



# Financial Results Briefing for the Six Months Ended September 30, 2021

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November 26, 2021

**Neturen Co., Ltd.**



- I. Overview of Financial Results for the Six Months Ended September 30, 2021
- II. Trends in Business Performance
- III. Progress of 15th Medium-term(3 years) Management Plan
- IV. Development and Launch of New Technologies and Products, and Development of Global Business

Note: The term “fiscal year” or “FY” in this material refers to the period from April 1 to March 31 of the following year, whereas the term “first half” or “1H” refers to the period from April 1 to September 30.

# I. Overview of Financial Results for the Six Months Ended September 30, 2021

# 1. Overview of Consolidated Financial Results for the Six Months Ended September 30, 2021



- Revenue and profit increased significantly year on year due to recovery from the economic stagnation in Japan and overseas, which was caused by the spread of COVID-19, and rapid recovery in the automobiles, machine tools and construction equipment industries.
- Secured profit that exceeded the upward revision announced on August 6, 2021. The expected full-year results will remain unchanged from those announced on August 6, 2021, despite uncertain future with automobile production cutbacks caused by the shortage of semiconductors, etc., recovery production, soaring steel material prices, and other factors.

(Million yen)

	FY2020 1H	FY2021 1H	Change	Change (%)	FY2021 Full-year forecast
Net sales	18,367	<b>24,390</b>	6,022	32.8%	51,500
Operating income	(697)	<b>1,829</b>	2,526	—	3,300
Ordinary income	(447)	<b>2,146</b>	2,593	—	3,700
Profit attributable to owners of parent	(653)	<b>1,357</b>	2,010	—	2,400

(Note) The exchange rates for FY2021 Forecast: 1 RMB = 17.30 JPY, 1 USD = 111.92 JPY

## 2. Overview of Consolidated Financial Results for the Three Months (2Q) Ended September 30, 2021



- Overall, orders recovered steadily, and 2Q orders were significantly up year on year.

(Million yen)

		FY2020	FY2021		YoY		Change from the previous quarter	
		2Q	1Q	2Q	Change	Change (%)	Change	Change (%)
	Specialty Steel and Wire Products Division	5,585	7,007	<b>7,338</b>	1,753	31.4%	331	4.7%
	Induction Heating Division	4,411	4,771	<b>5,207</b>	796	18.0%	436	9.1%
	Others	32	32	<b>32</b>	(0)	(0.2)%	0	1.9%
Net sales		10,030	11,811	<b>12,579</b>	2,549	25.4%	768	6.5%
	Specialty Steel and Wire Products Division	126	394	<b>296</b>	170	135.6%	(97)	(24.7)%
	Induction Heating Division	(21)	502	<b>605</b>	627	—	102	20.4%
	Others	14	13	<b>12</b>	(2)	(14.0)%	(1)	(7.4)%
Operating income		119	910	<b>915</b>	795	666.6%	4	0.5%
Ordinary income		205	1,072	<b>1,073</b>	868	422.5%	1	0.2%
Profit attributable to owners of parent		32	667	<b>689</b>	657	2,052.7%	21	3.2%

### 3. Segment Information (Consolidated Net Sales)

- Specialty Steel and Wire Products Division  
Automobiles-, construction equipment-, and machine tools-related products: Increase;  
Civil engineering and construction-related products: Unchanged
- Induction Heating Division  
Induction heat treatment-related services: Large increase for automobile, machine tool and construction equipment industries;  
Induction heating equipment and related services: Decrease due to the application of a new revenue recognition accounting standard (by ¥293 million).

(Million yen)

Business segment	Main products/services	FY2020 1H	FY2021 1H	Change	Change (%)
Specialty Steel and Wire Products Division	Steel bars for prestressed concrete (PC) High-strength shear reinforcement High-strength spring steel wire ITW® Hollow rack bars Slewing bearings (construction equipment parts)	10,544	<b>14,345</b>	3,800	36.0%
Induction Heating Division	Induction heat treatment-related services Induction heating equipment and related services	7,757	<b>9,979</b>	2,221	28.6%
Others	Moveable and immovable property leasing business and businesses other than the above	65	<b>65</b>	0	0.1%
<b>Total</b>		18,367	<b>24,390</b>	6,022	32.8%

## 4. Segment Information (Consolidated Operating Income)



- Both Divisions recorded a year-on-year increase in profit due to recovery in the automobile, construction equipment, and machine tool industries.

(Million yen)

Business segment	Main products/services	FY2020 1H	FY2021 1H	Change	Change (%)
Specialty Steel and Wire Products Division	Steel bars for prestressed concrete (PC) High-strength shear reinforcement High-strength spring steel wire ITW® Hollow rack bars Slewing bearings (construction equipment parts)	(106)	<b>691</b>	797	—
Induction Heating Division	Induction heat treatment-related services Induction heating equipment and related services	(623)	<b>1,108</b>	1,731	—
Others	Moveable and immovable property leasing business and businesses other than the above	28	<b>26</b>	(2)	(7.4)%
Intersegment transactions		3	<b>2</b>	(0)	(0.2)%
Total		(697)	<b>1,829</b>	2,526	—

## 5. Consolidated Statements of Income



(Million yen)

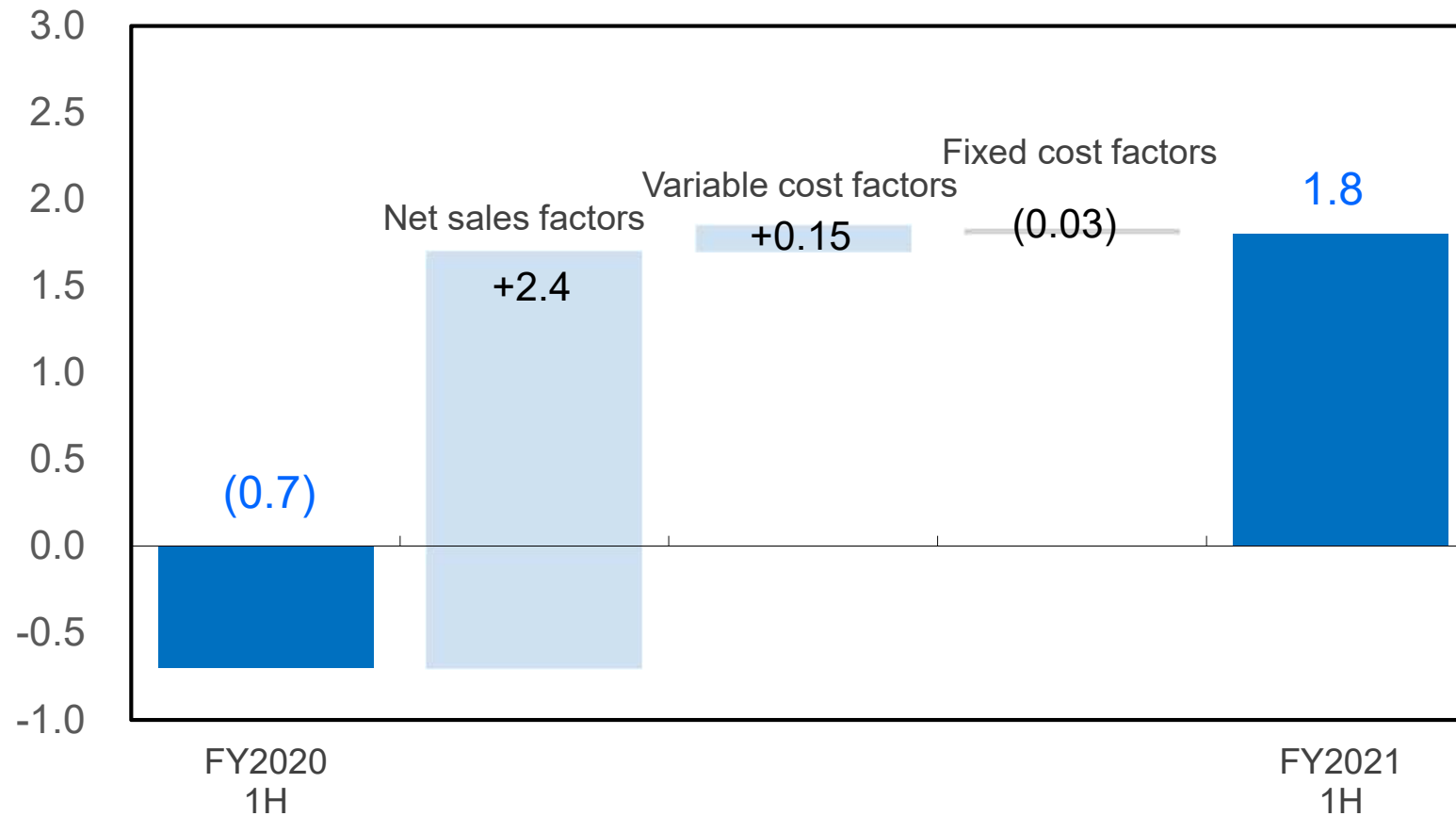
Item	Year	FY2020 1H	FY2021 1H	Change	Change (%)
Net sales		18,367	<b>24,390</b>	6,022	32.8%
Cost of sales		15,567	<b>18,818</b>	3,251	20.9%
Gross profit		2,800	<b>5,571</b>	2,771	99.0%
Selling, general and administrative expenses		3,498	<b>3,742</b>	244	7.0%
Operating income		(697)	<b>1,829</b>	2,526	—
Non-operating income		274	<b>348</b>	74	27.0%
Non-operating expenses		24	<b>31</b>	7	29.6%
Ordinary income		(447)	<b>2,146</b>	2,593	—
Extraordinary income		35	<b>77</b>	42	120.6%
Extraordinary losses		2	<b>7</b>	5	270.0%
Profit before income taxes		(414)	<b>2,215</b>	2,630	—
Income taxes – current		131	<b>644</b>	513	391.5%
Profit		(545)	<b>1,570</b>	2,116	—
Profit attributable to:					
Profit attributable to owners of parent		(653)	<b>1,357</b>	2,010	—
Profit attributable to non-controlling interests		107	<b>213</b>	106	99.1%



## 6. Factors for Changes in Consolidated Operating Income

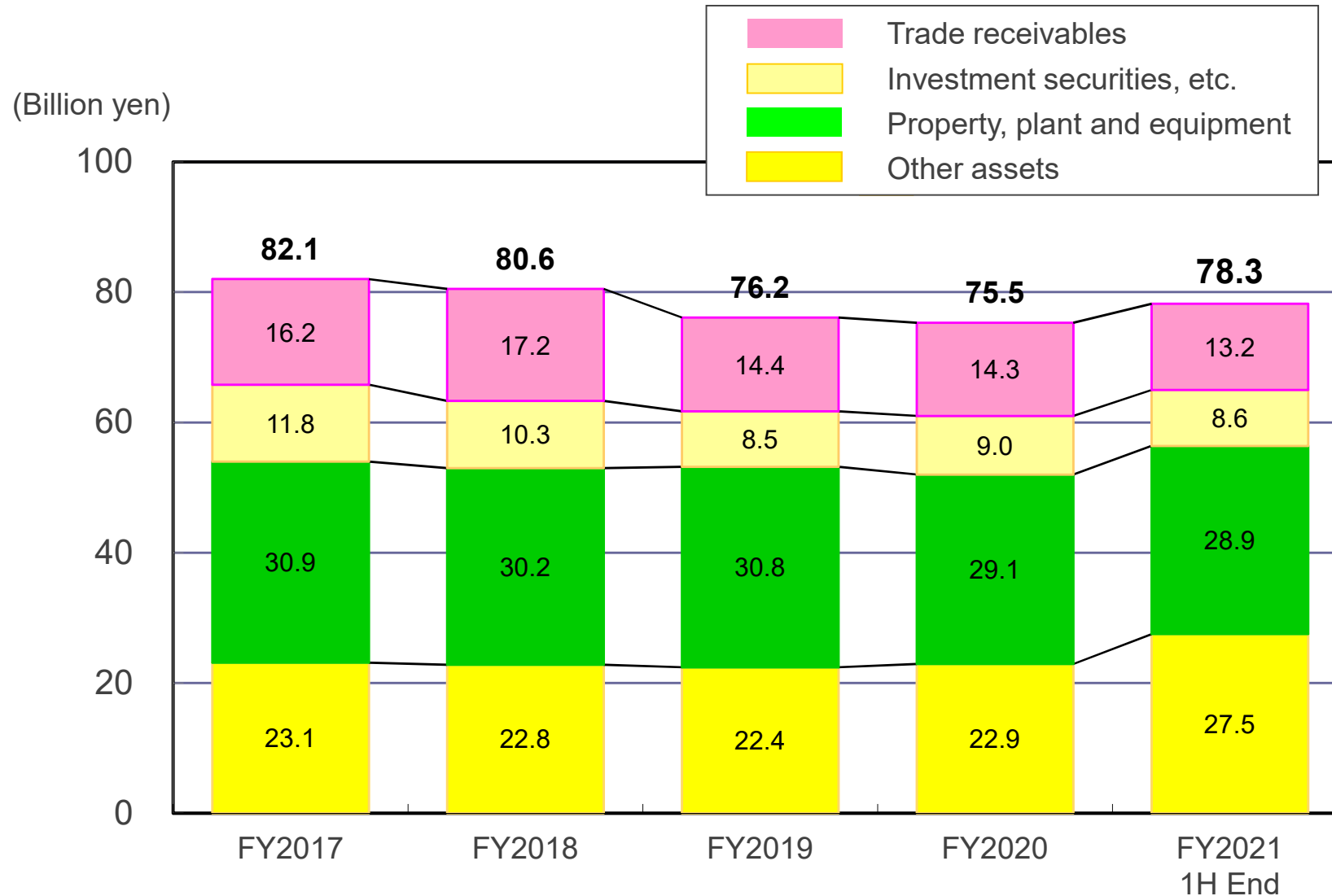
- Profit increased by ¥2.5 billion due to a year-on-year increase in net sales by 32.8%.
- Further promoting cost reduction activities, which have been implemented since FY2019.

(Billion yen)



## 7. Balance of Assets as of September 30, 2021 (Consolidated)

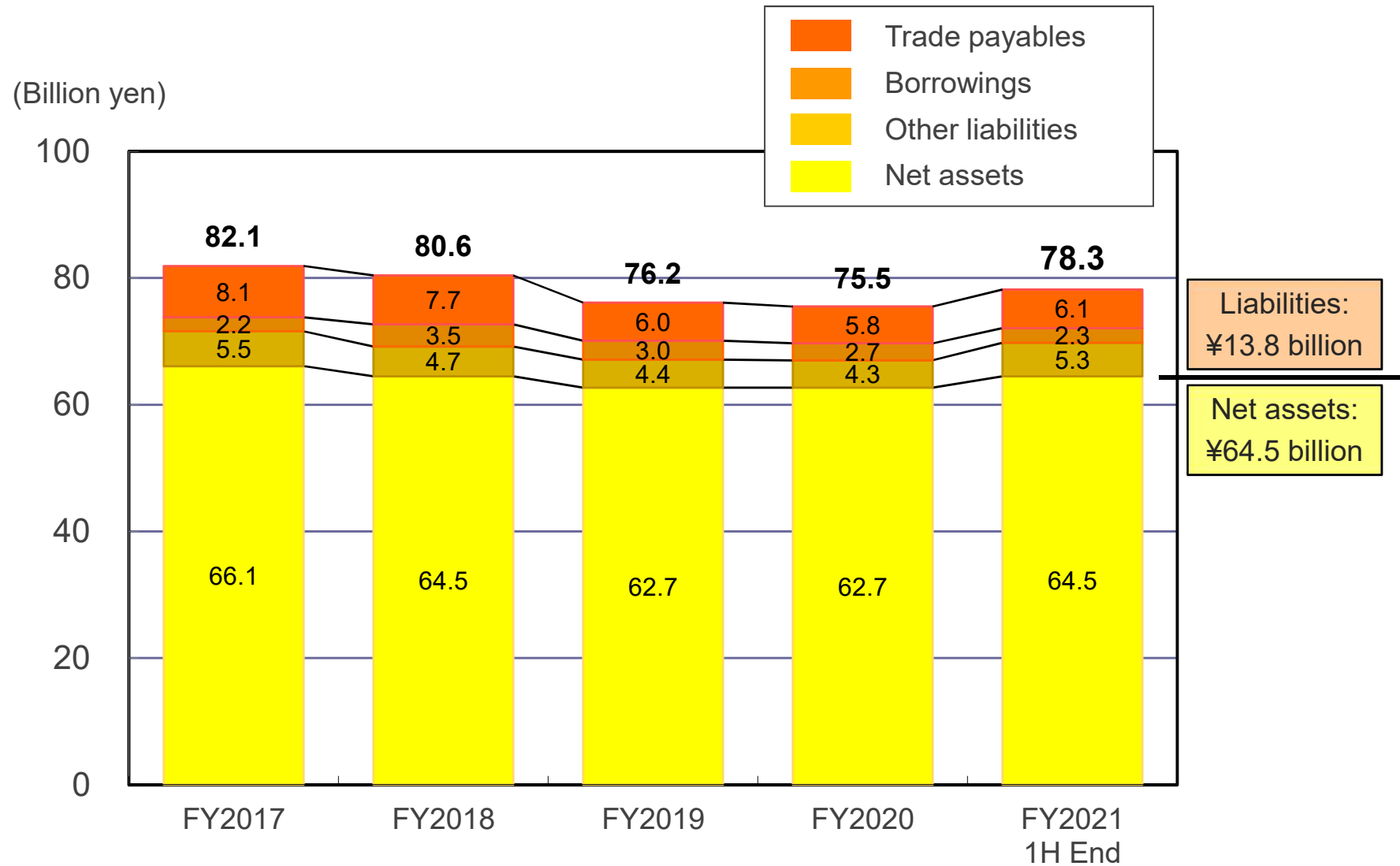
- Total assets increased by ¥2.8 billion from the end of FY2020 to ¥78.3 billion.



## 8. Balance of Liabilities and Net Assets as of September 30, 2021 (Consolidated)



- Liabilities increased by ¥900 million from the end of FY2020 to ¥13.8 billion.



## 9. Cash Flows for the Six Months Ended September 30, 2021 (Consolidated)



- Operating cash flows: Increased due to improved business performance
- Investing cash flows: Decreased due to a decrease in capital investment and sales of non-current assets and investment securities
- Free cash flow: Increased by ¥2,306 million year on year

(Million yen)

Item	FY2020 End of 1H	FY2021 End of 1H	YoY Change
Profit before income taxes	(414)	<b>2,215</b>	2,630
Depreciation	1,479	<b>1,431</b>	(47)
Decrease (increase) in trade receivables	2,429	<b>1,340</b>	(1,089)
Decrease (increase) in trade payables	(1,290)	<b>277</b>	1,567
Other, net	(273)	<b>(1,720)</b>	(1,447)
Cash flows from operating activities	1,929	<b>3,544</b>	1,614
Cash flows from investing activities	(944)	<b>(253)</b>	691
Free cash flows	984	<b>3,290</b>	2,306
Borrowings	(27)	<b>(431)</b>	(404)
Purchase of treasury shares	(0)	<b>(0)</b>	(0)
Dividends paid	(367)	<b>(358)</b>	8
Other, net	(228)	<b>(294)</b>	(65)
Cash flows from financing activities	(622)	<b>(1,084)</b>	(461)
Cash flows at end of period	11,922	<b>15,734</b>	3,812

## 10. Consolidated Capital Investment

- In the first half of FY2021, we carefully selected new capital investments, taking the business environment into account.
- In the second half, we will aggressively implement capital investments for growth, with a focus on investments in safety, quality, and automation, as well as environmental measures.

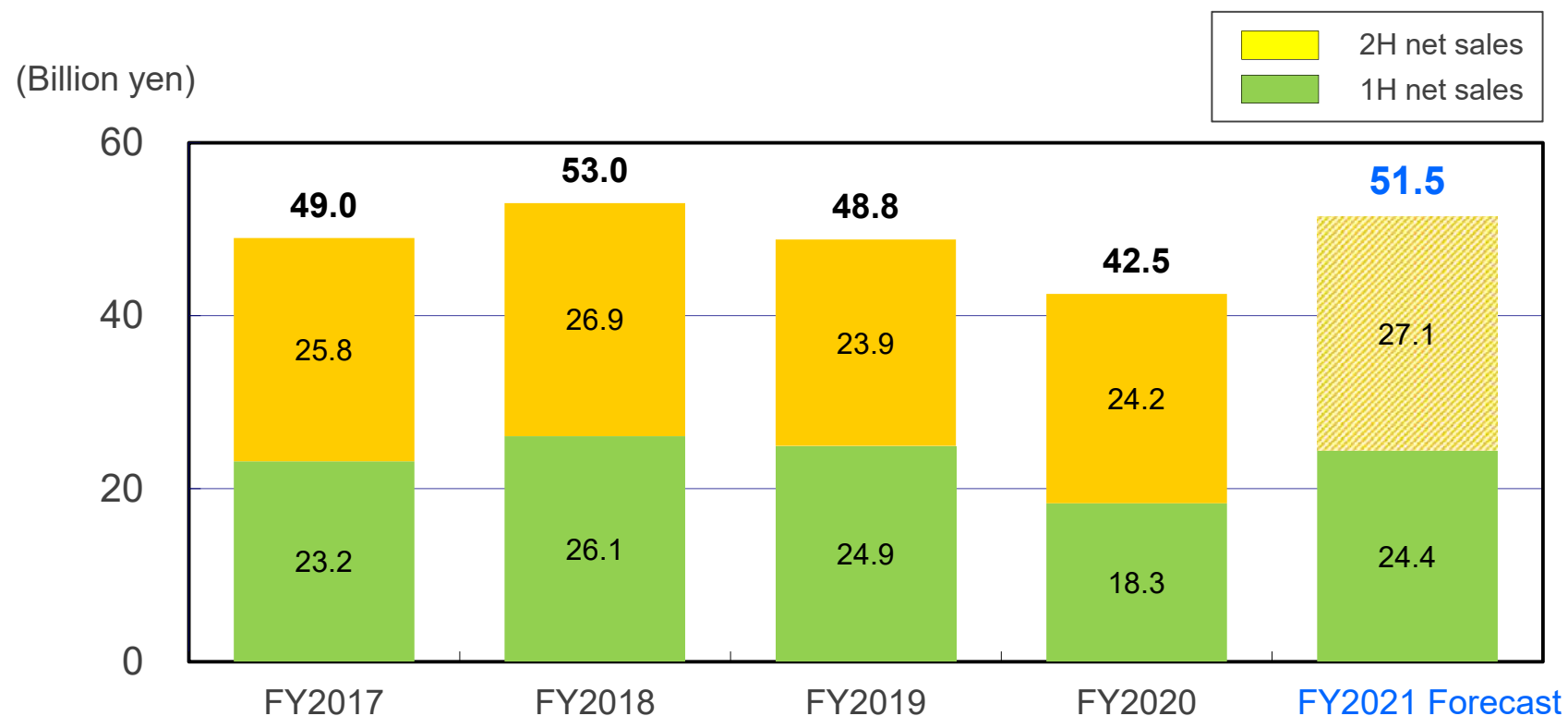
(Million yen)

	FY2018 Full year	FY2019 Full year	FY2020 Full year	FY2021 1H	FY2021 Full-year forecast
Capital investment	4,872	4,177	1,426	<b>460</b>	2,100
Depreciation	3,267	3,189	3,034	<b>1,431</b>	2,800

## II. Trends in Business Performance

## 11. Consolidated Net Sales

- For the first half of FY2021, revenue increased 32.8% year on year
- For FY2021 full year, revenue is forecast to increase 21.0% year on year



13th Medium-term Management Plan

14th Medium-term Management Plan

15th Medium-term Management Plan

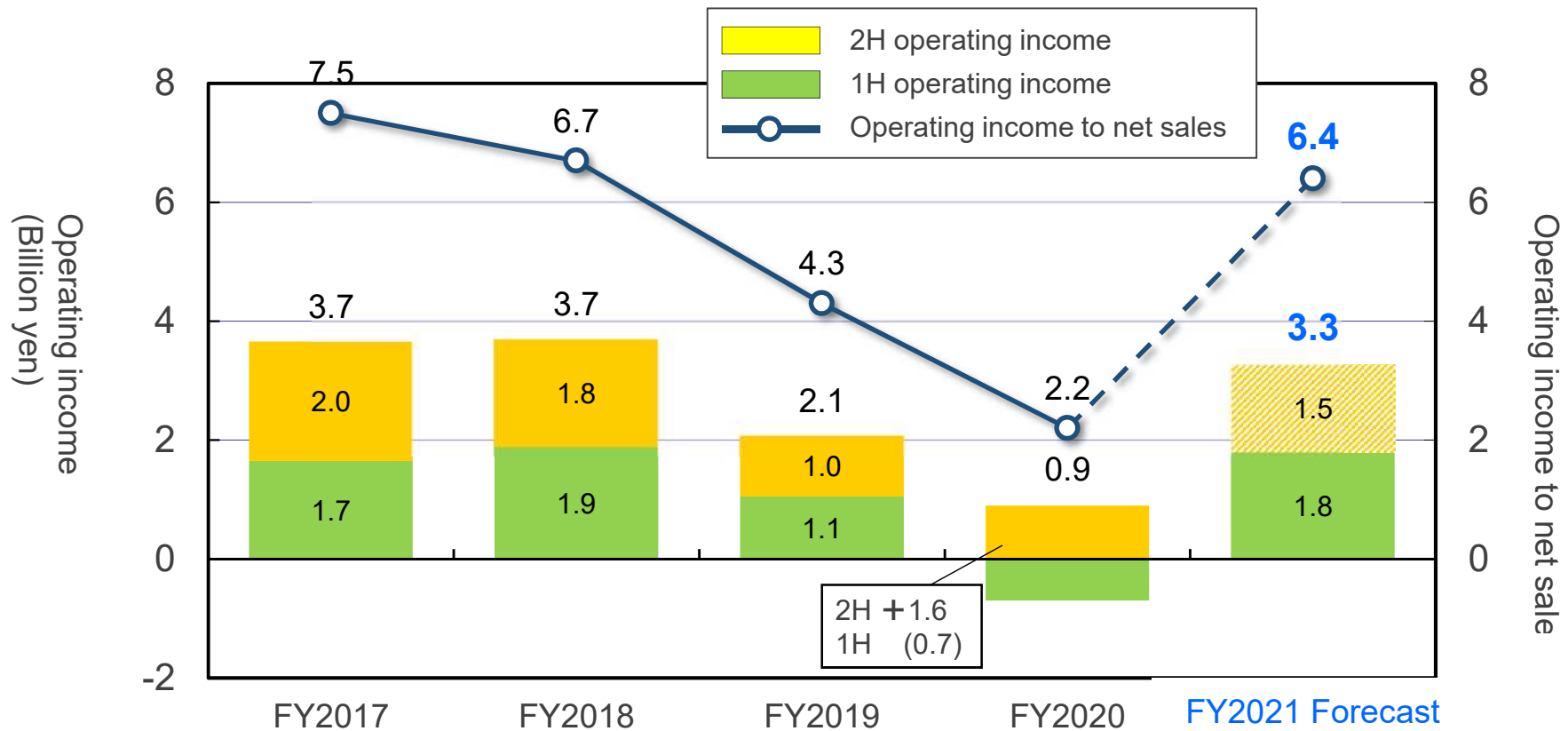
[Exchange rates]

•FY2020 1 RMB = 15.88 JPY, 1 USD = 103.50 JPY

•FY2021 1 RMB = 17.30 JPY, 1 USD = 111.92 JPY

## 12. Operating Income/Operating Income to Net Sales

- Operating income for the first half of FY2021 amounted to ¥1.8 billion due to the effect of increased revenue and the cost reduction activities
- Operating income for FY2021 full year is forecast to be ¥3.3 billion



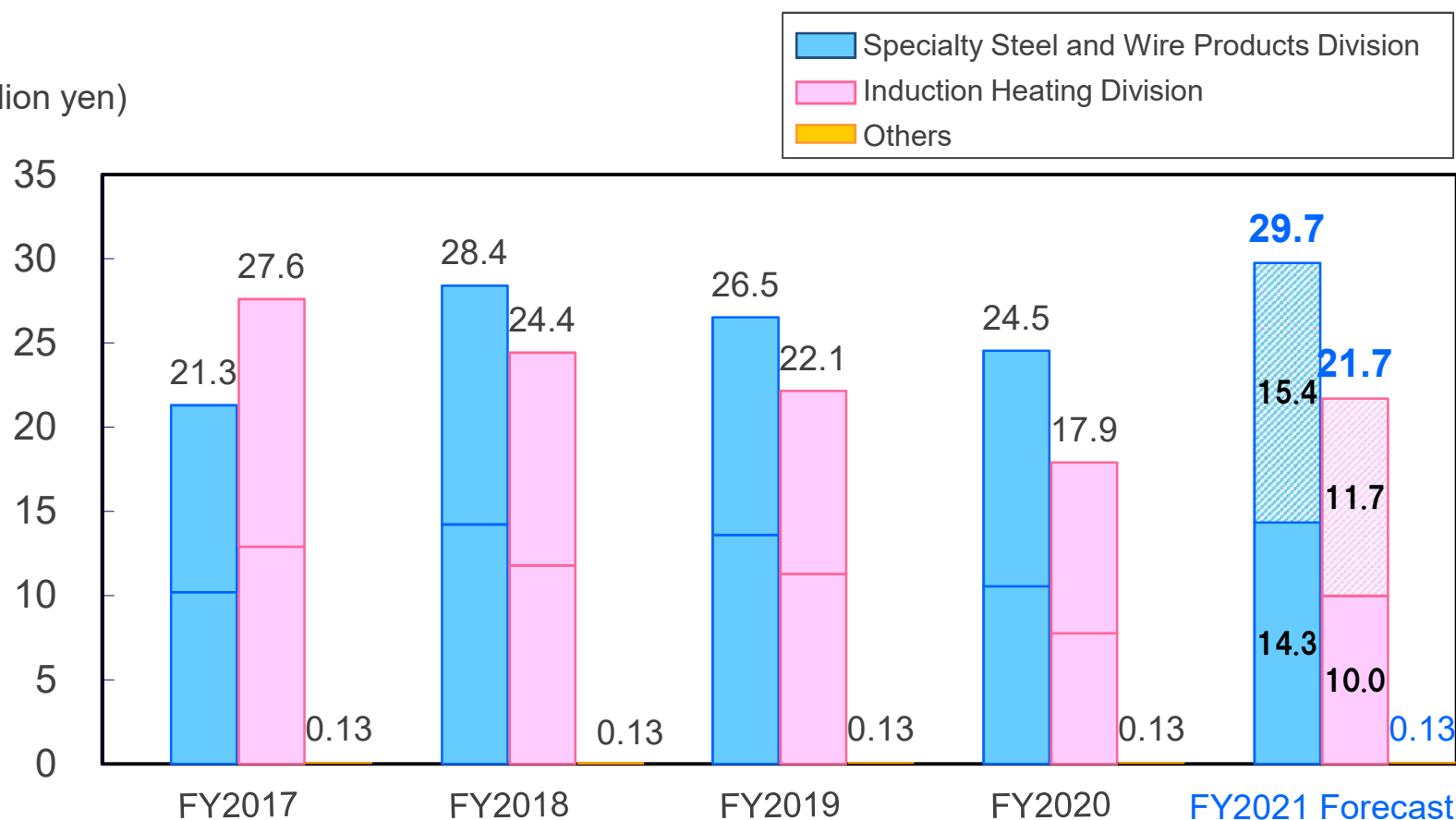
13th Medium-term Management Plan	14th Medium-term Management Plan	15th Medium-term Management Plan
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## 13. Segment Information (Consolidated Net Sales)

- Specialty Steel and Wire Products Division: Revenue for FY2021 is forecast to increase 21.0% year on year
- Induction Heating Division: Revenue for FY2021 is forecast to increase 21.2% year on year

(Billion yen)



13th Medium-term Management Plan

14th Medium-term Management Plan

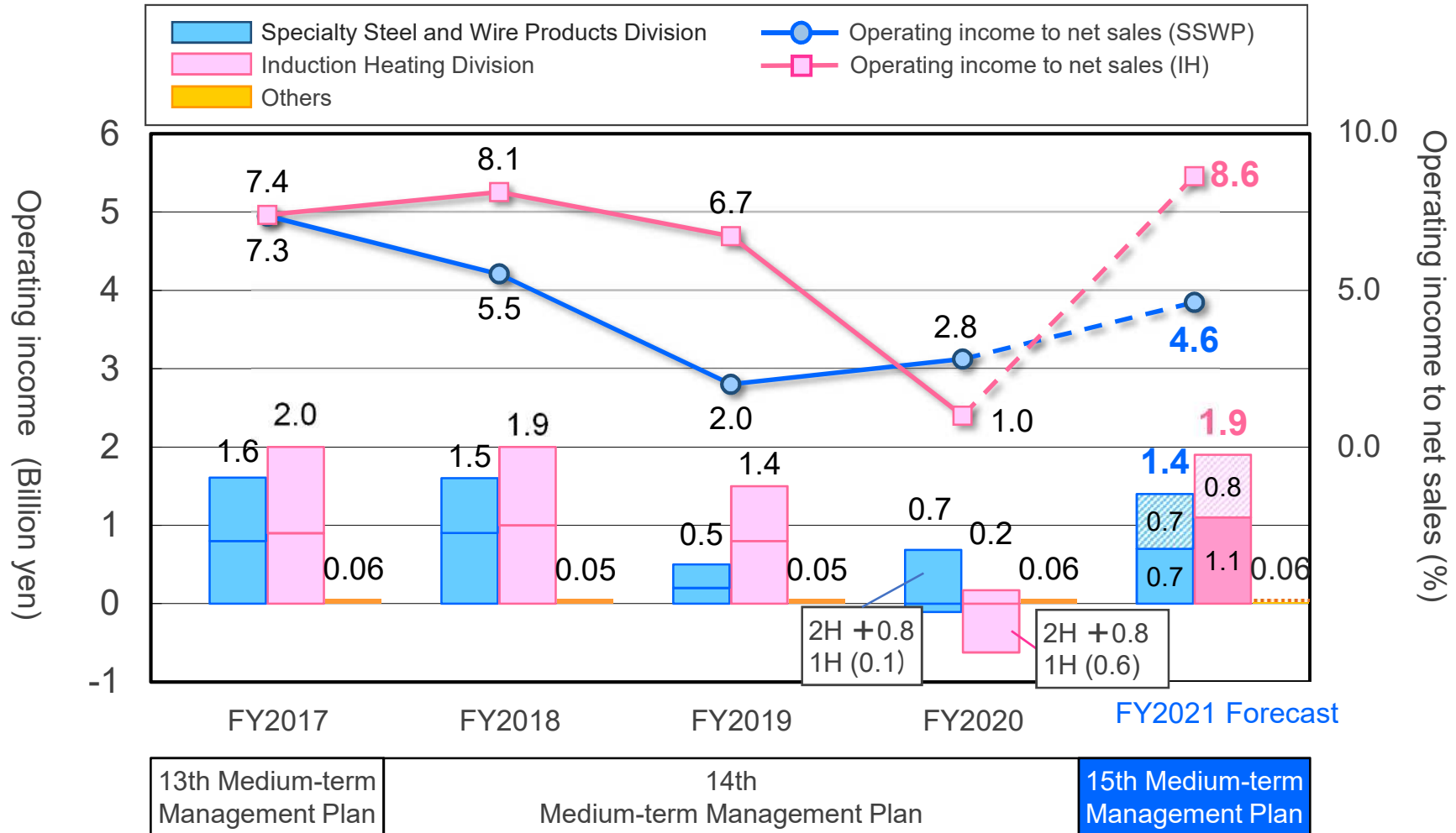
15th Medium-term Management Plan

\* Segment categories changed in FY2018.

## 14. Segment Information (Operating Income/Operating Income to Net Sales)

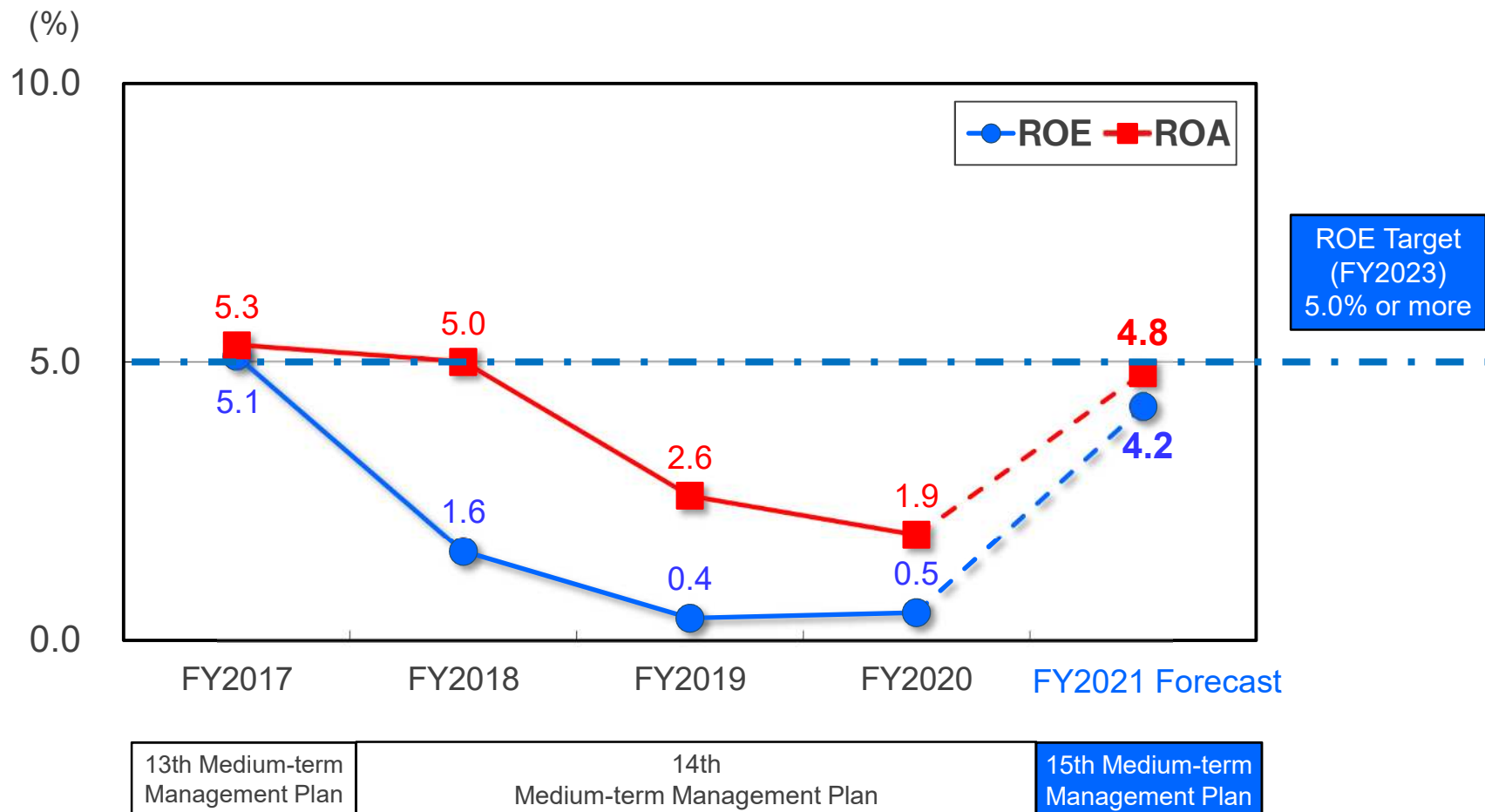


- Specialty Steel and Wire Products Division: Operating income to net sales for FY2021 is forecast to be 4.6%, up 1.8 percentage points year on year.
- Induction Heating Division: Operating income to net sales for FY2021 is forecast to be 8.6%, up 7.6 percentage points year on year.



\* Segment categories changed in FY2018.

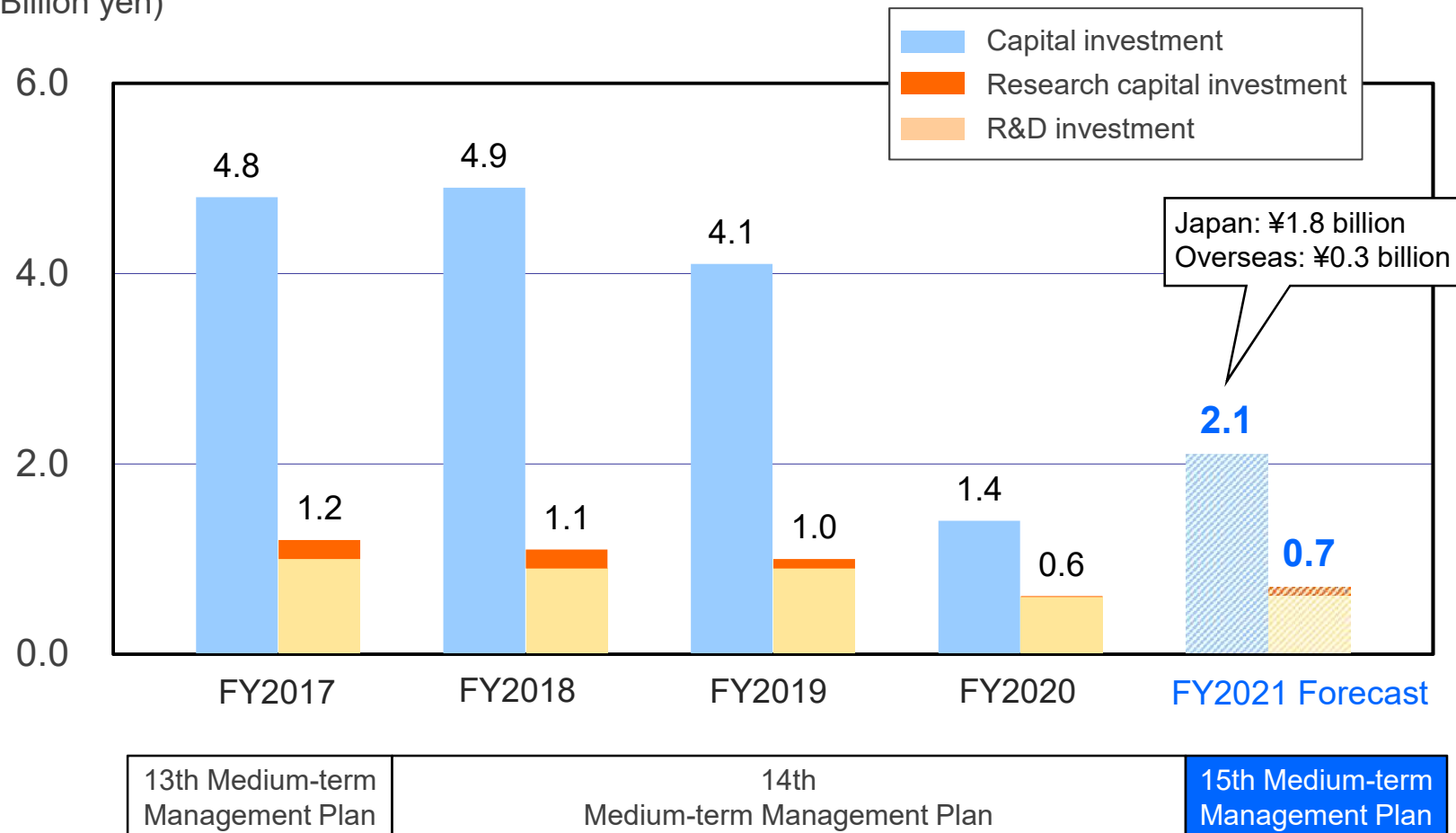
- In FY2021, we expect ROE and ROA to improve to 4.2% and 4.8%, respectively.



## 16. Capital Investment/R&D Investment

- Capital Investment: Implemented rationalization and investment in automation for growth, as well as capital investment to support increased production
- R&D Investment: Continued to invest in the development of next-generation technologies and sustainable growth

(Billion yen)



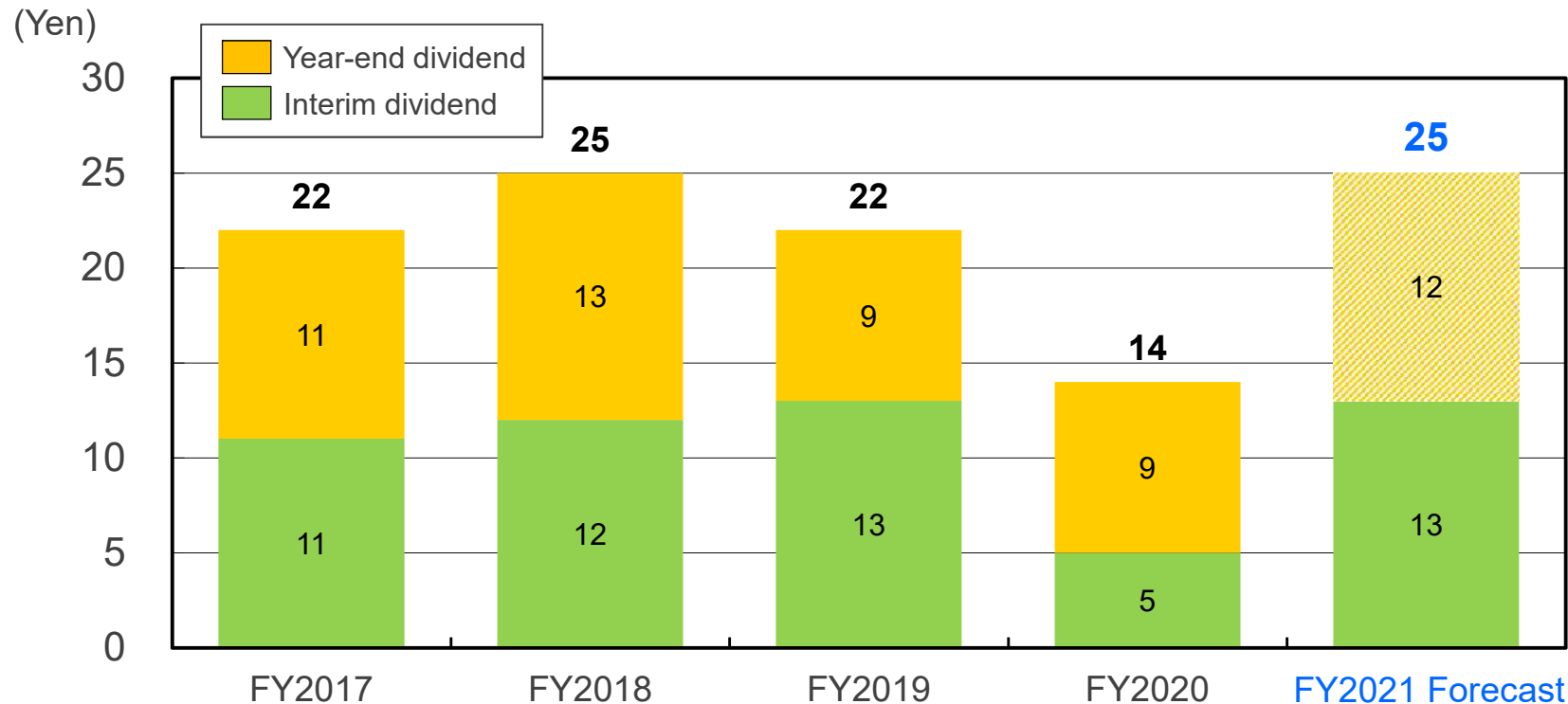
# 17. Dividend History

We changed the dividend policy from this fiscal year to further enhance shareholder returns

**(Before the change)**  
 (1) “Stable distribution of dividends”  
 → Setting the lower limit of annual dividend of ¥10 per share  
 (2) Appropriating surplus according to its business performance  
 → Targeting the consolidated dividend payout ratio of 40% or higher

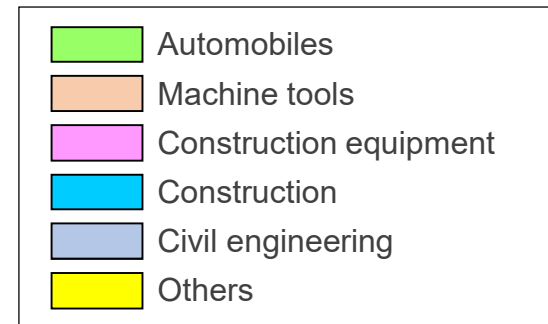


**(After the change)**  
 (1) “Stable distribution of dividends”  
 → Setting the lower limit of DOE (dividend on equity) of 1.5%  
 (2) Appropriating surplus according to its business performance  
 → Targeting the consolidated dividend payout ratio of 40% or higher

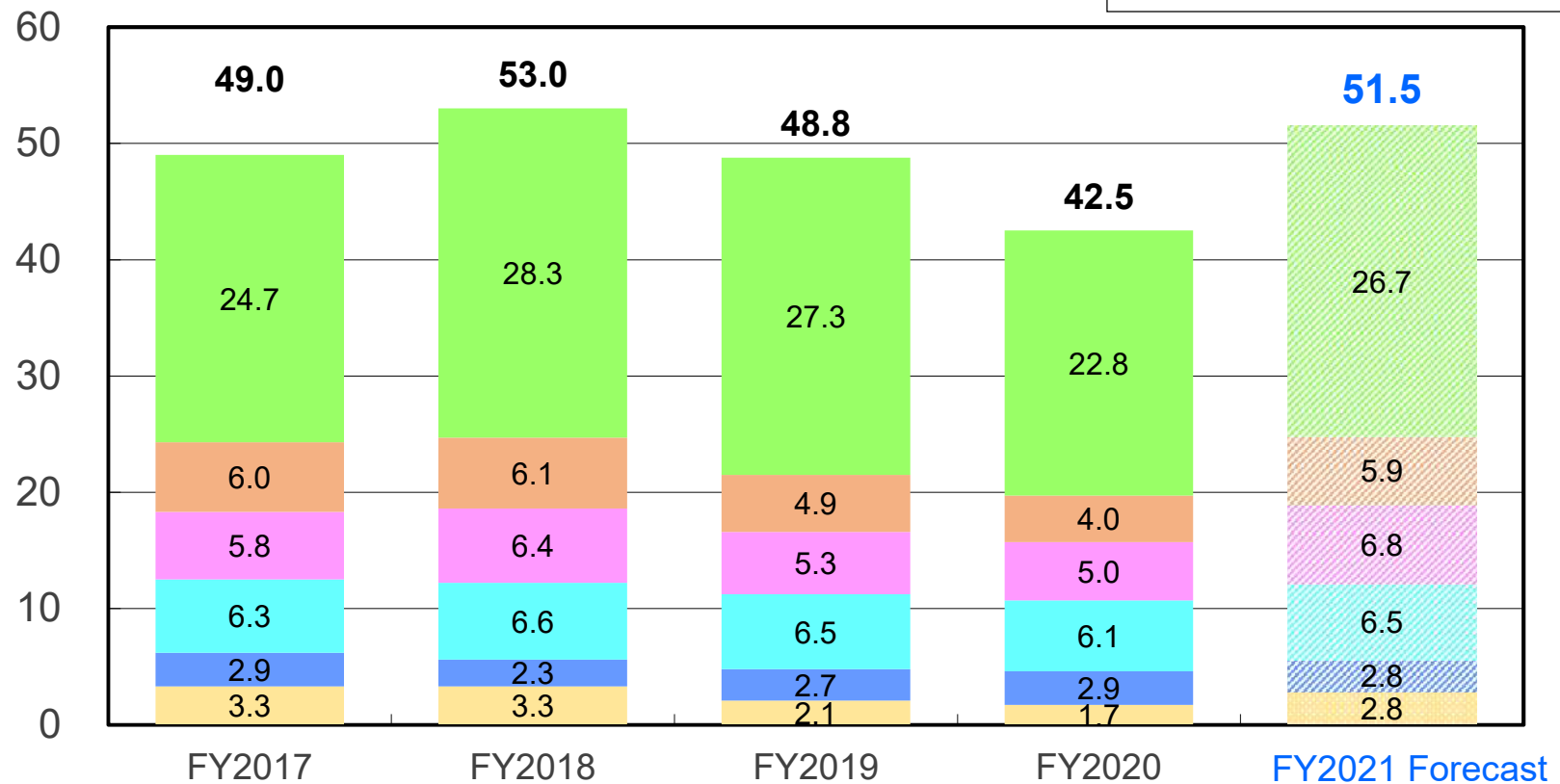


## 18. Net Sales by Industry

- Automobiles, machine tools, construction equipment:  
Forecast to recover to pre-COVID-19 levels

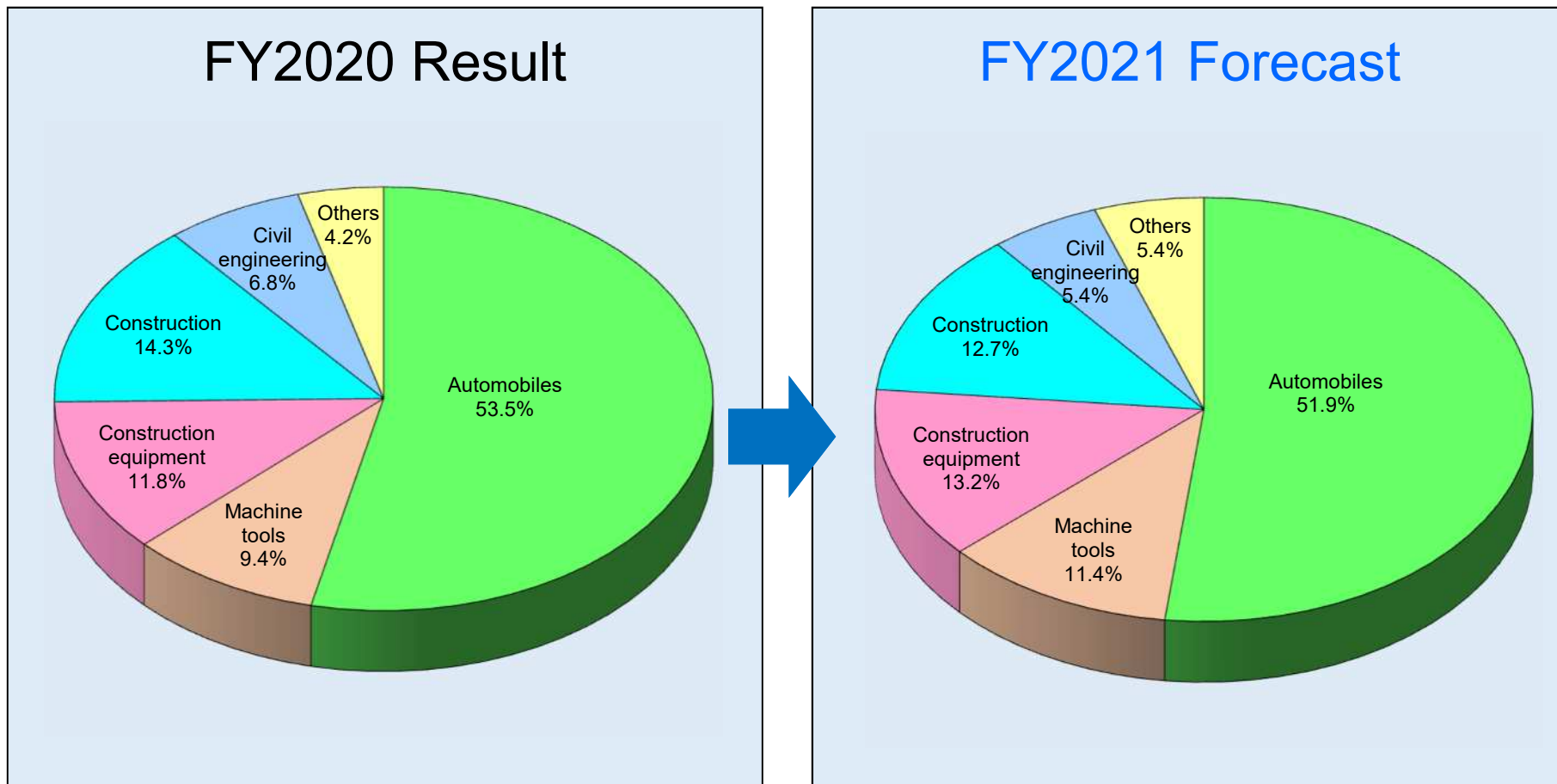


(Billion yen)



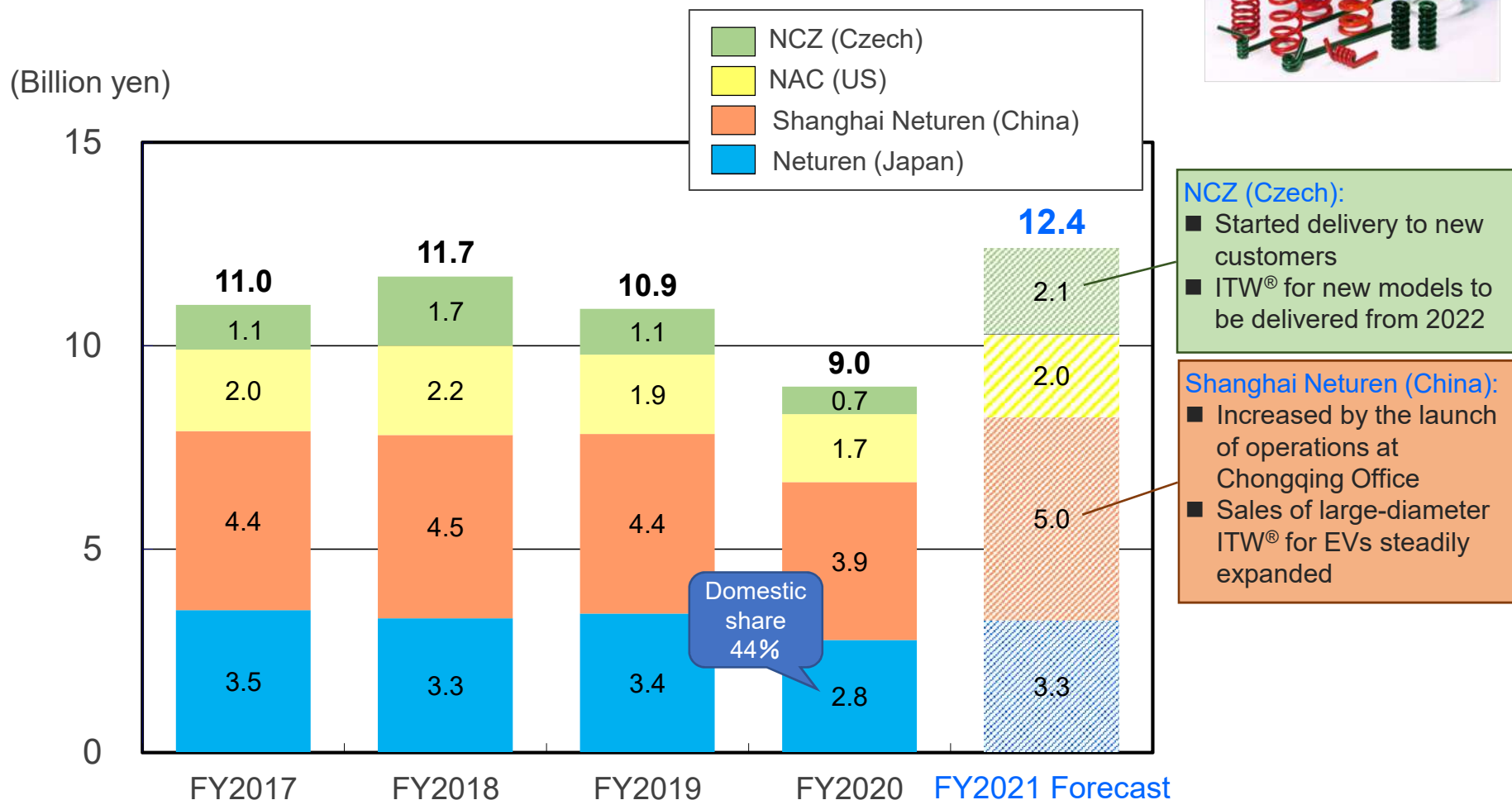
## 19. Net Sales Ratios by Industry

- The sales ratios of machine tools and construction equipment are expected to increase significantly in FY2021, consequently pushing down the ratios of automobiles, construction, and civil engineering industries.



## 20. Net Sales of High-strength Spring Steel Wire (ITW®)

- As the transition to EVs continues, demand for high-strength spring steel wire (ITW®) that helps reduce weight is increasing. We supply ITW® worldwide from five plants in four countries.





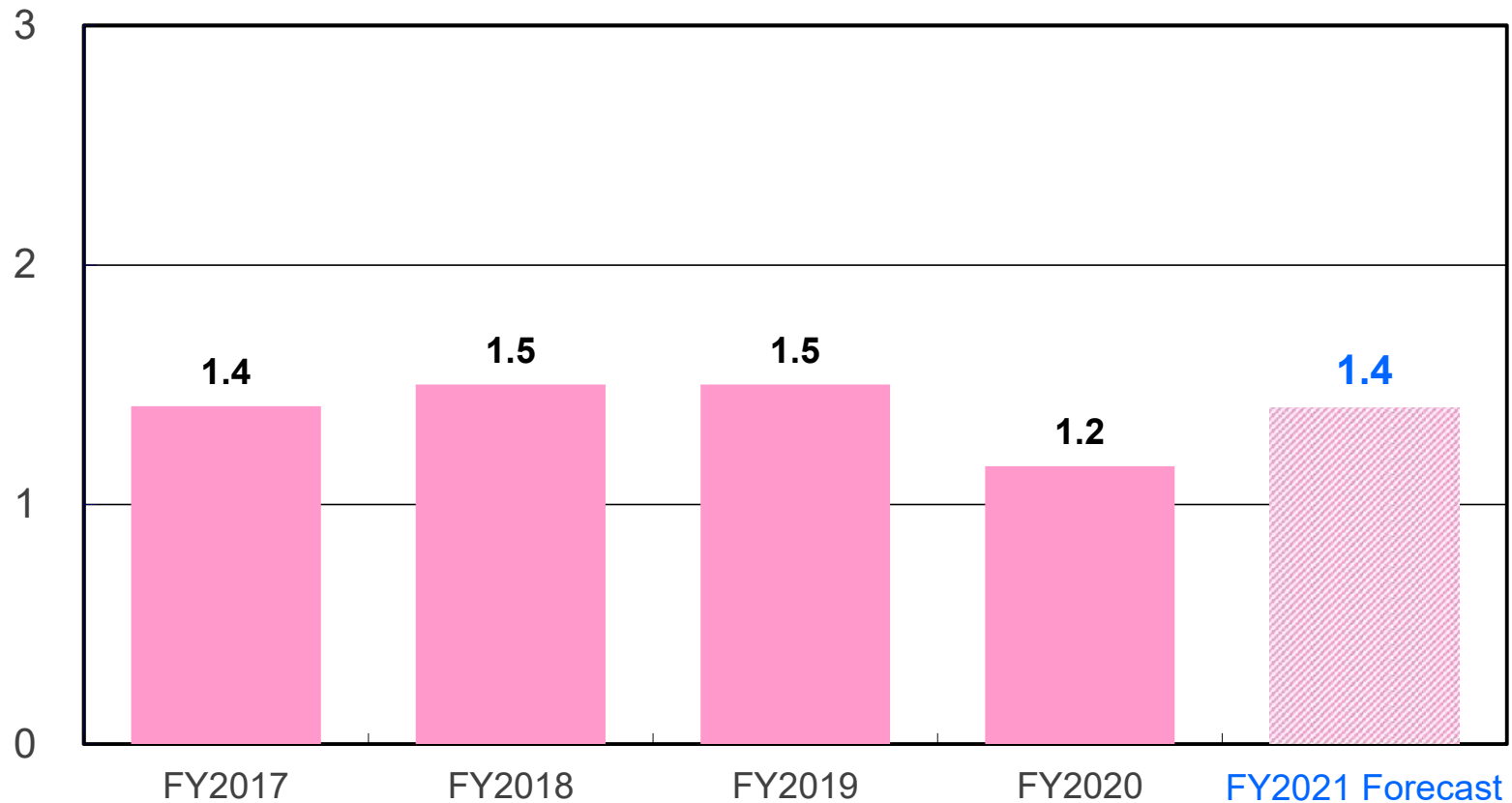
## 21. Net Sales of Hollow Rack Bars (Automotive Part)



- As a product for electric power steering that contributes to the shift to EVs and autonomous driving, we are currently taking orders by delivering prototype hybrid rack bars aimed at its adoption in model renewals coming up.



(Billion yen)

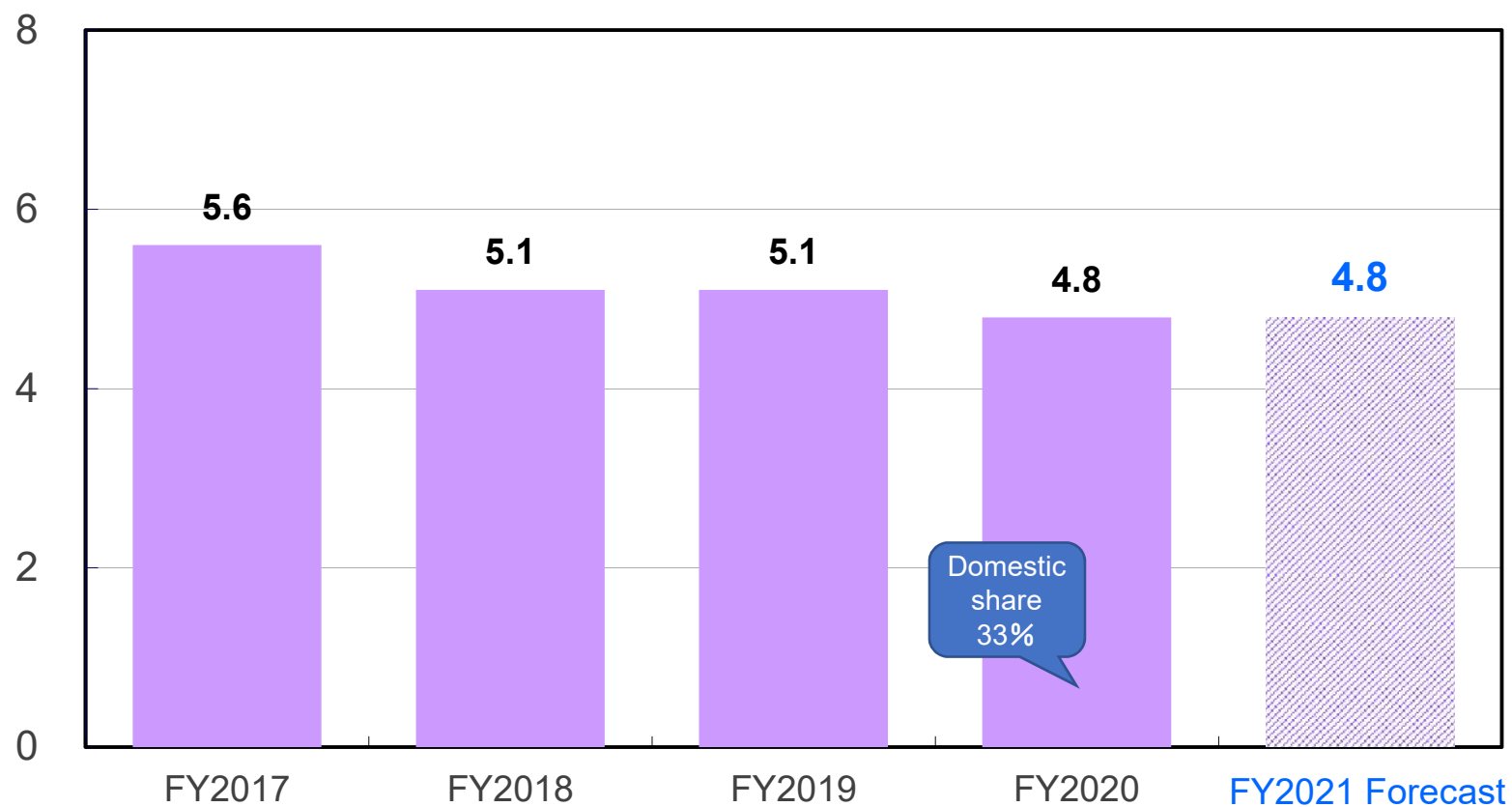


## 22. Net Sales of PC Steel Bars and Deformed PC Steel Bars

- While the pile market is shrinking, we expect the same level of revenue as FY2020 with our efforts to expand sales of PC steel bars for use in logistics warehouses for seismic retrofiting.



(Billion yen)

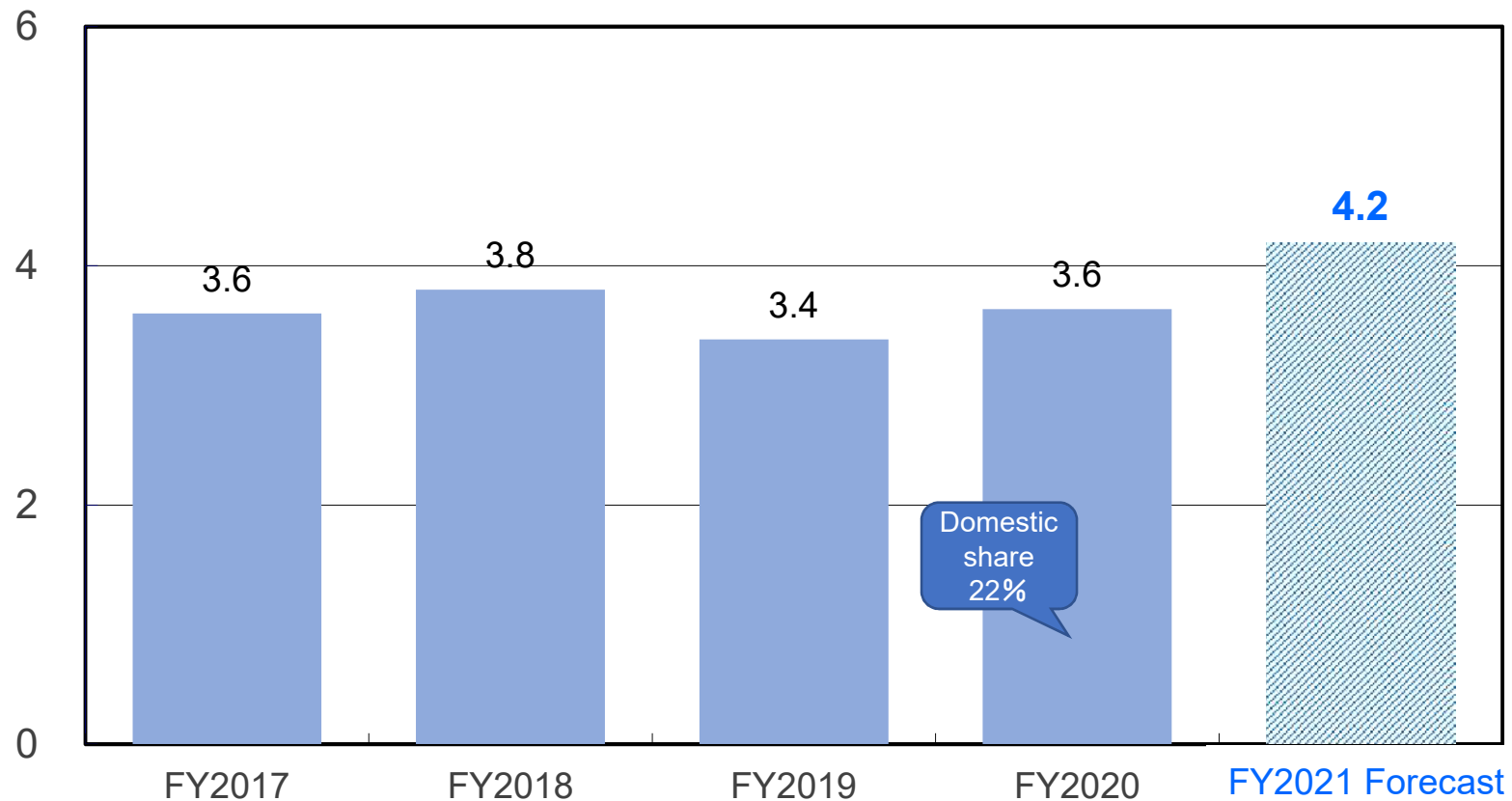


## 23. Net Sales of High-strength Shear Reinforcement

- While high-rise condominium construction starts are expected to decrease, we will expand our market share by strengthening sales to design offices and by working on expanding sales for cut-off construction methods that benefit customers. Thus, revenue is forecast to increase.



(Billion yen)

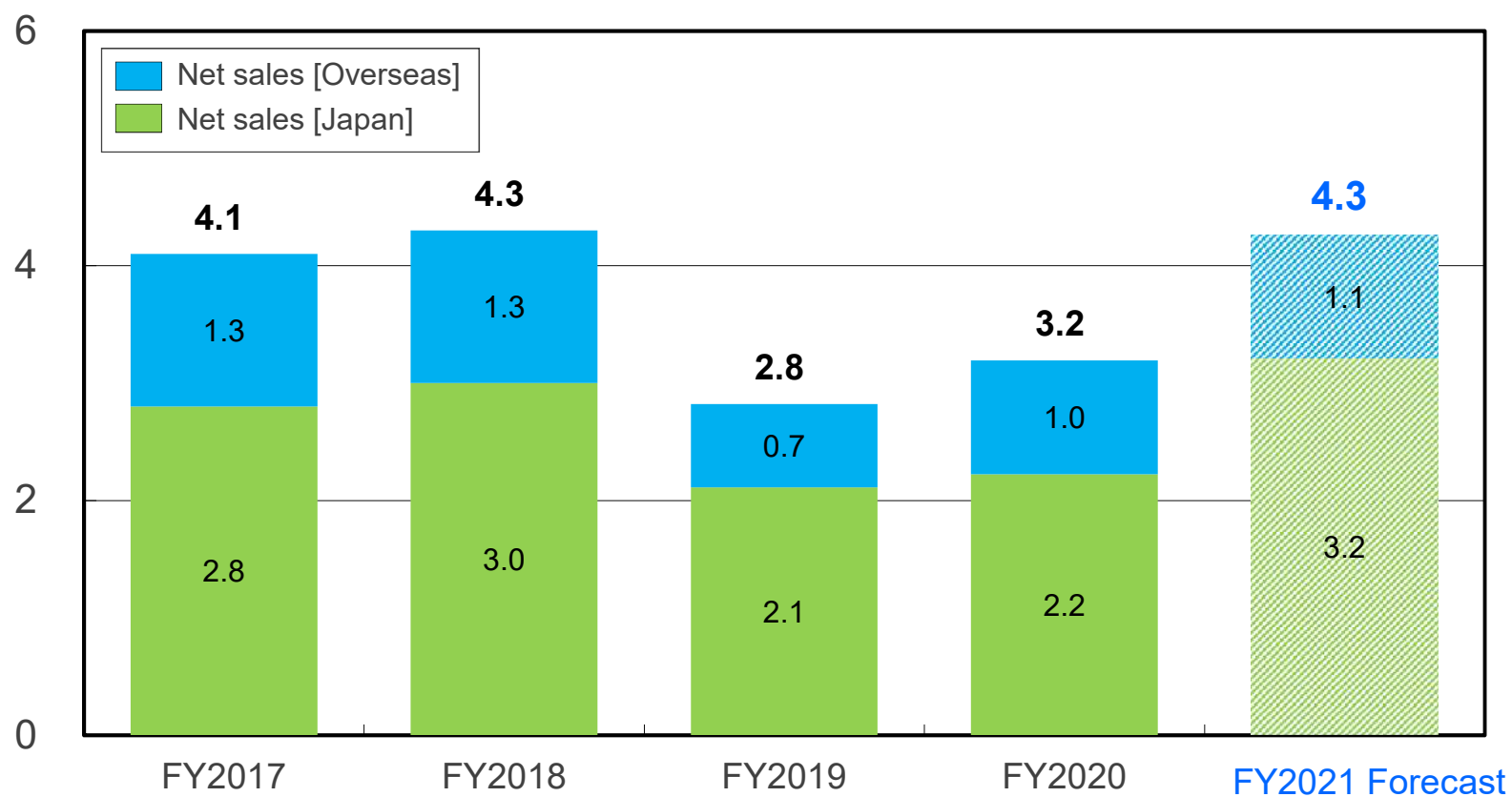


## 24. Net Sales of Slewing Bearings (Construction Equipment Part)

- Demand is forecast to recover significantly from COVID-19 in regions other than China.



(Billion yen)



## 28. Net Sales of Induction Heating Equipment/Services



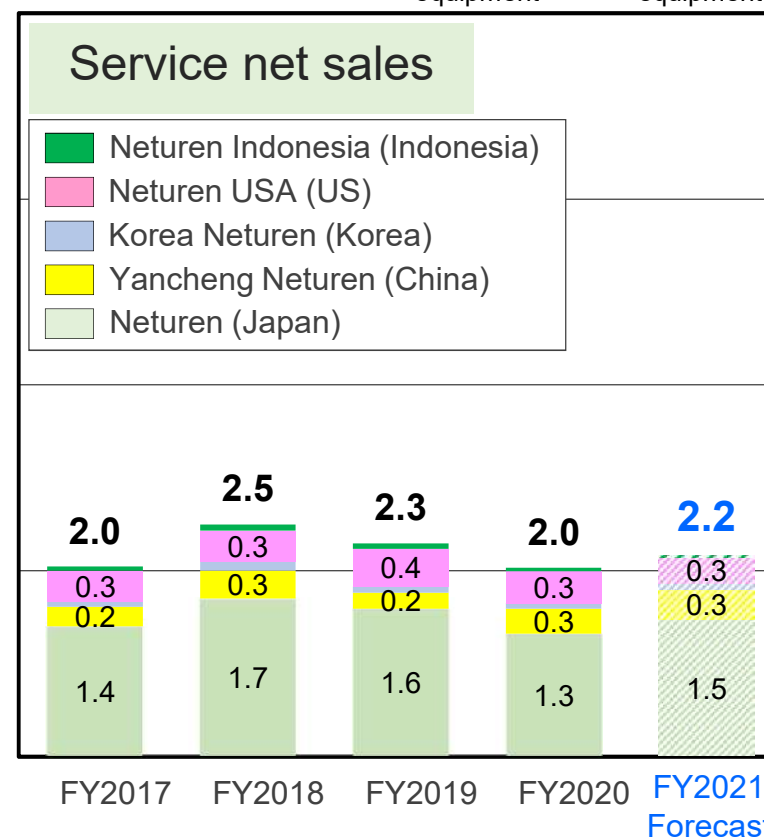
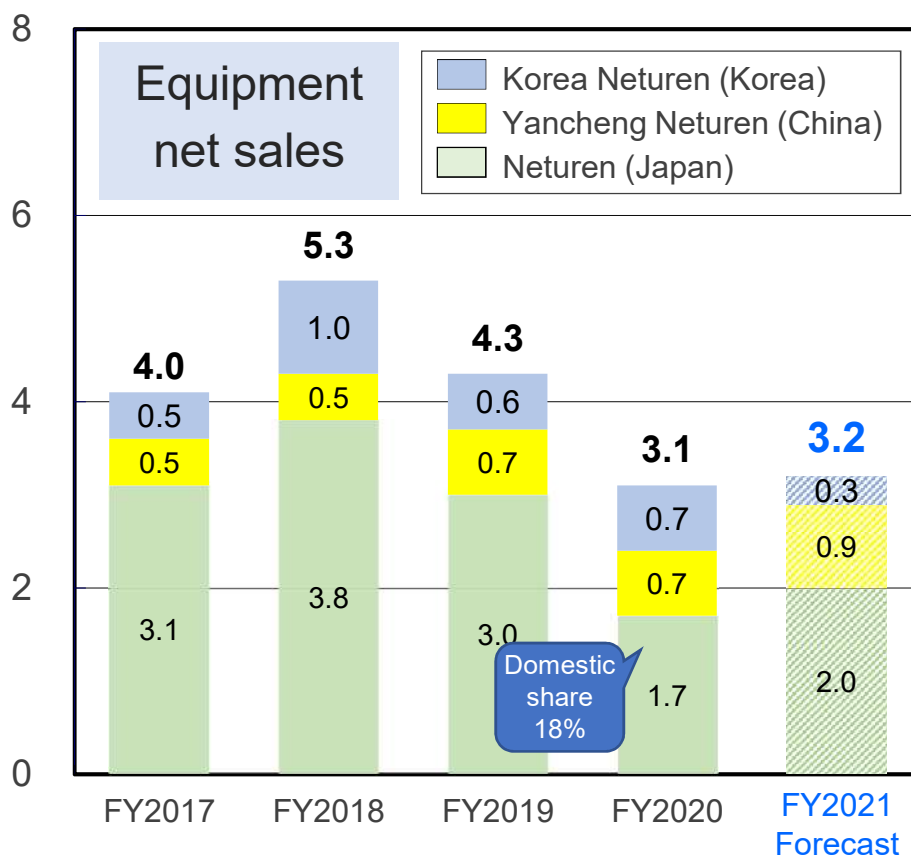
- As COVID-19 has caused a significant curtailment of capital investment, we are boosting our efforts to win service orders.
- As orders for equipment are recovering, we will strengthen sales in favorable industries.



Induction heating equipment

Power supply equipment

(Billion yen)



\* Includes transactions within the Group

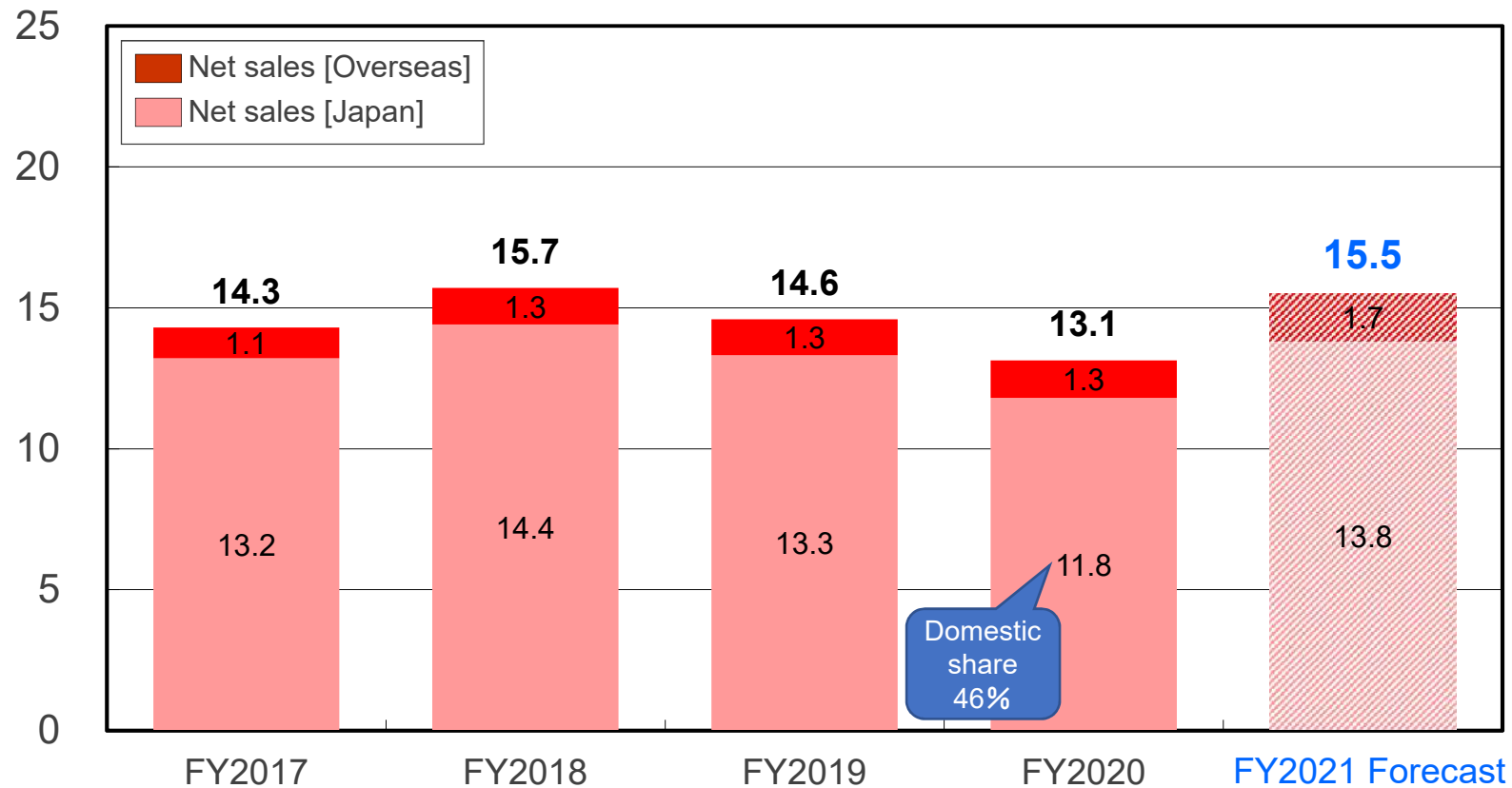
## 26. Net Sales of Induction Heat Treatment-related Services

- While the outlook for sales of services for the mainstay, automotive parts is uncertain due to production cutbacks caused by the shortage of semiconductors, etc., and recovery production, sales for machine tools and construction equipment are strong.



Overall sales are expected to recover to pre-COVID-19 levels.

(Billion yen)



## III. Progress of 15th Medium-term Management Plan

## 15th Medium-term Management Plan

### Basic policy

Aim to “contribute to a sustainable society” and “increase corporate value” as first phase of achieving NETUREN VISION 2030 “Evolution and Breakthrough”

Period : April 2021 to March 2024 (Three years)

Slogan : **“Change!! New NETUREN 2023”**

Objective : Initiate change internally and externally, and evolve.  
Create a new Neturen by uniting the collective wisdom and power of the Group



## Basic strategies - Aiming to increase corporate value

Strategy 1	<b>Establish revenue base</b> by further enhancing competitiveness of core business, and bringing new technologies, products and businesses to market.
Strategy 2	Promote digitization and <b>improve ability to roll out information</b> through <b>N-DX system</b> , aim for full operation in three years' time.
Strategy 3	Identify SDGs as the core of management, promote reduction of CO <sub>2</sub> and <b>contribute to the creation of a sustainable society</b> .
Strategy 4	<b>Develop human resources</b> that enhance the Group's sales and marketing capabilities <b>globally</b> .

Major management indicators (consolidated)	FY2020 results	FY2021 forecasts	FY2023 targets
Net sales	¥42.5 bn	¥51.5 bn	¥56.0 bn
Operating income	¥0.9 bn	¥3.3 bn	¥4.0 bn
Operating income to net sales	2.2%	6.4%	7.1%
Return on equity (ROE)	0.5%	4.2%	5.0% or more
Return on asset (ROA)	1.9%	4.8%	5.5% or more

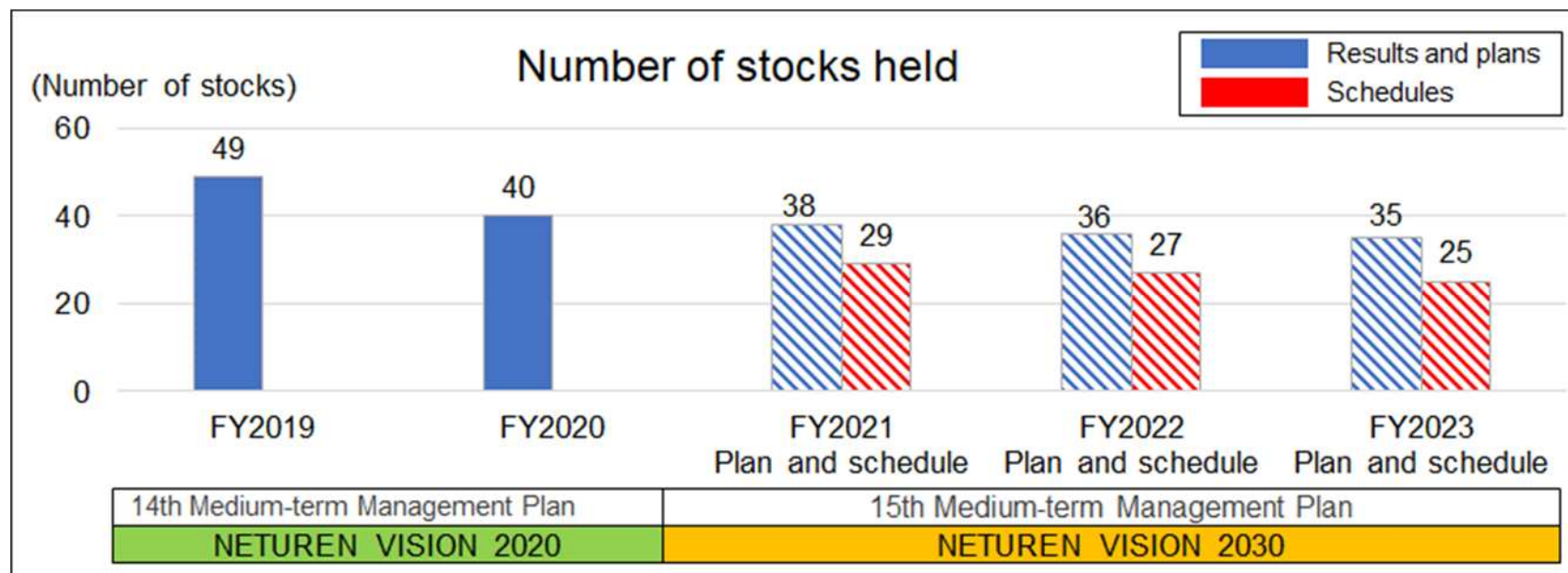
## Initiatives to increase corporate value (1)

### (1) Selection of the Prime Market

- In line with the Tokyo Stock Exchange’s transition to the new market segments, we have selected to list on the Prime Market.

### (2) Results and plans for reduction of cross-shareholdings

- Target a 30% reduction in book value and the number of stocks compared to FY2019 during the period of 15th Medium-term Management Plan
- Sold 22 stocks during the period between FY2016 and FY2020, 2 stocks in 1H FY2021; plan to sell 9 stocks in 2H FY2021, reducing cross-holdings faster than planned.



### Initiatives to increase corporate value (2)

#### (3) Enhancement and promotion of IR systems

- **Engagement (May-June 2021)**
  - Had meetings with a total of 9 companies (8 institutional investors and 1 advisory firm on exercise of voting rights)
- **Enhanced disclosure and provision of information in English (June 2021)**
  - Consolidated financial results, Materials for financial results briefings, etc.
- **Radio appearance (July 2021)**
  - Appeared on Radio NIKKEI 1 “Watch This Company! Soba no Fuku no Kami (the god of fortune in the market)”
- **IR meeting attended by top management (scheduled for December 2021)**
  - Meeting with 20 to 30 analysts and institutional investors



Appearance on Radio Nikkei  
(Left) President Omiya  
(Right) Mr. Fujimoto, Radio Personality

#### (4) Initiatives to enhance governance

- **Introduced executive officer system (June 2021)**
  - Further enhanced corporate governance by separating executive and supervisory functions
  - Executive and supervisory functions of the Board of Directors have been assessed to be fully functional
- **Addressing sustainability issues**
  - Formulate human rights policy (by March 2022)
  - Start climate change disclosure under TCFD or equivalent framework (by June 2022)
  - Proactively disclose non-financial data, such as investments in human assets and intellectual property

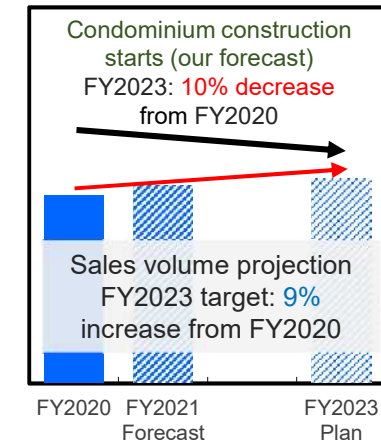
**Strategy 1: Establish revenue (profit) base by further enhancing competitiveness of core business, and bringing new technologies, products and businesses to market.**

## (1) Further enhance competitiveness of core business

### Expand sales of new products for high-performance steel materials

High-strength shear reinforcement (cut-off))	<ul style="list-style-type: none"> <li>Strengthen marketing that incorporates design proposals for target customers</li> <li>Offer the cut-off construction method commercially; consider incorporating the formula into structural calculation software</li> </ul>
Double Stark®	<ul style="list-style-type: none"> <li>Promoting product adoption to general contractors for their actual projects</li> <li>Continue to identify and improve issues through discussions with each company</li> </ul>
PC steel bars	<ul style="list-style-type: none"> <li>Promoting product application to wooden buildings</li> </ul>

Sales forecast for high-strength shear reinforcement



### Achieve high productivity and secure profits in induction heat treatment-related services

Start monitoring production plants in real time using “IoT” technology to achieve DX; analyze obtained data to improve bottleneck processes and achieve high productivity

### Build brand value for induction heating equipment at a global level

Start selling high-frequency power supply equipment with logic circuits converted to FPGA, a programmable device  
Developing “new products and services” utilizing digital technology



## (2) Bring new technologies, products and businesses to market

Strengthening and promoting company-wide search for new products and businesses in the fields of CO<sub>2</sub> reduction, EV components, and renewable energy

Strategy 2: Promote digitization and improve ability to roll out information through N-DX system

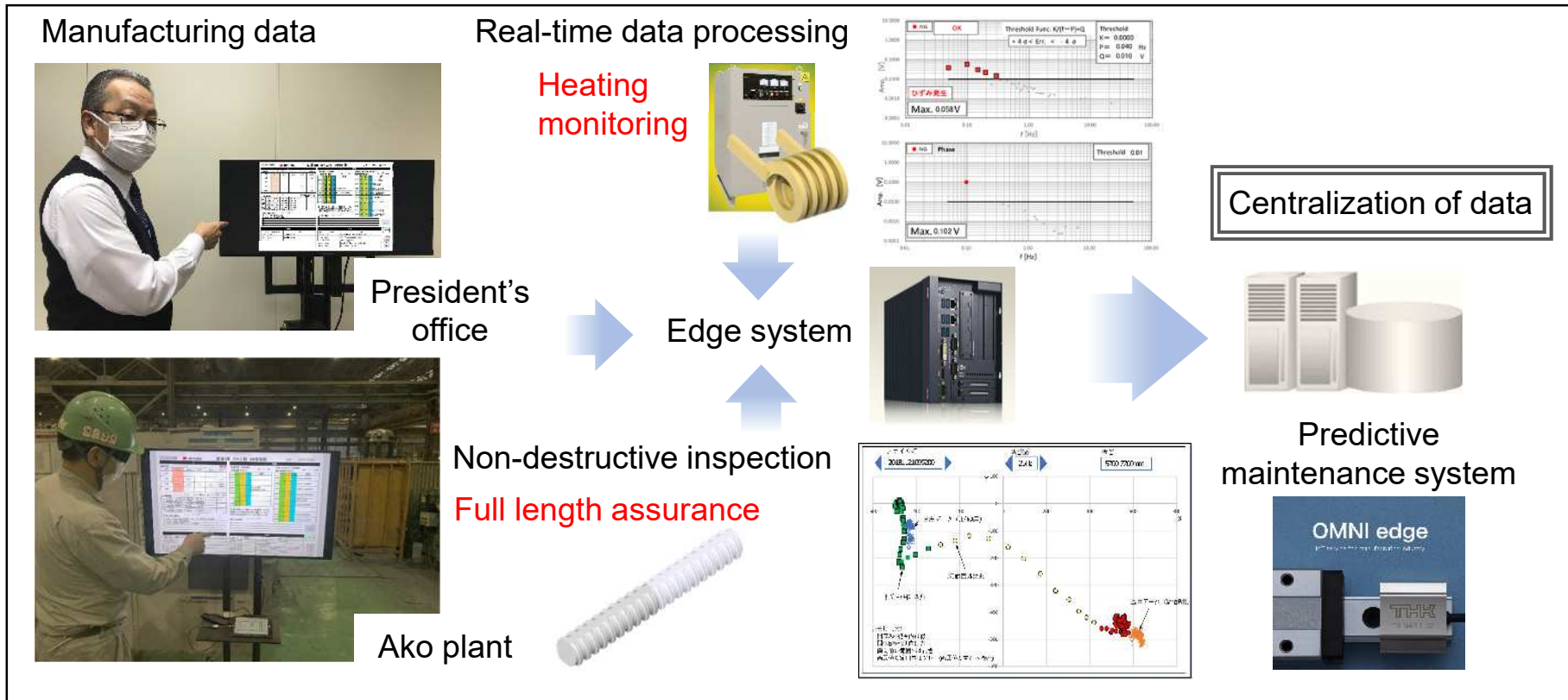
### N-DX (Neturen Digital Transformation) Kick-off

- Established the N-DX Project Preparatory Committee to organize a roadmap of activities (March 2021 to end of September 2021)
  - Consolidate and organize the DX initiatives set by each division in the medium-term plan, share the company-wide issues, and clarify the scope of initiatives to be undertaken as well as necessary investments, etc.
- Launch the N-DX Project for activities to “transform into an evolving and dynamic company” (November 2021 to end of September 2024)
  - Issues to be addressed:
    - (1) Speed up management control (constantly monitor business conditions)
    - (2) Build, deploy, and utilize a centralized management system for customer information (establish an SFA system)
    - (3) Collect data that enables us to respond to changes and utilize digital technology
  - Organize the N-DX Promotion Office (6 employees who serve full-time or concurrently with their other posts) with the President as the executive in charge  
Organize a team for each issue in a close cooperation with the N-DX Promotion Office to tackle with the transformation positively and proactively by getting all employees across the company involved in it with a total of 38 key members.

## Strategy 2: Promote digitization and improve ability to roll out information through N-DX system

### Use ICT in heat treatment equipment and develop analysis technology

- Promote ICT in production equipment; introduce high-end sensing devices and control technologies
- Promote testing electronic forms and predictive maintenance systems, and roll them out in Kani NH, Ako, and Iwaki Plants

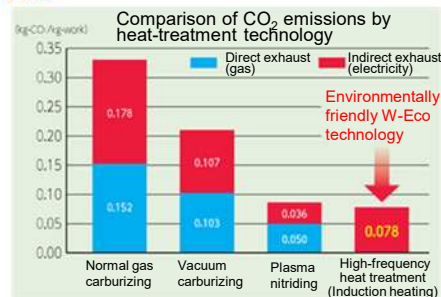
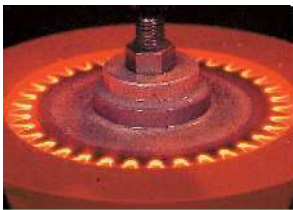


## Strategy 3: Identify SDGs as the core of management, and contribute to the creation of a sustainable society

### Solve social and customer issues through our products



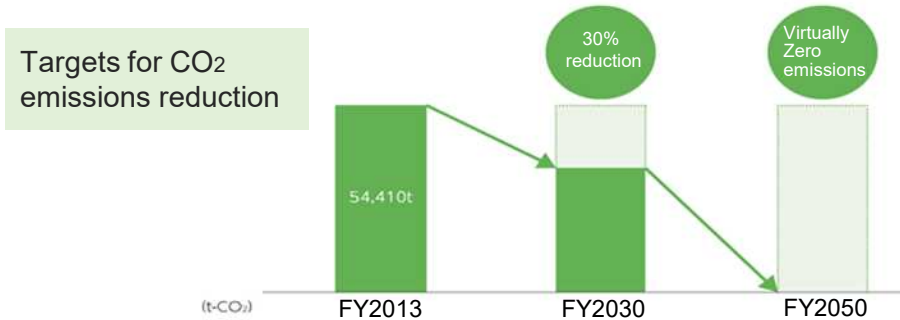
- Drastically reduce CO<sub>2</sub> emissions through **the use and further expansion of IH heat treatment technology**
- **Improve parts durability by IH heat treatment, deliver EV parts** → Lighter weight, lower fuel consumption
- Reduce the amount of steel materials used in structures and the construction time **by using high-performance steel material products**



### Efforts to reduce CO<sub>2</sub> emissions

To achieve the reduction target for FY2030, we established the CO<sub>2</sub> Emission Reduction Committee (in April 2021)

- All offices collaboratively formed committees in the three areas of “equipment,” “manufacturing,” and “procurement” to sort out issues and examine initiatives



(Scopes 1 and 2)

- **Implement CO<sub>2</sub> reduction activities at all business sites to strengthen the activities through in-house efforts**
- Considering newly introducing solar power generation at two sites in addition to one site that already uses it in Japan



(Scope 3)

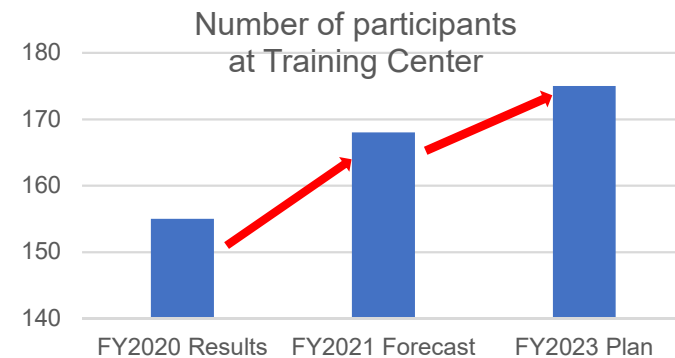
- Began surveying our supply chain CO<sub>2</sub> emissions in November

## Strategy 4: Develop human resources that enhance sales and marketing capabilities globally

The Human Resource Training Center established in April 2019 has launched and expanded the Neturen education system to continuously evolve to develop global human resources who can take on the challenge of evolution and breakthrough

Develop motivation to make contributions  
Identify and nurture next generation leaders

- The number of trainees has been steadily increasing.
- The training includes time for discussions to develop independent and practical thinking
- Training provides awareness or lessons learned to put into practice on site from the following day



### Focus Point 1

Proficiency levels are easy to understand (Skill map)

- Incorporating the skill map into the education plan
- Formulate human resources chart format and how to put it to operations
- Considering the introduction of a system to utilize the human resources chart and skill map
- Visualize the status of developing motivation to make contributions (awareness survey)

### Focus Point 2

Selection of diverse work styles

- Actively promoted work from home as an emergency response to COVID-19
- (Post COVID-19) Improve system operation by switching work from home to normal work while developing motivation to make contributions

April - September 2021

- March 2024



## IV. Development and Launch of New Technologies and Products, and Development of Global Business

## Helping customers achieve DX through digital control of high-frequency power supplies

- Started sales of high-frequency power supplies equipped with “FPGA” devices
- Received orders for 27 units in FY2021; and will make further promotion and capture customer needs



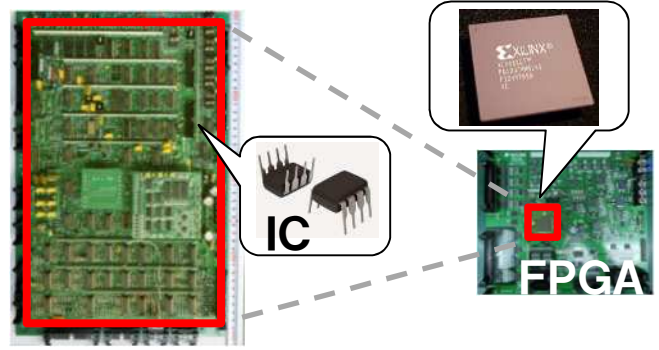
Highly visible display of operational status and failure history

### Benefits of using FPGA

1. Help customers achieve DX by digitizing failure and maintenance history
2. Shorten time to develop new features
3. Protect control technologies
4. Reduce risk of electronic parts becoming discontinued

Conventional: Hardware design using IC

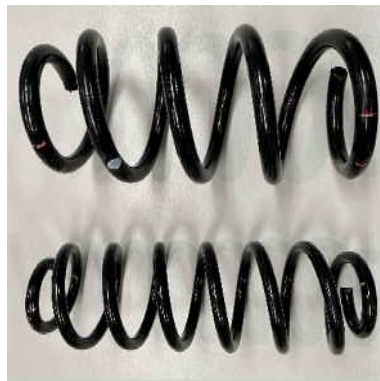
FPGA: Digital control design using software



# 37. New Product: High-Strength Spring Steel Wire, Large-Diameter ITW<sup>®</sup>

Started supplying high-strength spring steel wire, large-diameter ITW<sup>®</sup> to the Chinese EV market with demand steadily growing

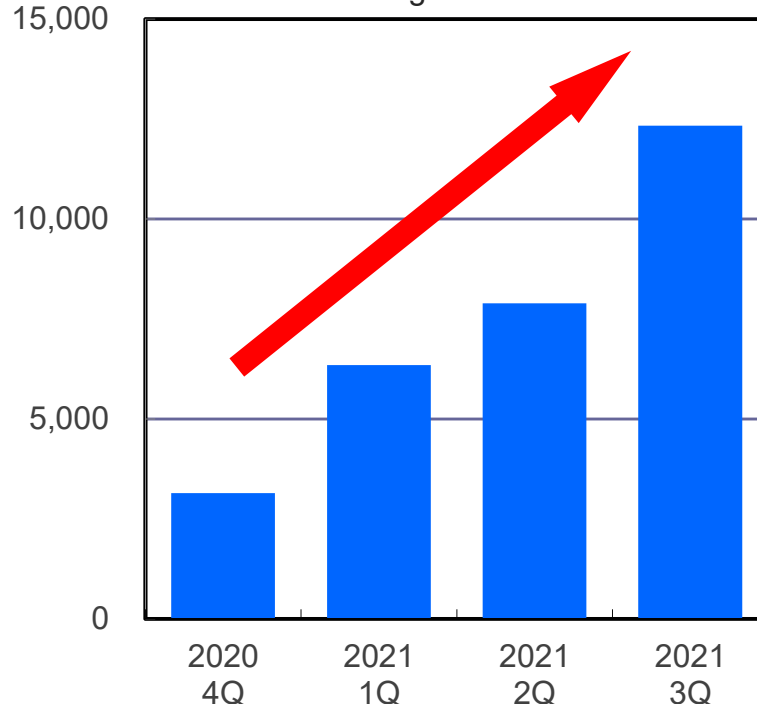
- Developed large-diameter ITW<sup>®</sup>, with **the world's largest diameter** for suspension springs that support EVs; started production at Shanghai Neturen at the end of 2020; begun supplying it to Chinese market. **Sales are increasing at a faster pace than initially planned** due to increased demand from customers
- Considering production and market launch at our other bases (Japan, U.S., and Europe)



EV suspension spring using large-diameter ITW<sup>®</sup> (wire diameter: 17.2 mm)

Standard suspension spring using ITW<sup>®</sup> (wire diameter: 13.1 mm)

Sales of large-diameter ITW<sup>®</sup>



<Large diameter ITW<sup>®</sup>>

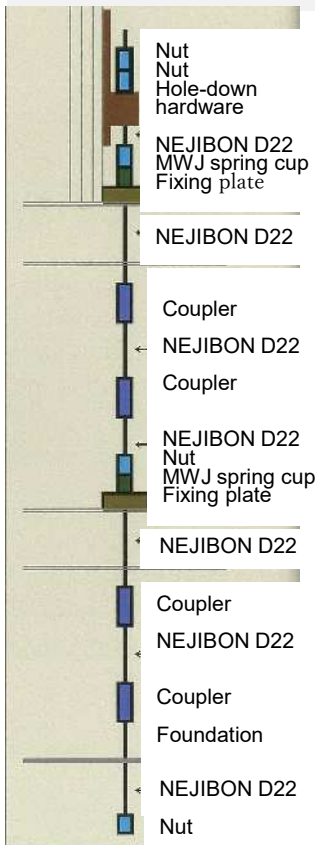
- Wire diameter range:  $\Phi$ 16.1 mm to  **$\Phi$ 22.0 mm** (Existing wire diameter range: up to  $\Phi$ 16.0 mm)
- Strength class: up to 2,000 N/mm<sup>2</sup> class
- Production capacity (Shanghai Neturen): 400 MT/month

# 38. New Product: PC Steel Bars for Wooded Buildings



Our PC steel bars are used in the Japan's first high-rise hybrid hotel partially built of wood

- Wooden high-rise buildings are in the spotlight as a way to decarbonize and recycle forest resources. Our PC steel bars contribute to improving the safety of wooden buildings in earthquakes and strong winds.



MWJ Joint System was planned and commercialized by Morotomi Sekkei, a first-class architect office.

Builder: Mitsubishi Estate Co., Ltd.  
The Royal Park Canvas Sapporo Odori Park



9-11F Pure wood structure  
Our PC steel bars are used

8F Hybrid structure  
(Reinforced-concrete and wooden structure)

1-7F  
Reinforced-concrete structure

# 39. Increasing Demand for High-frequency Power Supplies for Semiconductor Manufacturing Equipment

## Increasing demand for high-frequency power supplies for SiC deposition system

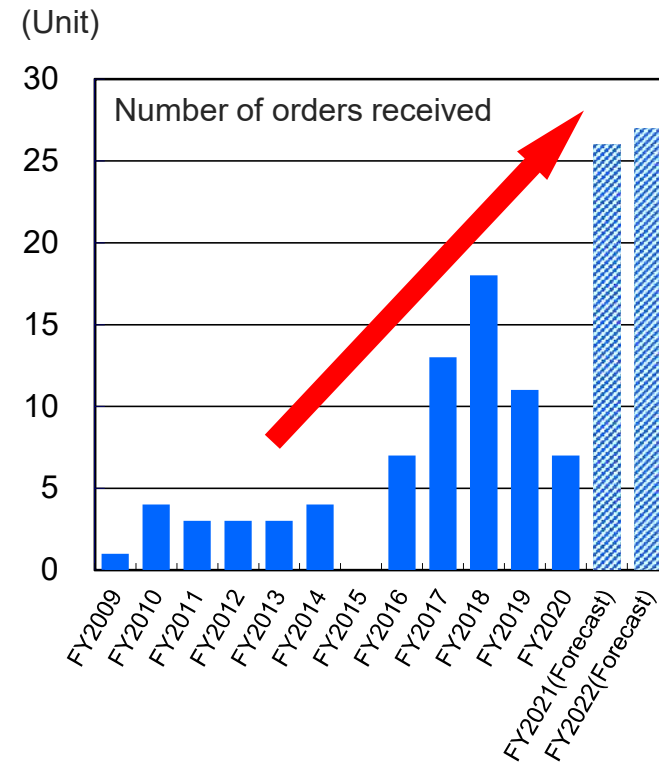
- Demand for SiC power semiconductors has surged due to a spate of adoption in electric vehicles (EV); demand is expected to continue to grow.
- We will further pursue equipment “miniaturization” to meet the needs of semiconductor equipment manufacturers.



High-frequency power supply



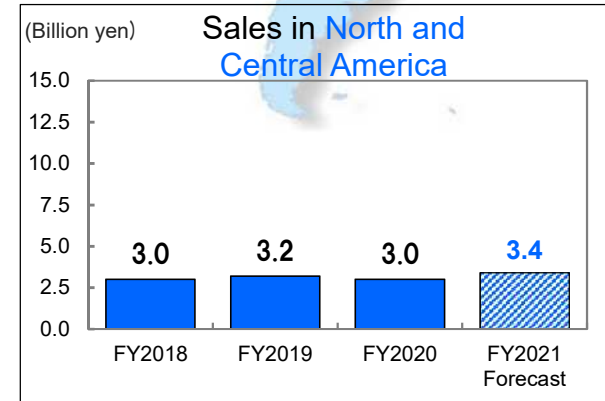
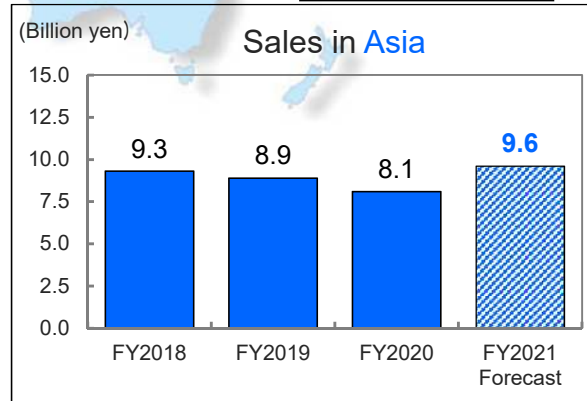
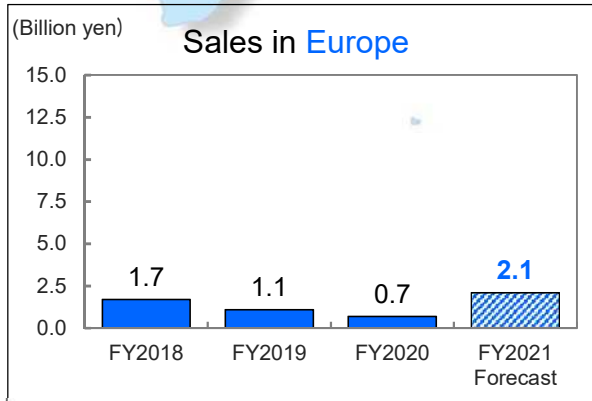
Matching box



# 40. Development of Global Business (1)



## 11 sites in 6 countries



\* Includes transactions within the Group  
 \* Excludes exports from Japan

# 41. Development of Global Business (2) / ITW® for China



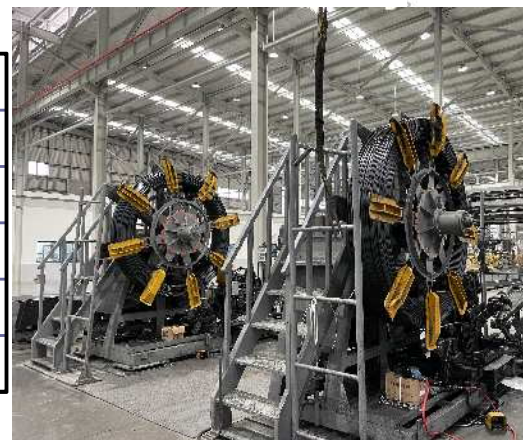
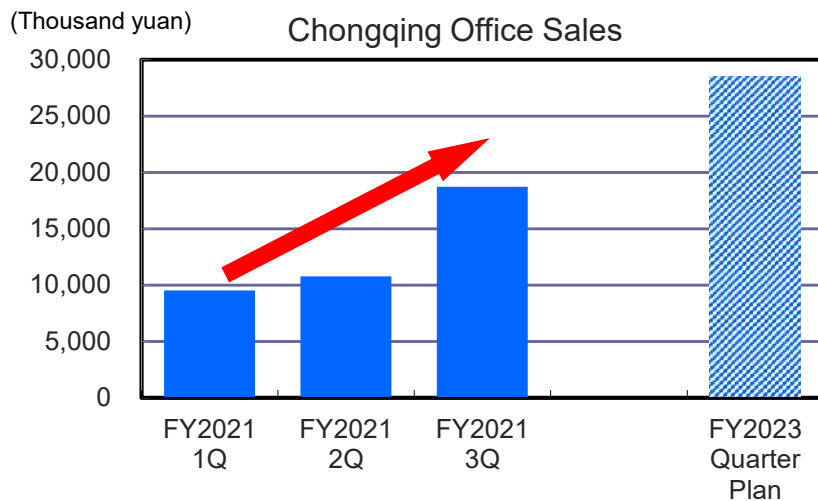
Shanghai Neturen and Chongqing Office are steadily expanding sales of high-strength spring steel wire ITW®



- Established a branch office of Shanghai Neturen in Chongqing to capture demand in inland China; began delivery of mass-produced products to customers in December 2020, **securing the sales volume initially planned**
- Began taking orders for further business expansion



Shanghai Neturen Chongqing Office (Chongqing City)



Shanghai Neturen Co., Ltd (since 2004)

### Neturen Czech s.r.o. expanded sales of high-strength spring steel wire ITW®



- Started delivery to global spring manufacturers in Europe in FY2021 with steady increase in volume; begun full production at the third expansion facility.
- Our products are to be installed in new models from FY2020.

Neturen Czech s.r.o. (Usti, Czech Republic)

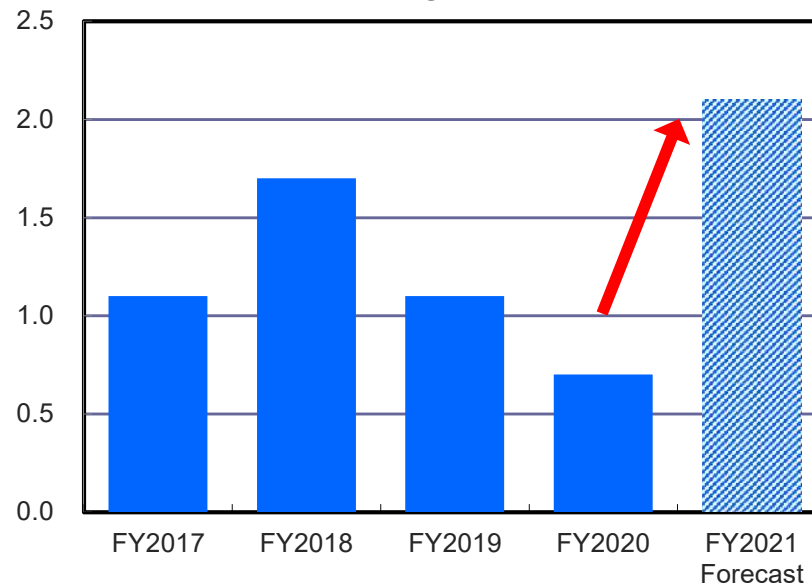


Czech Republic → Supply to Western Europe, and Central and Eastern Europe



(Billion yen)

Neturen Czech Sales



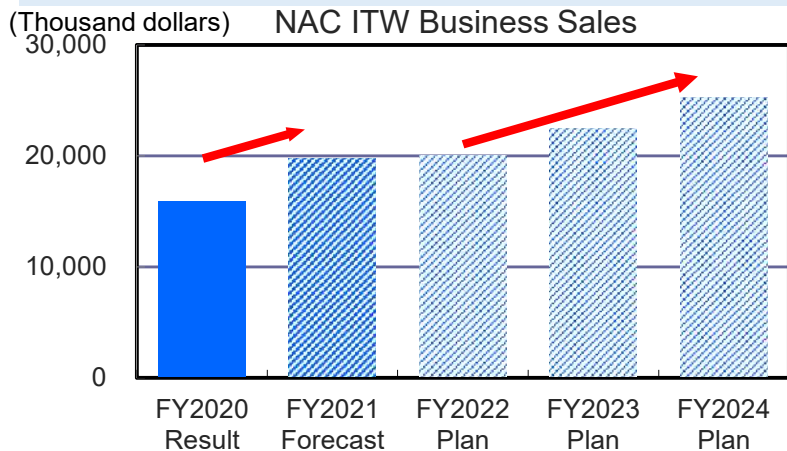
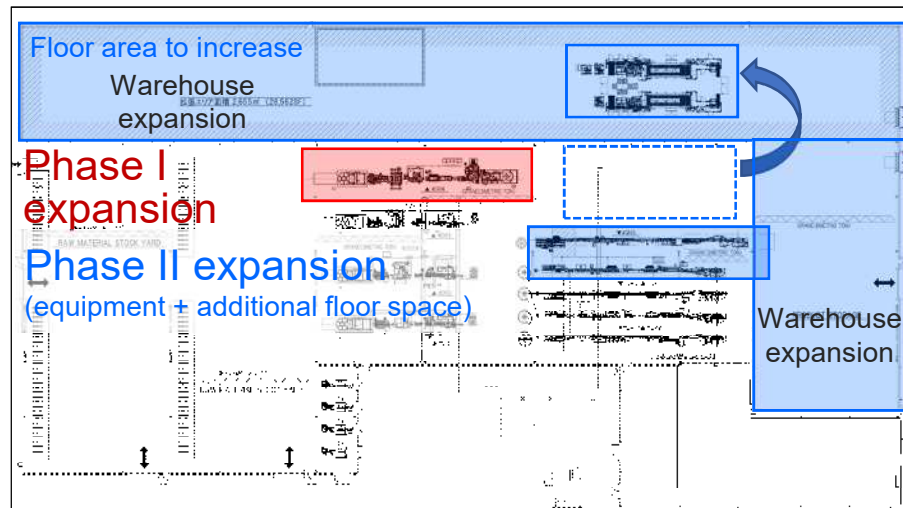


Determined to make a capital investment to increase production of high-strength spring steel wire ITW® in the U.S.



- Market environment in the U.S.
- Receiving requests for increase in delivery volume from important customers
  - Room to expand sales to U.S. customers
  - Expect to create and expand demand for large-diameter ITW® (due to the shift to EVs and large-diameter ITW for cold forming)

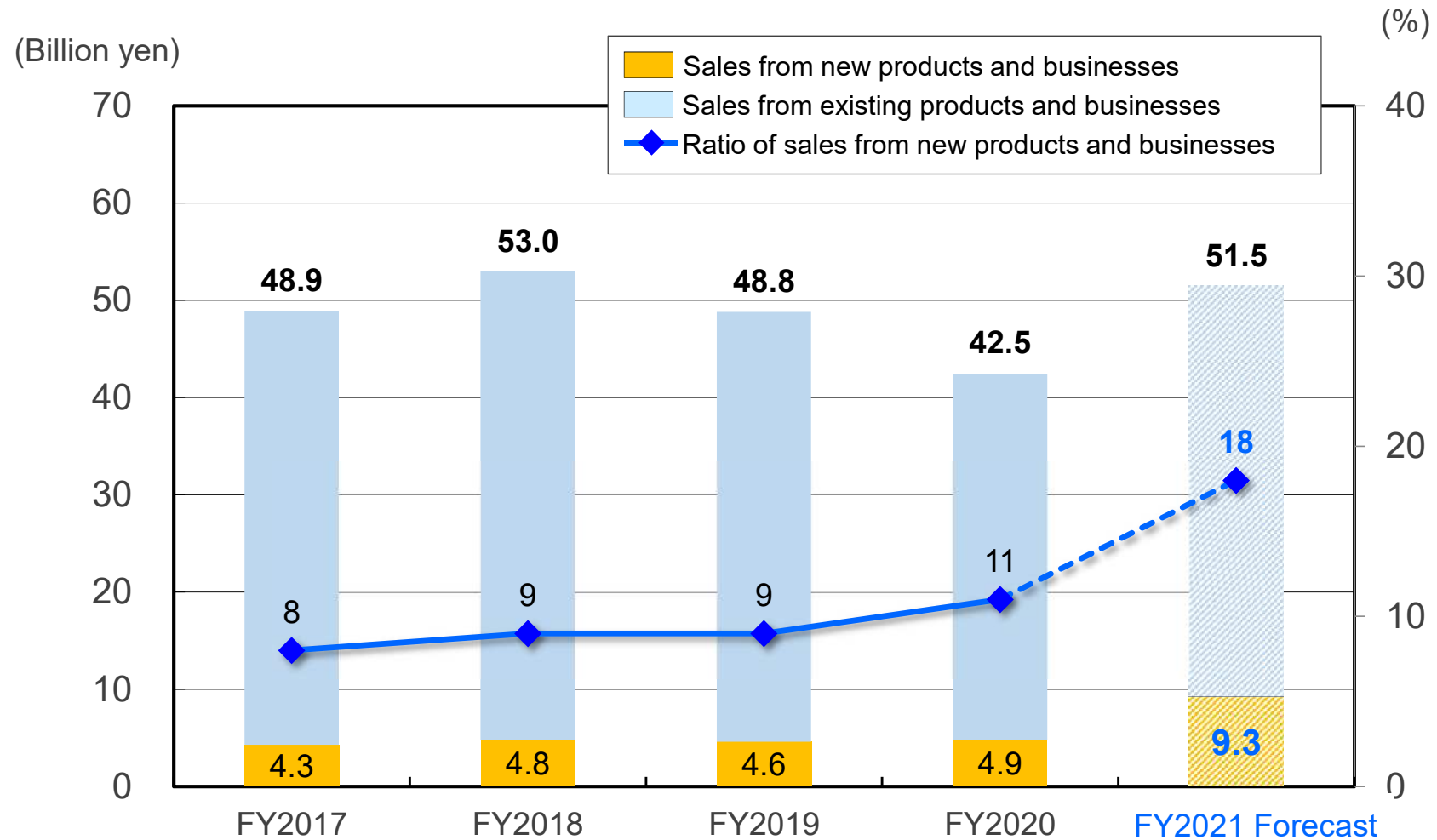
## Neturen America expands equipment and buildings



Total investment: Approx. \$8 million  
 Product: High-strength spring steel wire ITW® (including large-diameter ITW®)  
 Phase I investment (equipment): Operate in June 2022  
 Phase II investment (equipment): Operate in March 2023  
 Production capacity (after Phase II investment): Approx. 40% increase over existing capacity

## 44. Sales Trends of New Products & Businesses

- Ratio of new products is rising thanks to the start of mass production at Chongqing Office, and sales expansion of large-diameter ITW®, high-strength shear reinforcement (cut-off construction methods), and EV-related parts.





# Neturen Co., Ltd.

Note: Forward-looking statements contained in this document are based on judgments made in accordance with information available at the time of the release of this document and include many uncertain factors. Actual results may differ from these forecasts due to changes in business conditions and other factors.