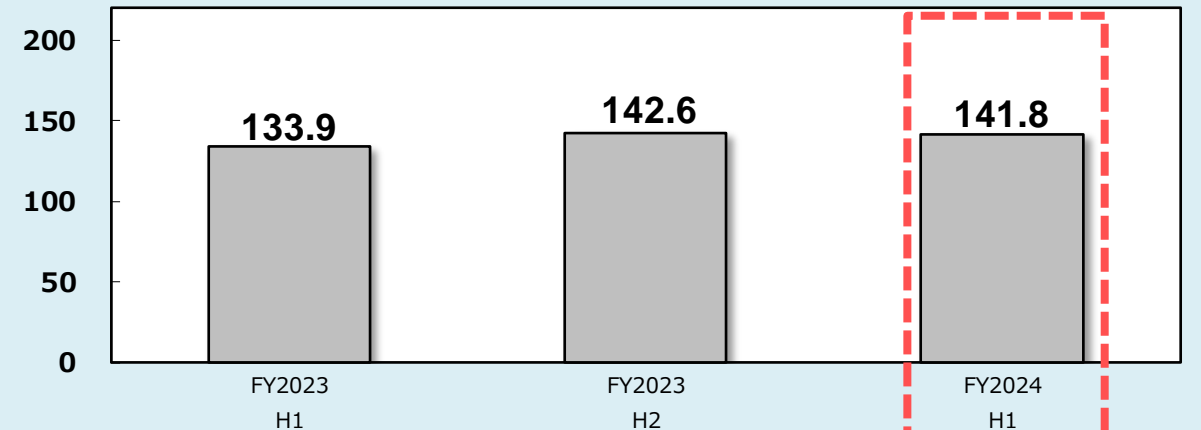
### Operating Income



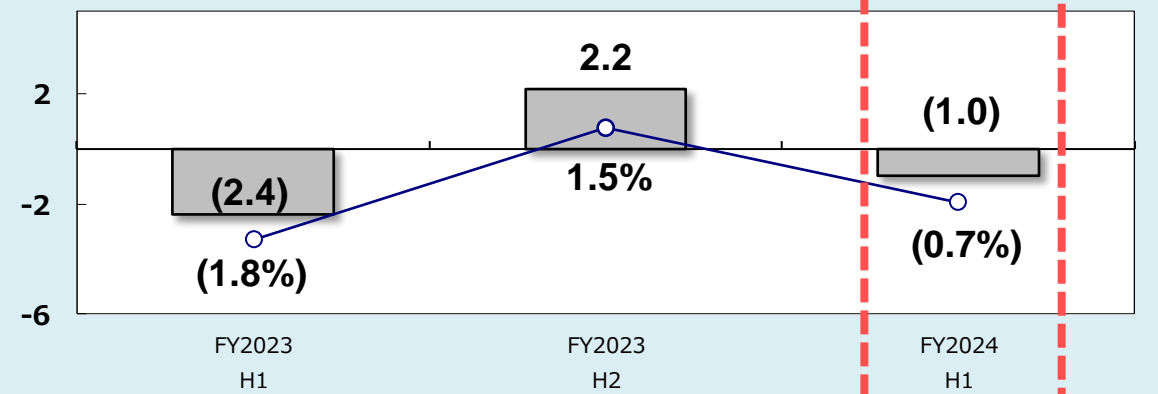
## 《 Americas 》

### Net Sales

(billion yen)



### Operating Income

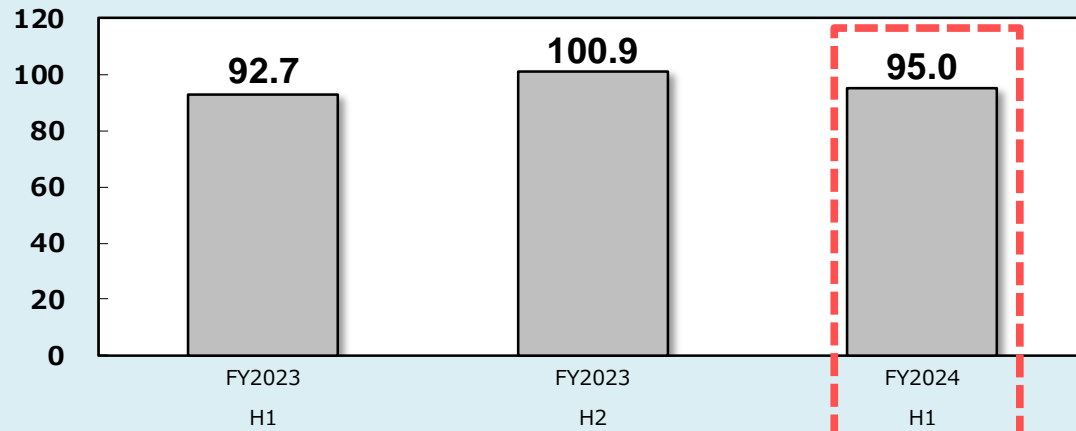


# 6-2. Net Sales and Operating Income by Company Location NTN

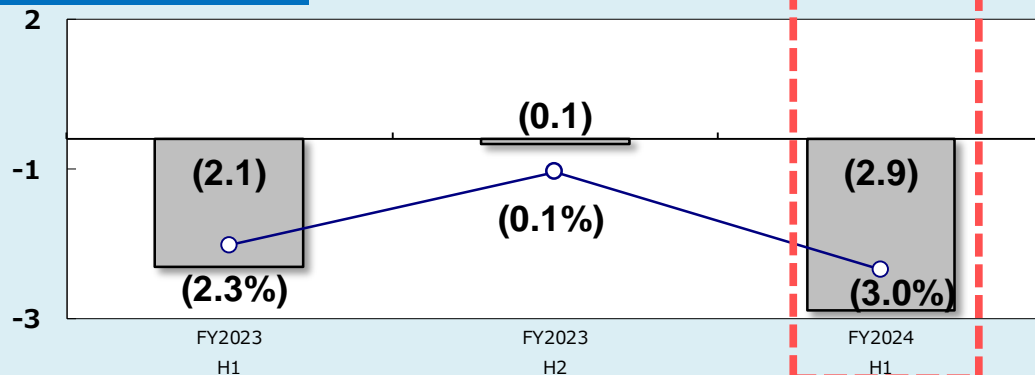
## 《 Europe 》

### Net Sales

(billion yen)



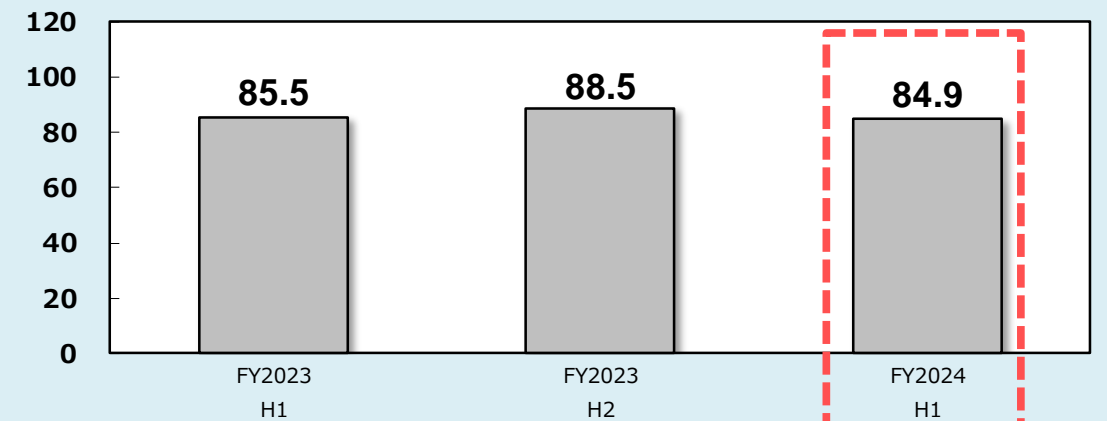
### Operating Income



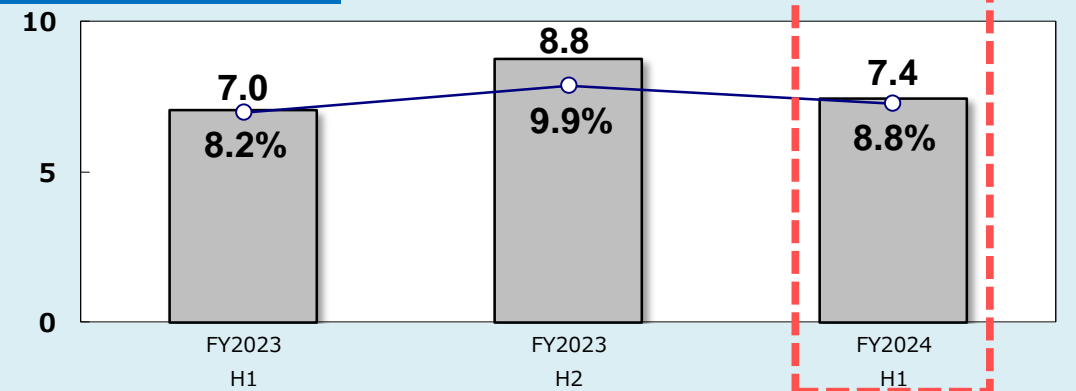
## 《 Asia and others 》

### Net Sales

(billion yen)

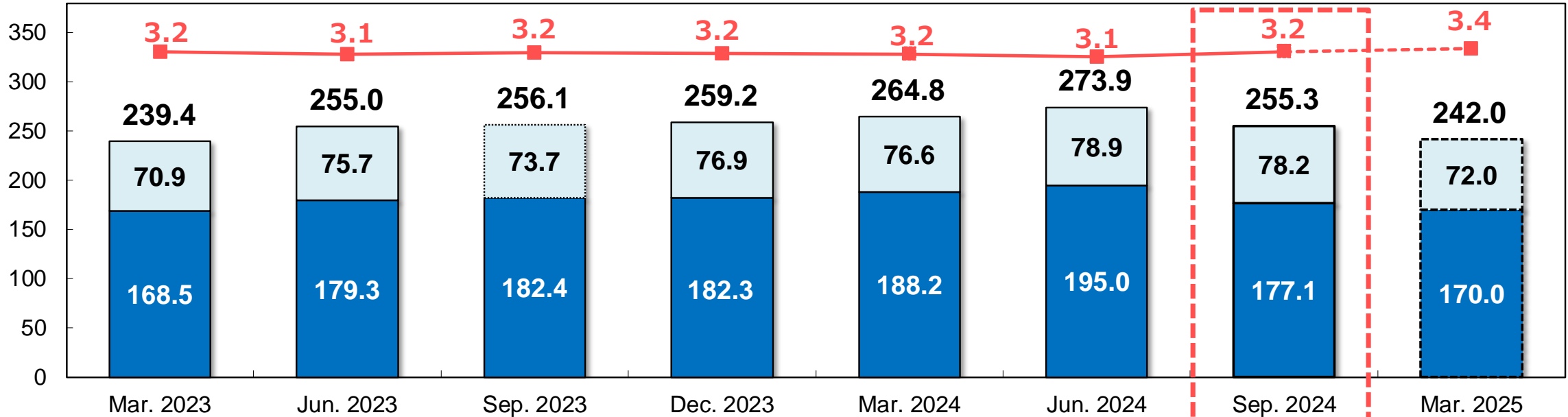


### Operating Income



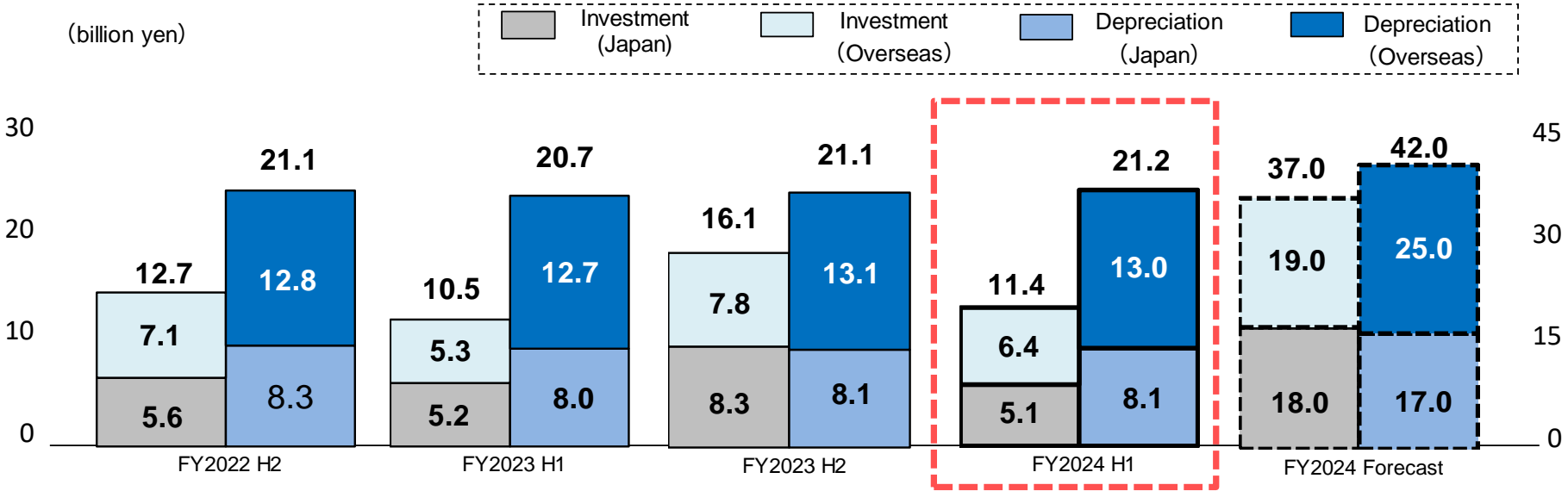
# 7. Inventories

Inventories(billion yen)    ■ Overseas    ■ Japan    ■ Inventory turnover ratio



	Mar. 2023 Results	Jun. 2023 Results	Sep. 2023 Results	Dec. 2023 Results	Mar. 2024 Results	Jun. 2024 Results	Sep. 2024 Results	Mar. 2025 Forecast(Latest)
<b>Inventories</b> (billion yen)	239.4	255.0	256.1	259.2	264.8	273.9	255.3	242.0
<b>[Japan]</b>	70.9	75.7	73.7	76.9	76.6	78.9	78.2	72.0
<b>[Overseas]</b>	168.5	179.3	182.4	182.3	188.2	195.0	177.1	170.0
Inventory turnover ratio [times]	3.2	3.1	3.2	3.2	3.2	3.1	3.2	3.4

# 8. Capital Expenditures and Depreciation

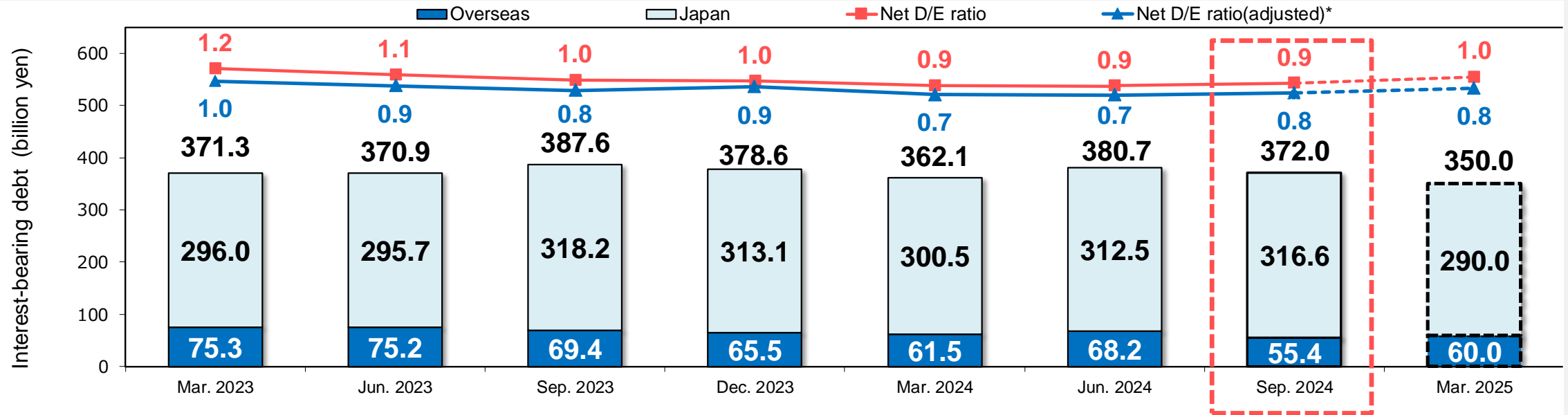


	FY2022		FY2023		FY2024	Diff.	FY2024
(billion yen)	H2 Results	H1 Results①	H2 Results	H2 Results	H1 Results②	②-①	Full Year Forecast
Capital expenditure	12.7	10.5	16.1		* 11.4	1.0	37.0
[Japan]	5.6	5.2	8.3		5.1	(0.1)	18.0
[Overseas]	7.1	5.3	7.8		6.4	1.1	19.0

\*In addition, capital expenditure for intangible fixed assets (FY2024 H1 Results : ¥1.3 billion, FY2024 Full Year Forecast : ¥5.0 billion)

	FY2022		FY2023		FY2024	Diff.	FY2024
(billion yen)	H2 Results	H1 Results①	H2 Results	H2 Results	H1 Results②	②-①	Full Year Forecast
Depreciation	21.1	20.7	21.1		21.2	0.5	42.0
[Japan]	8.3	8.0	8.1		8.1	0.1	17.0
[Overseas]	12.8	12.7	13.1		13.0	0.4	25.0

# 9. Interest - Bearing Debt

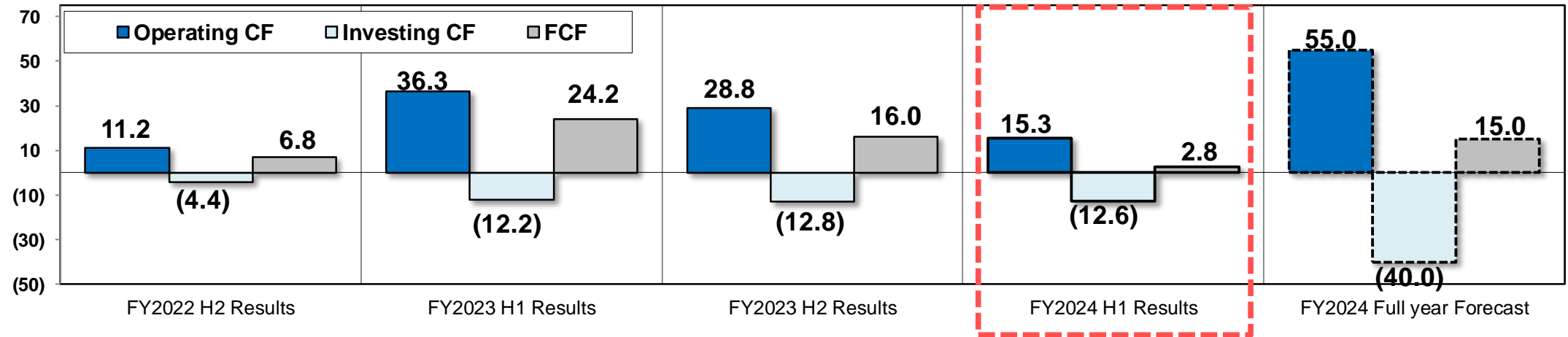


(billion yen)	Mar. 2023 Results	Jun. 2023 Results	Sep. 2023 Results	Dec. 2023 Results	Mar. 2024 Results	Jun. 2024 Results	Sep. 2024 Results	Mar. 2025 Forecast
Interest-bearing debt	371.3	370.9	387.6	378.6	362.1	380.7	372.0	350.0
[Japan]	296.0	295.7	318.2	313.1	300.5	312.5	316.6	290.0
[Overseas]	75.3	75.2	69.4	65.5	61.5	68.2	55.4	60.0
Net Interest-bearing debt	260.6	253.7	243.4	232.7	234.8	243.2	234.7	237.0

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

# 10. Cash Flows

(billion yen)	FY2022		FY2023		FY2024	②-①	FY2024
	H2 Results	H1 Results①	H2 Results	Full Year Results	H1 Results②		Full Year Forecast
<b>I. Cash flow from operating activities</b>	11.2	36.3	28.8	65.1	15.3	(21.0)	55.0
<b>II. Cash flow from investing activities</b>	(4.4)	(12.2)	(12.8)	(25.0)	(12.6)	(0.4)	(40.0)
<b>I + II. Free cash flow</b>	6.8	24.2	16.0	40.1	2.8	(21.4)	15.0
<b>III. Cash flow from financing activities</b>	(8.3)	4.2	(34.4)	(30.2)	8.6	4.4	(29.0)
IV. Effect of exchanging rate translation on cash and cash equivalents	(2.0)	5.0	1.7	6.7	(1.3)	(6.3)	(0.3)
V. Net increase in cash and cash equivalents	(3.5)	33.3	(16.8)	16.6	10.1	(23.2)	(14.3)





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