



NTN Report
2025

FY2024

Make the world **NAMERAKA**

To Our Stakeholders

The NTN Group is a precision machinery manufacturer operating globally under the corporate philosophy, “We shall contribute to international society through creating new technologies and developing new products.” Since our founding in 1918, we have inherited and continued to cultivate our founders’ spirit—the “Frontier Spirit” of continually challenging ourselves, and the “Coexistence and Co-prosperity Spirit” of developing together with society. Through these principles, we aim to realize a sustainable “NAMERAKA Society.”

Bearings, which are our main product, support the rotation of every type of machinery including automobiles, aircraft, rolling stock, and a wide range of industrial machinery, thereby contributing to industrial development. Amid ongoing transformations across various industries, bearings that minimize energy loss to the extreme and contribute to energy conservation are technologies that will be essential to our future lives, and our mission is to continue contributing to the global environment. To fulfill this mission, we have established a long-term vision to enhance our corporate value and become a company that is trusted and needed by all stakeholders by FY2035. We are implementing initiatives on a daily basis based on our management strategy, which was developed through backcasting from this vision.

In our integrated report, “NTN Report 2025,” we have carefully explained the progress of our three-year Medium-term Management Plan that started from FY2024, amid changing business environments and with the involvement of our management team. We hereby declare that we have compiled detailed activities in the sustainability section of our corporate website, and are disclosing all information faithfully.

September 2025
Director
Representative Executive Officer
CEO (Chief Executive Officer)

Eiichi Ukai



Toward the Realization of a NAMERAKA Society

[Related information on the website](#)

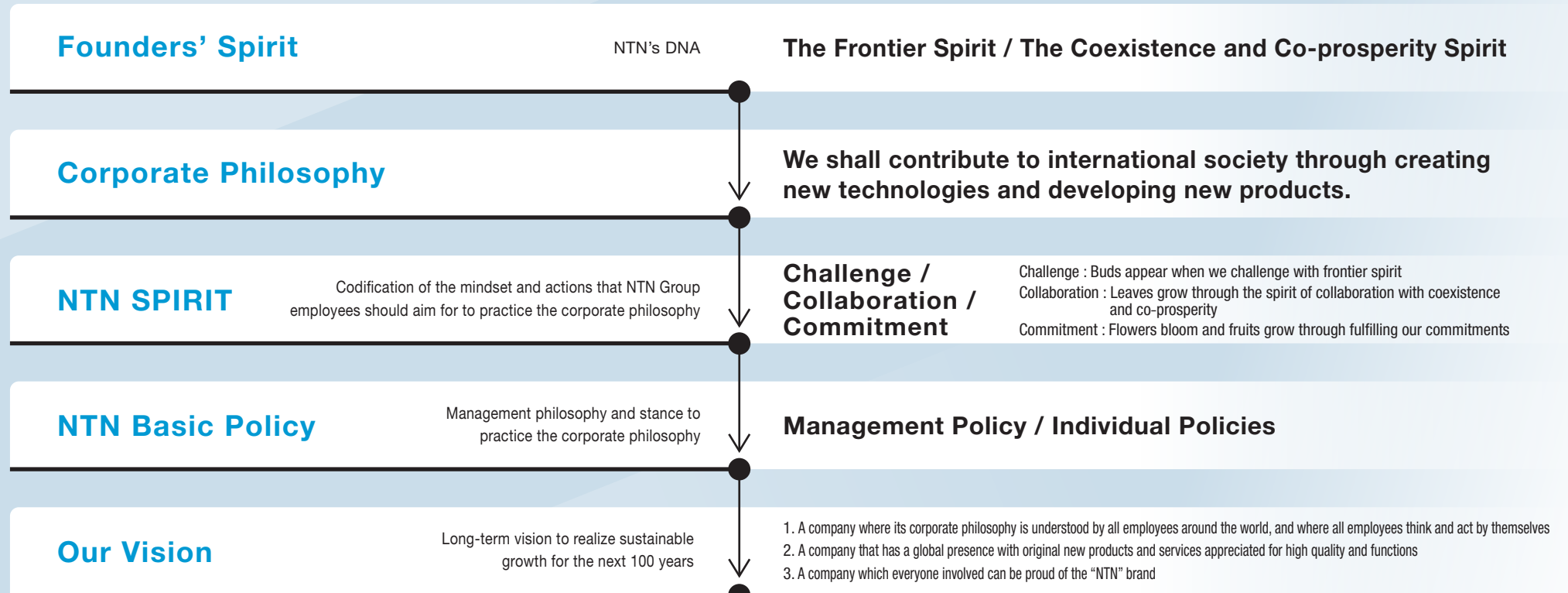
Corporate Philosophy and
Realization of A
“NAMERAKA Society...”



NTN aims for the realization of a sustainable “NAMERAKA Society.”

Since our founding in 1918, NTN has embraced the Founders’ Spirit—the “Frontier Spirit”, which encourages us to keep challenging ourselves, and the “Coexistence and Co-prosperity Spirit,” which encourages us to develop alongside society. The Founders’ Spirit is embedded in the corporate philosophy as NTN’s DNA, and has been passed down to the present.

NTN aims for the realization of a sustainable “NAMERAKA Society” through the Founders’ Spirit, the corporate philosophy, “NTN SPIRIT,” “Management Policy,” and “Our Vision.”



Realization of a “NAMERAKA Society”

A NAMERAKA Society represents a society where people can easily lead a secure and fulfilling life in harmony with nature.

Decoding NTN's History Through Keywords

[Related information on the website](#)

[NTN Group History](#)



Since our founding in 1918, NTN has embraced the “Frontier Spirit” and the “Coexistence and Co-prosperity Spirit,” embedding these values into our corporate philosophy and passing them down through generations as a core part of our DNA. For over 100 years, we have grown by building trust through our commitment to the “Quality First” principle and our high technological capabilities. Looking ahead, we will continue contributing to the international community by creating new technologies and developing innovative products with the aim of realizing a “NAMERAKA Society.” Here, we look back on our history of more than 100 years, defined by three key phrases.

The founding of NTN

In 1918, Jiro Nishizono, a young engineer, established the Nishizono Ironworks in Kuwana, Mie Prefecture. Meanwhile in Osaka, Noboru Niwa was operating the machine tool business, Tomoe Trading Co. In 1922, Tomoe Trading successfully bid for the entire cargo of bearings from a Swedish ship that had sunk off the coast of Japan and commissioned Nishizono Iron Works to refurbish them. Using the profits from selling these bearings, they purchased new grinding machines, enabling the full-scale launch of bearing production. The very first bearings they produced bore the NTN mark, the initials of Niwa, Tomoe and Nishizono. In 1927, they established NTN Mfg. Co., Ltd. in Nishi Ward, Osaka City with capital of 50,000 yen. The name was changed to Toyo Bearing Mfg. Co., Ltd. in 1937 as the company went public.



Noboru Niwa



Jiro Nishizono



Bearing at the time when the business first started

1st key word High technological capabilities and quality

In 1954, NTN became the first company in Japan's machinery industry to receive the Deming Prize in recognition of the swift adoption of statistical quality control and our commitment to company-wide quality initiatives. In 1964, we delivered journal bearings for the first 0 (Zero) Series Shinkansen, supplying technologies that supported higher speeds and reduced weight for high-speed rail. These bearings were later recognized as a “Tribology Heritage,” earning widespread trust. In 2014, we supplied spherical plain bearings for the Asteroid Explorer Hayabusa 2, supporting the hinge mechanism that opens the solar panels and contributing to the mission's success in space. These efforts exemplify our commitment to high-quality, innovative technologies.



Cutaway of 0 Series Shinkansen axle bearings and housing



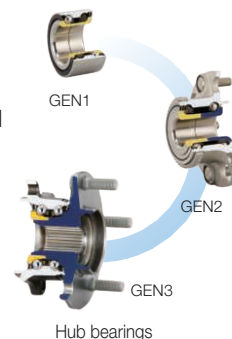
Spherical plain bearing used in Hayabusa 2

2nd key word Development of products with a leading global share

In 1963, anticipating growing demand for automotive applications, we formed a technical tie-up with the British company Hardy Spicer Co., Ltd. and began producing driveshafts (constant velocity joints) at our Kuwana Works facility. In the late 1970s, we commercialized the GEN1 axle bearing—the predecessor of the hub bearing for which NTN currently holds a leading share in the global market. In the 1980s, we developed GEN2—a hub bearing that built on GEN1 by integrating peripheral components into a single unit. This evolution continued with GEN3, which incorporated hub bolts, a flange, and other parts to enable more efficient assembly on vehicle production lines. Around the mid-1980s, we launched Japan's first mass production of GEN3 and have continued to pursue advanced sensor technologies and enhanced ease of assembly. Our continually evolving driveshafts and hub bearings have since become essential components in electric vehicles as well.



Driveshaft at the start of production



GEN1

GEN2

GEN3

Hub bearings

3rd key word Globalization

In 1961, we established our first overseas sales company, NTN Wälzlager (Europa) G.m.b.H., based in Düsseldorf, Germany. This was followed by the establishment of sales companies in the United States, France, the United Kingdom, and Canada, marking a rapid expansion of our international sales network throughout the 1960s. In 1971, we established AMERICAN NTN BEARING MFG. CORP. in the US and NTN Kugellagerfabrik (Deutschland) G.m.b.H. in Germany as the first Japanese manufacturing company in Europe, reinforcing our local production capabilities with facilities for both finished products and pre-production processes. In 2008, we acquired the French company SNR ROULEMENTS as a subsidiary (renamed NTN Europe S.A. in 2023), strengthening our business foundation in the European market. In 2011, we established the NTN China Technical Center in China, completing a global research and development system with four vantage points —Japan, the Americas, Europe, and China. Through these initiatives, we are accelerating globalization and building a system capable of meeting needs around the world.



NTN China Technical Center

NTN Products

With the bearing market estimated to be worth approximately five trillion yen*, the NTN Group plays a key role as a comprehensive bearing manufacturer, offering a wide range of products and services. This section highlights our products, services, and the added value we deliver to customers worldwide—driven by high technological capabilities and proprietary development and service systems. (*Source: FY2024 Nikkei Market Share Investigation)

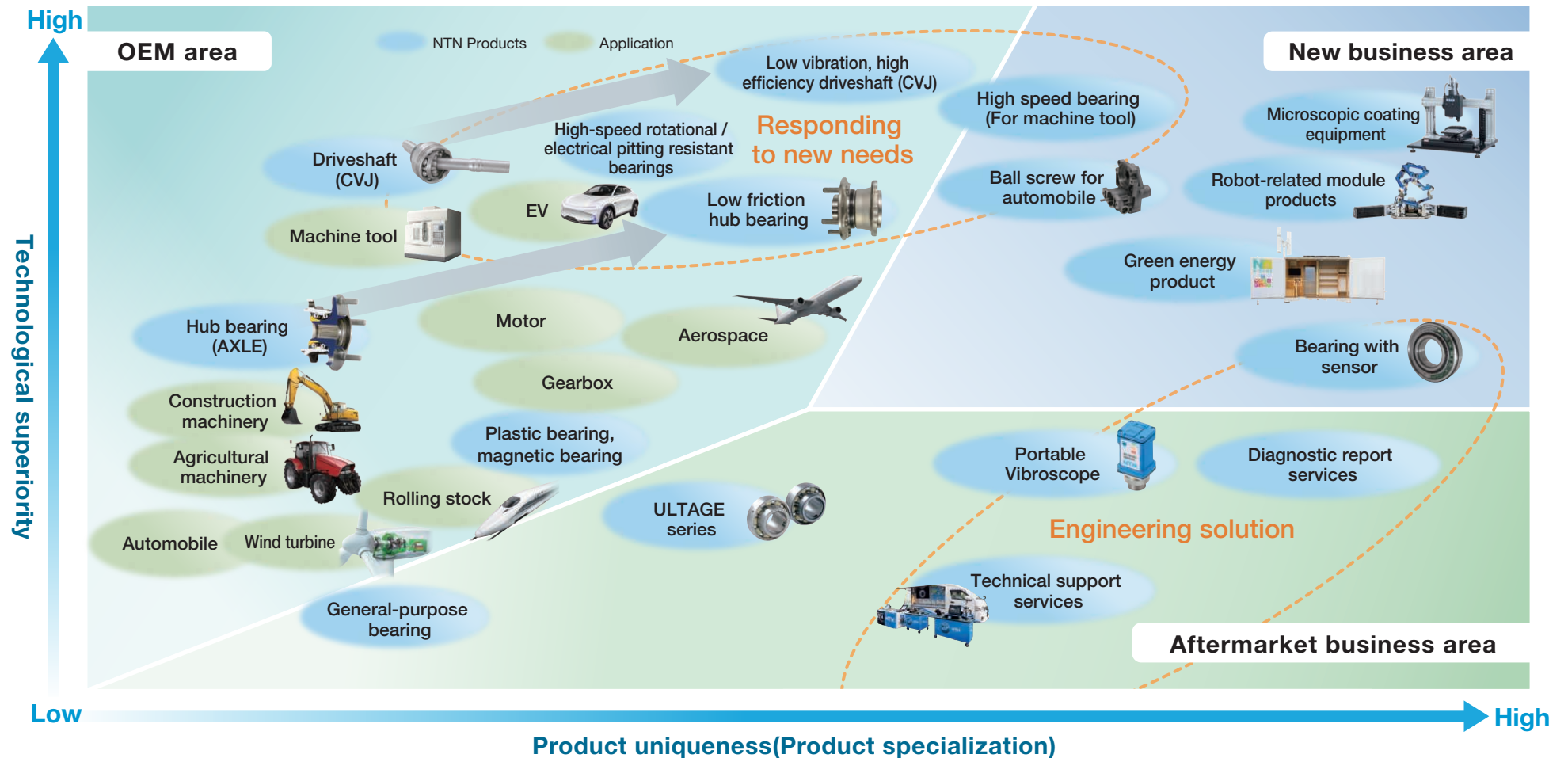
[Related information on the website](#)

- [Bearings, Let's Learn!](#)
- [Bearing Manufacturing Video "How Bearings are Made"](#)

In the OEM business, NTN supplies a diverse range of products to customers across the automotive and industrial machinery sectors. Through our advanced technologies, we deliver new products and services that address emerging needs, such as the electrification of mobility, carbon neutrality, and increasingly sophisticated AI and digital technologies.

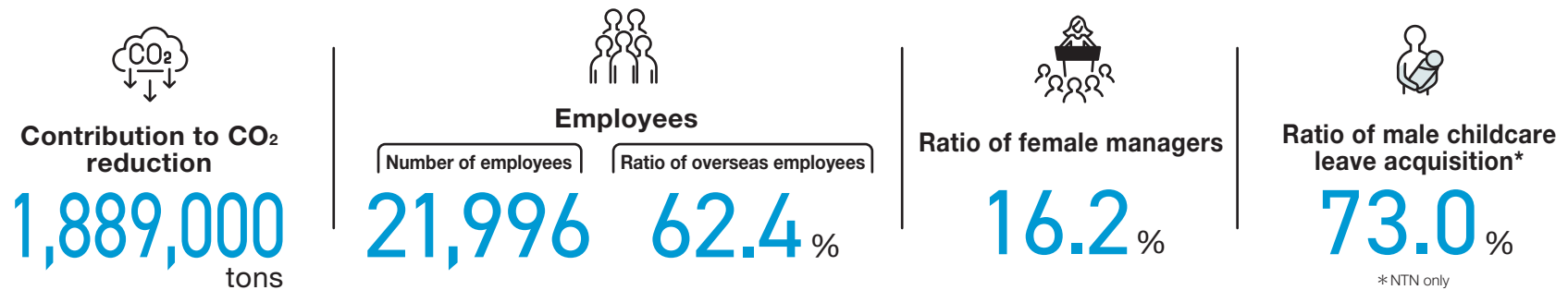
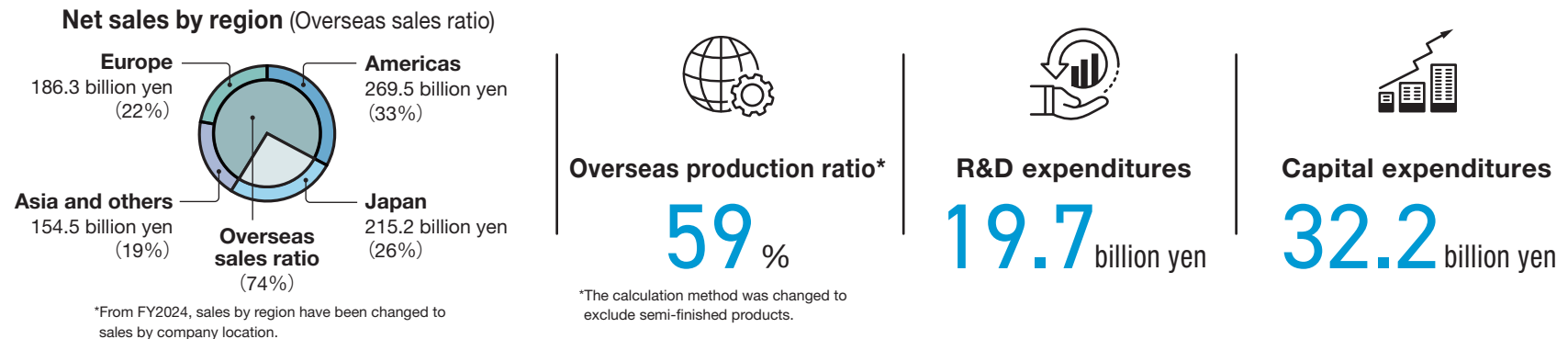
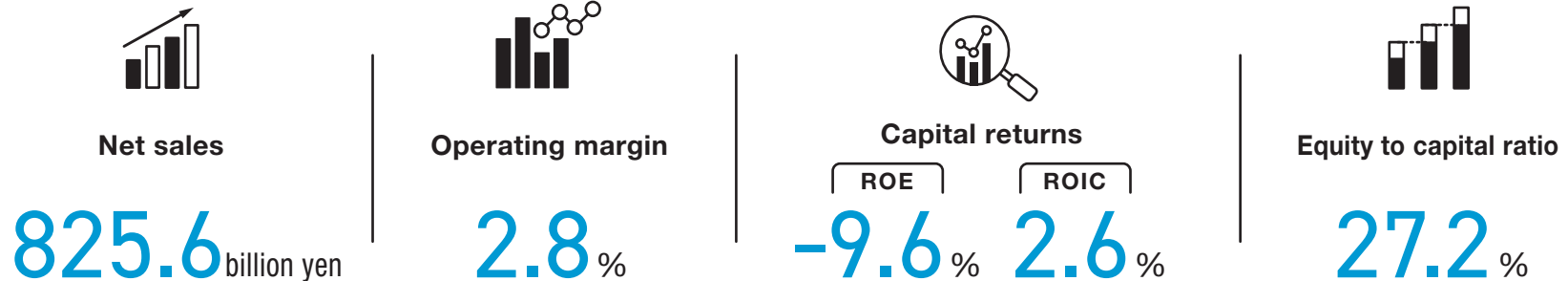
For the aftermarket, we have strengthened our supply responsiveness to ensure uninterrupted operation of our customers' machines and plants, thereby helping to resolve their challenges. We provide highly specialized engineering solutions through our bearing diagnosis and refurbish business, technical training, and other services, as well as through monitoring products such as bearings with sensors and the NTN Portable Vibroscope.

In the new products business, we contribute to areas with strong future market growth potential, such as mobility modules that support electrification and robot-related modules designed to meet labor-saving needs. Through partnerships with external organizations, we are integrating cutting-edge technologies, accelerating development, and strengthening new module and system product development.



NTN by the Numbers (FY2024)

At a Glance



Structure of NTN Report 2025

1

INTRODUCTION 01

- 01 To Our Stakeholders
- 02 Toward the Realization of a NAMERAKA Society
- 03 Decoding NTN's History Through Keywords
- 04 NTN Products
- 05 NTN by the Numbers


2

In the "Progress of promises" section, management reflects on the first year of achievements under the three-year Medium-term Management Plan "DRIVE NTN100" Final that started in FY2024, as well as outlining future challenges and priority actions.


OUR COMMITMENT 07

- 07 Management Commitment
- 11 Progress of Promises



 Sustainability



 Investors

3

In "Our Story," the NTN Group's value creation process is laid bare. Our future direction is conveyed through feature articles as well as messages from the CFO, the CTO, Executive Officers in charge of business HQ, and sustainability.

OUR STORY 15

- 15 Value Creation Process
- 16 Six Forms of Capital
- 17 Materiality
- 21 Review of DRIVE NTN100 and Long-term Vision
- 22 Key Measures of "DRIVE NTN100" Final
- 23 NTN's Three Strengths
- 24 Analyzing Outputs and Outcomes
- 25 Message from the CFO
- 29 **[Special Feature 1]**
Enhancing Product Supply Capacity and Engineering Solutions in Preparation for Aftermarket Business Growth
- 30 **[Special Feature 2]**
Accelerating Development of Ball Screw Units, a Key Component in the Shift to EVs
- 31 Strengthening the Business Model Bearing and others
- 35 Strengthening the Business Model CVJ & Axle bearing
- 39 CTO Message
- 41 **[Special Feature 3]**
Strengthening Competitiveness in a Changing Business Environment: Procurement, Production, and Logistics Reforms
- 42 **[Special Feature 4]**
Strengthening "Earning Power" through Digital Technology Utilization - Accelerating DX
- 43 Message from Executive Officer in Charge of Sustainability

4

In the "Co-creation with Stakeholders" chapters, we canvass carbon neutrality, environmental initiatives, human resource strategies and human rights activities. NTN's efforts toward realizing a "NAMERAKA Society" we aim for together with stakeholders are highlighted, including stakeholder dialogue.

CO-CREATION WITH STAKEHOLDERS 45

- 45 Roadmap for realizing a "NAMERAKA Society"
- 46 NTN's Goal of a Carbon-neutral Society
- 51 Other Environmental Initiatives
- 52 Message from Executive Officer in charge of Human Resources
- 53 NTN's Human Resources Strategy
- 56 Respect for Human Rights
- 57 Stakeholder Dialogue

5

In the "Creation of a Solid Governance Structure" section, we take a look at the NTN Group's governance system. A "Cross-talk" discussion among Outside Directors and an Executive Officer as well as messages from committee chairs outline current challenges and the matters being discussed in each committee.

CREATION OF A SOLID GOVERNANCE STRUCTURE 59

- | | |
|--|---|
| 59 Cross-talk among Outside Directors and Executive Officers | 69 Nominating Committee |
| 63 Directors | 70 Compensation Committee |
| 65 Executive Officers | 71 Audit Committee |
| 66 Governance Structure | 72 Committees of the Executive Organization |
| | 73 Risk Management |
| | 75 Compliance |

6

In "Data," you will find our financial statements, financial summary tables, and non-financial summary tables, providing an update in numbers of the NTN Group's efforts to date and the state of improvements.

DATA 77

- 77 Consolidated Financial Indicators
- 78 ESG Data

7

In the "NTN Group Information" section, we present our global network, index inclusion status, and IR activity results. Also find here external evaluations of NTN's sustainability program and business activities.

NTN GROUP INFORMATION 79

- | | |
|------------------------|------------------------------------|
| 79 Global Network | 82 External Evaluations |
| 80 Third-Party Opinion | 83 Corporate and Stock Information |
| 81 IR Activities | 84 Editorial Policy |

Management Commitment



Director
Representative Executive
Officer, President
CEO (Chief Executive Officer)

Eiichi Ukai

Accelerating Transformation and Growth Centered on Contributing to the Environment — NTN Group’s Mission and Challenge —

The NTN Group has a mission to contribute not only to the development of industry but to the environment through energy-saving technologies and services. Based on this unwavering belief, we have defined our Vision for 2035 and launched the Medium-term Management Plan “DRIVE NTN100” Final from FY2024 as the first step toward its fulfillment. Our “Final” plan incorporates our determination to complete the revitalization of NTN. We continue to contribute to technological evolution and a sustainable society with our strong commitment to pass on a safe, secure and beautiful Earth to the next generation, pursuing technology not to stop operation, long product life and reduction of energy loss. In this message, I will reflect on the achievements and challenges of the first year of Final and share the overall picture of our future business strategy with you as a stakeholder.

“DRIVE NTN100” Final based on NTN’s purpose

At the origin of NTN Group are the “Frontier Spirit” and the “Coexistence and Co-prosperity Spirit” honored since our founding. These encourage us to keep taking on challenges and develop together with society. Our corporate philosophy “We shall contribute to international society through creating new technologies and developing new products” also follows this spirit. We will contribute to creating a sustainable future through realizing our purpose, a “NAMERAKA Society,” while flexibly adapting to change.

With a view to medium- to long-term growth, NTN Group launched the Medium-term Management Plan “DRIVE NTN100” Final in FY2024. This plan was devised by identifying the desired state for 2035 and then working backward to map out the path to get there. What we aim for

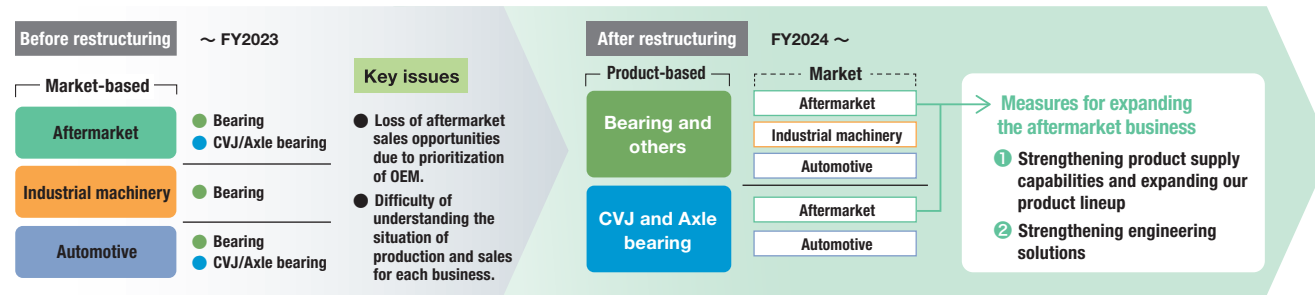
is “a company that enhances corporate value by improving economic value and environmental/social value together with our group’s stakeholders, and that is trusted and needed by stakeholders.” In terms of economic value, we set out to achieve and boost ROE to a level that constantly exceeds shareholder capital cost. As to environmental and social value, we have established the goal of achieving carbon neutrality and prosperous human development.

To realize these goals, we are formulating and implementing measures both by backcasting and forecasting. Specifically, we have identified priorities to be addressed over the three years from FY2024 while flexibly adapting to changes in the external environment.

To enhance our ability to execute, we have

transformed the organizational structure from the conventional three business headquarters system based on market axes (Aftermarket, Industrial Machinery and Automotive) to a two-business headquarters system comprising the Bearing Business HQ and the CVJ & Axle Bearing Business HQ. This enables rapid and accurate decision-making according to the business characteristics and will lead to accelerated structural reform. With regard to the urgent issue of improving profit margins for automotive bearings in particular, we are engaging in sincere dialogue with customers and steadily achieving results. At the same time, we are focusing on expanding aftermarket sales with stable and high profitability to strengthen our earnings base.

Management Commitment



Challenges and achievements in the first year of “DRIVE NTN100” Final

“DRIVE NTN100” Final, launched with a new organizational structure, achieved lower sales and profit in its first year than the previous year but increased sales and profit compared to the announced figures. Amid headwinds of declining demand in vehicle production and industrial machinery markets, the impact of the weaker yen provided support, and sales beat the announced figures. Operating income was also affected by reduced scale, but as a result of improved selling prices and cost reductions in addition to the impact of the weaker yen, we achieved increased earnings compared to the announced figures. Inventories were also lower than at the end of the previous year, basically in line with the announced figures.

NTN Group’s sales composition is 65% automotive-related, with the remainder industrial machinery and aftermarket. In particular, 80% of automotive sales, or approximately half of total sales, come from CVJs and axle bearings. Sales and profit from CVJs & axle bearings and “bearings & others” decreased from the previous year, but the aftermarket sales composition ratio rose to 17% and has steadily grown from last year.

Regarding CVJs & axle bearings, we have been focused on building robust business foundations, responding to the new market needs arising from increased electrification. For

OEM, we have established a system that both responds to customer requests and secures profitability. In automotive application, more electrification is seeing the emergence of new needs such as ball screws for electric brakes. We will downsize by improving the reliability of materials and parts and reviewing the robustness of designs to handle future demand increases. We aim to become the top supplier of ball screws for Electric Mechanical Brakes (EMB), with production, sales, and technology teams working together as one.

On bearings, we have been engaged in dialogue with customers to improve profit margins in automotive applications. Many customers have accepted price adjustments after carefully explaining the situation based on evidence such as rising raw material costs in addition to cost reduction efforts. As to the resilience of supply chains, which had become an issue of business continuity for OEM customers, we continue to develop new suppliers including in India. Amid wrenching global change, we will work to establish a system offering multiple suppliers in order to maintain and strengthen mechanisms for continued supply of stable and cost-competitive products to customers.

Towards business structure transformation, we aim to break away from the OEM-oriented approach that has been the foundation of our business for more than 100 years by expanding sales for aftermarket, which offers stable and high profitability, thereby reducing our vulnerability to external conditions.

Concentrating on structural reform for medium- to long-term growth

The three years to FY2026 are viewed as a period of concentrated structural reform, with the goal of achieving ROE of 8%, and we are working on enhancing corporate value through our business activities. Specifically, we will transform our sales portfolio by strategically increasing the proportion of high-profit-margin aftermarket sales. Even assuming that current sales do not change significantly by FY2035, if we increase the composition ratio of aftermarket sales to 40% as targeted, stable operating income can be expected based on past performance. Furthermore, for OEM, which accounts for 60% of sales, we will add profits by reviewing unprofitable projects, opening prospects for structural reform toward achieving ROE of 8%. Note that portfolio transformation does not diminish the importance of OEM. OEM is the driving force of NTN Group’s technological innovation and an irreplaceable partner that continues to refine our production technologies through an established volume of orders.

Expanding aftermarket sales as targeted will require year-on-year growth of 6%. To achieve this, we will work on the following six themes. Number one is the evolution of “FIRST” our system for immediate delivery of popular products in our inventory. We will strengthen the delivery system by expanding the products for existing sales companies. Number two is improvement of lead times and increased production capacity. In addition to optimizing work-in-process inventory for high-profit products with low production frequency, we will strengthen the new production lines at our plant in Japan dedicated to aftermarket needs. Number three is training and utilization of distributor sales engineers. In addition to supporting education, training and technical seminars, we aim to enhance engineering solutions that lead to rapid response and problem solving by having our employees accompany them to customer locations. Number four is expansion of procurement and sales of “Controlled by NTN” products including external procurement. Small ball bearings have already been

Management Commitment

completely transferred to overseas partner companies, and we will improve supply capacity by establishing the new finished product procurement department in SCM Strategy HQ. Number five is provision of technology solutions that prevent equipment downtime as “technology and services not to stop operation.” Using the CMS (Condition Monitoring System), we will prevent line stoppages due to bearings trouble and minimize customer losses. We will also expand sales for MRO (Maintenance, Repair, Overhaul) by providing high-value-added technology solutions. Number six is expansion of the global sales network. We will set target industries by region and country, discover optimal distributors and grow sales channels. We have established a new branch in Vietnam and are actively seeking new distributors in the Americas where demand is strong.

Development of new business activities to build a sustainable society

In pursuit of sustainability, we are working on bearings lifecycle management. This is a service that supports the stable operation of equipment from bearing selection to delivery, usage, monitoring, analysis, replacement, and operational maintenance. For example, “Talking Bearings” incorporate sensors to monitor their condition, and by making the condition of bearing “visible” through its vibration, temperature, and rotation speed, unexpected shutdowns are prevented. Currently, as a time-limited promotion, we are providing a free monitoring service, continuously monitoring motor operating conditions at sites that require 24-hour full operation, such as power plants. The data will be collected and analyzed, enabling advance preparation of repair parts and preventive maintenance in future and contributing to the stable operation of important social infrastructure and customers’ production lines.

In wind power generation, we have deployed many 24-hour monitoring systems utilizing CMS in Japan, and AI-driven analysis has already been adopted. We have built a new business model where we share data with customers

and receive service fees by responding quickly when abnormalities occur. In the future, when data including “Talking Bearings” reaches a certain scale, we will expand subscription-type services for bearings.

NTN has developed the “HA-C Bearing” to meet the needs of the next generation of vehicles. We have achieved industry-leading load capacity with our special heat treatment technology. The HA-C Bearings, which achieved downsizing, lightening, dimensional stability at high temperature, contaminated lubrication resistance, and wear resistance, are now being offered for automotive applications such as e-Axles for EVs and HEVs.

Through the combination of these long-life products and technology not to stop operation, we will contribute to building a sustainable society. Not only will ceaseless operation of customers’ equipment lead to carbon neutrality, replacing bearings at the appropriate time will also expand our aftermarket business.

As a response to societal issues such as population decline and environmental problems, we are also focusing on developing technologies that lead to labor-saving and higher efficiency. A good example of labor-saving is high-speed and flexible appearance inspections using the wrist joint module i-WRIST (robot). As the automotive industry



moves to “gigacasting,” which is a casting technology that integrally forms major parts with large die-casting machines, gigacasting requires high-speed checking of large castings, so inquiries for robot systems using i-WRIST from carmakers and others are increasing.

One example of high efficiency improvement is the “Desktop Type Microscopic Coating Applicator”. We downsized the large liquid crystal repair device used for correcting defects in liquid crystal displays that was developed in the 2000s and converted it for use in the life sciences field. This device, which can apply highly viscous liquid agents in extremely small volume at high speed and with high precision, is being applied as a new bioprinting method to a technology that creates tissues and organs by layering living cells and biological materials. It has been adopted for research activities such as drug discovery experiments using iPS cells. NTN Group will continue to work on the innovative utilization of technologies we have developed to date.

Responding to rapid changes in business conditions

A symbol of change in the business environment is US trade policy. While policy uncertainty is high and its impact is not incorporated into our FY2025 earnings forecast, calculations based on known tariff conditions show a negative impact of 13.5 billion yen on operating income. In terms of cost increases due to tariff impacts, we are appropriately passing them through to selling prices while also beginning to review parts of the supply chain. At present, it is our view that expanding local production in the United States would not bring any cost advantage, but we continue to take a flexible approach.

NTN Group has a global network corresponding to the five poles of Japan, Europe, the Americas, China, and India/ASEAN. We are particularly focused on the Indian market, which continues its remarkable growth. As carmakers increase their footprint in India, we will expand our factories and develop the human resources to meet demand. With

Management Commitment

the African market in our sights as the next growth region, we will expand our sales by harnessing our sales base in Dubai and collaborating with trading companies.

Supply chain reform is also an important challenge, and we are working on global optimization. As we look to build an efficient and competitive supply chain, we see some cases where pre-processes are handled in China and finished products are completed in Europe, for example. In advancing this reform, we will ensure rapid decision-making to organize our systems while keeping an eye on the US tariff situation, the impact of which cannot be avoided.

Regarding generative AI, which has suddenly drawn attention in recent years, we are utilizing it for efficiency improvement in prediction, search, and document creation in sales and management. In research and development, we are working on shortening development time using AI analysis systems and have reduced the man-hours spent on hub bearing design through MBD (Model-Based Development). In production and procurement, we are promoting automation and labor-saving of line operations through expansion of smart factories. This is in fact leading to transformation of production at Wakayama Works through visualization of data.

■ Evolution of ESG management for the next 100 years

NTN Group aims to realize a “NAMERAKA Society” through the practice of our corporate philosophy. To this end, through our sustainability activities, we will pass on to the next generation a beautiful planet on which humanity can live safely and securely.

To fulfill our responsibility as a manufacturing company, we aim to achieve carbon neutrality in our business activities and to provide products and services that contribute to the environment. We are working toward the goal of achieving carbon neutrality in Scope 1 and Scope 2 by FY2035, and in Scope 3 (covering the entire supply chain) by FY2050.

On the social front, based on the belief that “a company is its people,” human resource development is at the core of our business. We create a rewarding environment in which the diversity of employees is respected. We also focus on community activities as a social contribution. Executives visit NTN locations listen carefully to the issues and questions raised by employees in town hall meetings. This regular dialogue deepens trust and cooperation throughout the organization.

We are also continuously working on enhancing governance. We transitioned to a Company with Nominating Committee, etc. in 2019, and since June 2022, a female Outside Director has assumed the position of Chairperson of the Board of Directors. We are also working to improve transparency and fairness by strengthening the effectiveness of committees and enhancing the audit system.

■ Establishing a system for profit creation and further success

NTN Group will expand aftermarket sales and increase operating income in a steady and stable manner toward achieving ROE that exceeds shareholder capital cost. In addition, we are focusing on reducing inventories and tightening borrowing to strengthen our financial structure. We aim to achieve ROE of 8% in FY2026, and for inventory turnover ratio of 4.5 by achieving both an increase in net income and reduction in total assets.

Appropriate global immediate delivery inventory is essential to expanding the aftermarket sales. While inventories will tend to increase accordingly, we will thoroughly implement appropriate management of work-in-process inventory. We will also increase the inventory turnover ratio by deepening relationships with distributors who are the contact point with customers.

To carry out structural reform, ROE is expected to temporarily decline in the initial two years of “DRIVE NTN100” Final, but we aim to achieve 8% in the final year

and 10% early in the next medium-term management plan. Through these initiatives, we will meet the expectations of shareholders and investors while further building trust with all stakeholders. Specifically, we are enhancing our IR activities, including publication of presentation videos and scripts in Japanese and English, holding business briefings and plant tours, and providing opportunities for direct dialogue with senior management and Outside Directors.

Toward realizing our 2035 vision, I tell our employees that “I want you to have a management perspective yourself, regard everything as your own matter, and aim for your own growth.” Work is a stage for oneself, and if each person positively plays their own role, the stage becomes vibrant, and in turn, we can be well-received by stakeholders. Based on this thinking, we aim to enhance corporate value by achieving better performance, restore the faith of the market, and achieve sustained success in the medium to long term based on our purpose.



Progress of Promises

[Related information on the website](#)

NTN Report 2024



In last year's Integrated Report, each Executive Officer shared a keyword representing their vision for the future they aim to realize over the three years of our Medium-term Management Plan, "DRIVE NTN100 Final." One year later, the environment surrounding our company has changed significantly, and our challenges have entered a new phase.

As a progress update on those "promises," each Executive Officer reflects on the intentions behind their chosen keyword, shares the status in the second year of the plan, and discusses the challenges that lie ahead. Amid constant change, we remain anchored by a clear sense of direction. These messages, spoken from each Executive Officer's unique perspective, reveal what we are thinking and how we are acting today to steadily move toward the future. They reflect both our current position and our unwavering determination for the future.



Executive Officer

Masaaki Yamamoto

Reflections on promises

Passing on a legacy to the next generation : completing structural reform

First-year initiatives and challenges

With the strong commitment of not passing on a negative legacy to the next generation, I have been working on structural reform. The structural reform in the Europe region, which I oversee, is progressing as planned. The China region is also progressing as planned, and the challenge from the second year onward is structural reform in Japan and the Americas.

Key focus points for the second year

All Executive Officers will work together to advance structural reform in Japan and the Americas. To generate cash to support structural reform, we will proceed with company-wide inventory reduction and create operating cash flow.



Executive Officer

Hiroyuki Ichikawa

Reflections on promises

Improving work quality to achieve our goals

First-year initiatives and challenges

As the person in charge of quality, I evaluate that we are on track as an intermediate point toward the targets set in the Medium-term Management Plan, but we need to take one more step toward fundamental transformation.

We will work on further measures with awareness of breaking away from conventional approaches.

Key focus points for the second year

We are committed to fundamental quality reform, aiming for manufacturing that does not rely on manual labor. By closely monitoring the current status of production sites in near real-time, we are working to maintain a stable level of quality through change point management.



Executive Officer **Masayuki Kaimi**

Reflections on promises

“Ability to take action” Try doing it first

First-year initiatives and challenges

For procurement reform, we have completed the accumulation of cost reduction for the three years of the Medium-term Plan and are challenging even higher targets by raising our sights. For logistics reform, we have visualized domestic logistics issues through simple diagnosis. Going forward, we will embark on specific reform activities. For production reform, we will fully launch activities in overseas regions.

Key focus points for the second year

“Speed” is important in all activities and actions. To achieve a little more results even a little earlier, we aim to complete reform with “ability to take action” this year as well, with the entire company working as one.



Executive Officer **Yasuhiro Kawabata**

Reflections on promises

Challenge and autonomy

First-year initiatives and challenges

Aiming to achieve “Prosperous human development,” we are working on implementing various measures accompanying the review of the core personnel system from both aspects of “Securing and developing human resources” and “Fostering organizational culture,” reviewing treatment systems for overseas workers, and strengthening mechanisms for hiring diverse human resources.

Key focus points for the second year

We will continue to focus on “Developing independent human resources who will lead the next generation,” “Restructuring work mechanisms to meet changing work styles,” and fostering an organizational culture that respects diversity.



Executive Officer **Tsuyoshi Kikuta**

Reflections on promises

Two-way approach



Aspirations of new appointees

To realize our “Vision for FY2035” of becoming a company that enhances both economic value and environmental/social value and is trusted and needed by stakeholders, I will take on the challenge with a two-way approach from both financial and ESG management perspectives.

Key focus points for the current fiscal year

We will accelerate the structural reform currently underway and strengthen our management foundation and financial structure, while working on fostering an organizational culture where diverse employees can work enthusiastically and enhance governance.



Executive Officer **Shumpei Kinoshita**

Reflections on promises

Foresight and careful planning Unity and solidarity

First-year initiatives and challenges

While generating cash flow through inventory reduction and other measures, we are accelerating structural reform. Many measures such as passing on inflation costs to selling prices, procurement reform, and carbon neutrality have achieved Medium-term Plan targets. Our efforts toward long-term goals are steadily beginning to bear fruit.

Key focus points for the second year

We will reliably link results from structural reform at manufacturing bases in Japan, the United States, and Europe, cost reduction domestically and internationally, and expansion of sales for the aftermarket to profits, while building steady efforts and measures toward achieving medium-term inventory targets.



Executive Officer **Koji Takahashi**

Reflections on promises

Revitalization of communication

First-year initiatives and challenges

The reconstruction of our aging core systems has been completed, and renewal to systems utilizing new digital technology has been completed. For public relations and IR activities, we have begun active information dissemination as the newly established Corporate Communications Department.

Key focus points for the second year

By combining data accumulated in our new system with AI, we are accelerating decision-making and actions toward transformation. In addition to disseminating information to internal and external stakeholders, we are also strengthening two-way communication.



Executive Officer **Ikuya Tateoka**

Reflections on promises

An organization that works as one!

First-year initiatives and challenges

We have strengthened earning power by advancing structural reform (procurement, production, and design reform) in the purchasing, manufacturing, and sales fields, and proceeded with inventory reduction as one organization. While there have been certain improvements and reforms, accelerating overseas regions is a future challenge.

Key focus points for the second year

We will advance structural reform, particularly accelerating production reorganization. We will focus on strategy formulation and execution for expanding automotive aftermarket globally, formulating inventory reduction plans toward Final, and responding to business competitions with an eye to the next Medium-term Plan.



Executive Officer **Masayuki Tanio**

Reflections on promises

Taking bold action through a paradigm shift

First-year initiatives and challenges

We redefined the organizational mission and materialized strategies for revenue generation. We are advancing toward achieving long-term goals by working with supply chain optimization schemes. We view coordination and systematization between regions and departments as the next challenge and aim to solve it through company-wide efforts.

Key focus points for the second year

We focus on executing production reorganization, which is the core of structural reform, without delay. We identify marketability and growth potential, face essential challenges from a company-wide perspective, and promote transformation with speed and certainty. We aim to secure sustainable competitiveness and reconstruct our revenue base.



Executive Officer **Yoshiyasu Nakano**

Reflections on promises

Improving the actualization rate of new products and businesses

First-year initiatives and challenges

In developing new businesses, particularly in the fields of next-generation mobility module, robot-related module, and renewable energy, we have seen increases in sales and acquisition of development projects. For services and solutions, we have developed new products and will begin test marketing going forward.

Key focus points for the second year

We will reliably link development projects for ball screws in the mobility module field and i-WRIST in the robot-related module field to orders, building the foundation of our business while promoting activities to create new growth areas.



Executive Officer **Keiji Yanagida**

Reflections on promises

Thinking is preparation, execution is the real challenge. Take the initiative! Do it now! Do more!

New appointees

Aspirations of new appointees

I constantly tell myself that doing the same as before won't work and that we must not run away from challenges. Without fear of failure, I will reliably execute the PDCA cycle to achieve results. With speed, challenge, and cooperation as my motto, I will steadily solve issues.

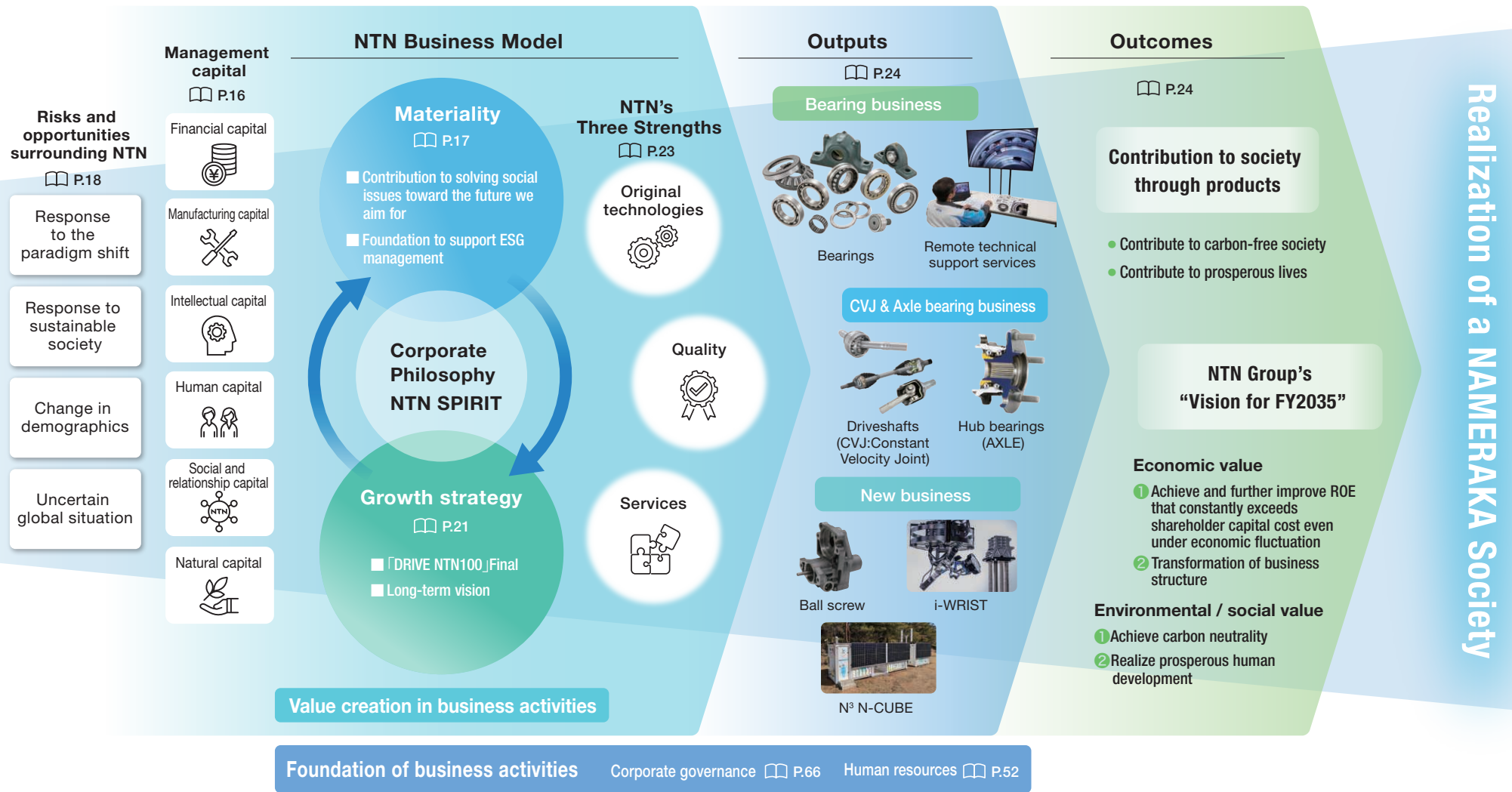
Key focus points for the current fiscal year

We will strengthen market orientation and reliably promote reduction of waste by half, thorough cost reduction, supply lead time shortening, selling price optimization, and market deployment of new products to achieve the Medium-term Plan targets.

Value Creation Process

The NTN Group has identified materiality for addressing SDGs in order to solve social issues, and is conducting its business activities based on its corporate philosophy, utilizing the management capital and NTN characteristics that have been cultivated over our more than 100 years of history.

By providing products and technical services such as bearings and driveshafts and by creating environmental and social value, we aim to realize a “NAMERAKA Society” where people can easily lead a secure and fulfilling life in harmony with nature. Going forward, we will continue to promote ESG management to achieve sustainable growth and to contribute to solving social issues.



Six Forms of Capital



Financial capital

Our financial structure provides the basis for the sustainable growth of the NTN Group, and we aim to reinforce it through the steady recovery of business performance every fiscal year, sale of idle assets, thorough financial management within the Group, and other efforts, and thereby improve our free cash flow, equity to capital ratio, and net D/E ratio.

We will boost our “earning power” by improving operating margin and reducing inventory, and fully strengthening the financial structure that underpins the transformation of our business portfolio. Furthermore, we will make active use of sustainable finance, which links the achievement of targets in sustainability activities with the terms of loans, to accelerate the execution of various measures through stable financing. We aim to achieve sustainable growth and enhance our corporate value, and at the same time, contribute to resolving social issues.



Manufacturing capital

We are promoting production reforms with a view to reducing lead time across all supply chain management (SCM) processes, from material procurement to manufacturing and sales, as well as building new production processes to realize inventory reduction. Furthermore, as the human resources responsible for production in NTN, a “Monozukuri” (manufacturing) company, form the basis for our value creation, we are systematically nurturing the next generation through the “NTN Meister Certification” and other means, and developing a framework for passing on the knowledge and skills of expert technicians.

To further strengthen our “Monozukuri” capabilities, we will advance efforts to consolidate the functions for managing production technologies, standardize processing methods and equipment, and enhance “Monozukuri” education. In addition, we will support advanced and efficient production through the use of robots and AI, driving forward the transition to “smart factories.”



Intellectual capital

We have research and development (R&D) bases in Japan, the Americas, Europe, and China to support global market needs. The R&D bases mutually engage in active technological and human resource exchanges and share information through a database on the design information they have researched and developed, as well as information pertaining to prototypes and experiments, production technology, and customer projects. By doing so, we are accelerating the creation of new technologies and products from a global perspective.

The NTN Group’s intellectual property is the source of our value creation, and we globally promote the appropriate protection and utilization of intellectual property rights in line with our business strategy and R&D strategy. In addition to intellectual property rights that serve to maintain and strengthen the competitiveness of our core technologies and products, we also utilize IP landscaping in new fields to create intellectual property that can help us to secure first-mover advantage.



Human capital

Based on our belief that “the company is its people,” we are striving to strengthen the basis of human capital that is indispensable to the sustainable growth of our Group, and to develop diverse human resources. We are also working to develop rewarding environments and systems to allow employees to maximize their capabilities through work, think and act independently, and continue to grow. At our overseas business sites, local employees, including the presidents of overseas subsidiaries, play an active role in management and operate the businesses in line with the management policies of the global head office.

We aim to strengthen the development of human resources who will lead the next generation, such as by reviewing our education and training systems to promote self-directed career development, respond to rapid changes in the business environment, and realize continuous enhancement to our corporate value.



Social and relationship capital

We advocate approaching business activities based on our Management Policy of being “a company that is trusted and needed by communities including stakeholders,” and we have clearly established our “Stance to Stakeholders” in writing. We seek to maximize customer satisfaction and trust by providing products and services of superior quality, safety and reliability. We aim to build good partnerships with our business partners based on mutual trust and work together for mutual growth and development in a fair and free environment. In addition to respecting cultures and customs in the local communities where we conduct our business and meeting their expectations through our business activities, we also strive to realize return for shareholders through sustainable profit growth and build long-term trust relationships with shareholders through active communication.



Natural capital

We have positioned coexistence with the global environment as a top priority. In light of that, we are committed to preventing environmental pollution in our business activities and conserving natural capital. At the same time, we have established the Environment Policy of making constant efforts to contribute to the sustainable development of society through our technologies, and we engage in business activities in line with this policy. Bearings and driveshafts, our flagship products, are environmentally friendly products that help reduce energy loss, and green energy products are renewable environmentally friendly products that make use of sustainable energy sources.

We are quantifying the degree of environmental contribution of these efforts, and will continue working to develop and supply products that further aid the environment. In addition to managing and reducing the chemical substances used in our products and manufacturing processes within our business activities, we also put effort into conserving biodiversity and engaging in environmental contribution activities in local communities.

Materiality

Materiality identification process

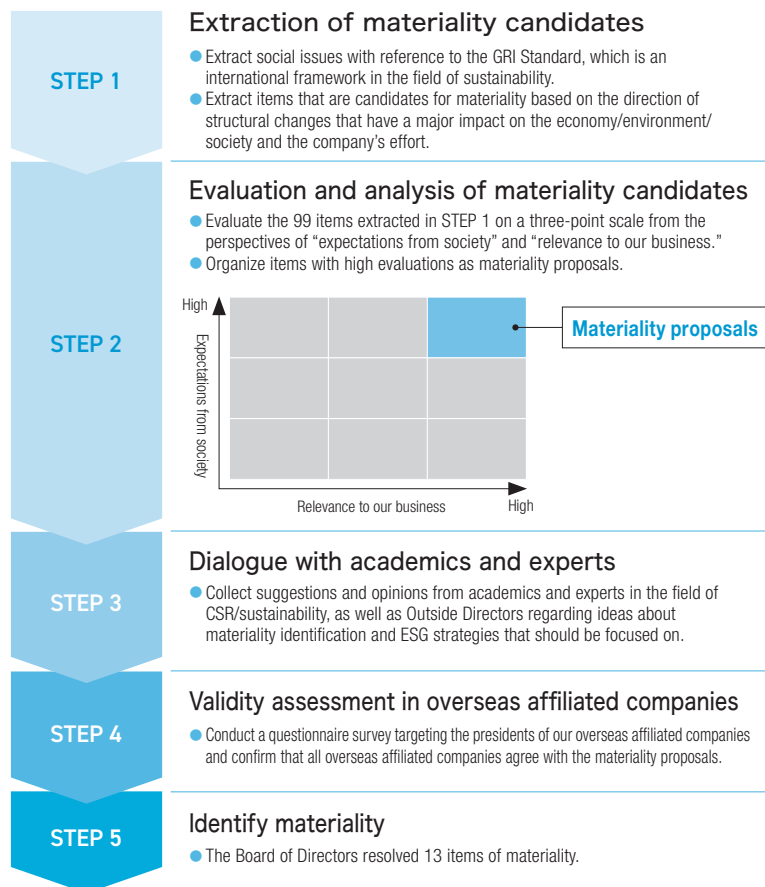
In March 2015, the NTN Group signed the United Nations Global Compact, a global framework for the international community to realize sustainable growth, and we are working toward achieving the SDGs.

In December 2020, we identified 13 items of materiality that the Group should prioritize addressing in response to the SDGs. For the materiality identified, we have formulated response measures for each fiscal year and each item, and we are driving efforts to implement these measures. Our initiatives to address our materiality are outlined in a roadmap for realizing a “NAMERAKA Society,” and progress is regularly reviewed by the Sustainability Committee, which comprises members from across the organization, and reported to the Board of Directors as appropriate.

The identified materialities are also linked to NTN’s corporate philosophy, “We shall contribute to international society through creating new technologies and developing new products.” By promoting efforts to address our materiality, we will strive to achieve sustainable growth for the Group and create environmental and social value, with the aim of realizing a “NAMERAKA Society.”



Identification process



Contribution to solving social issues toward the future we aim for

	Materiality	Related SDGs
Environment	1 Respond to climate change	13 Climate Action
	2 Realize a sustainable society using natural energy	7 Affordable and Clean Energy, 13 Climate Action
	3 Reduce energy loss	7 Affordable and Clean Energy, 9 Industry, Innovation and Infrastructure, 12 Responsible Consumption and Production, 13 Climate Action
Social	4 Provide safety and comfort	9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities

Foundation to support ESG management

	Materiality	Related SDGs
Environment	5 Resource recycling and pollution prevention	12 Responsible Consumption and Production, 14 Life Below Water
Social	6 Improve the reliability of products and services (Quality assurance, stable supply)	12 Responsible Consumption and Production
	7 Procurement activities with an emphasis on environment and society	10 Reduced Inequalities, 13 Climate Action
	8 Promote safety and health	8 Decent Work and Economic Growth
	9 Respect for human rights	10 Reduced Inequalities
	10 Human resource development	8 Decent Work and Economic Growth
	11 Promote diversity	5 Gender Equality
Governance	12 Thorough compliance	
	13 Strengthen governance	

Materiality

Risks and opportunities surrounding NTN

Our Group analyzes risks and opportunities across business environments including carbon neutrality, which is a global trend, as well as accelerating electrification, labor shortages, and human rights issues toward achieving carbon neutrality, and implements countermeasures in line with our materiality. To respond to drastic changes in the external environment, we are regularly reviewing anticipated risks and opportunities.

NTN's Business Environment	Risk and Opportunity(○ Opportunity , ▲ Risk)	Timing of Occurrence			Degree of Impact	Main Measures	Materiality	
		Short-term	Medium-term	Long-term				
Response to paradigm shift	Spread of next-generation mobility	○ Expansion of demand for our products due to outsourcing of in-house CVJ production by automakers	●	●		■ ■	● Deepening partnerships with customers based on problem-solving and proposal capabilities	3
		○ Expansion of demand for high-performance products for EVs		●	●	■ ■ ■	● Providing next-generation mobility modules for EVs ● Expanding profits through higher functionality of CVJs and axles where we have high market share	3
		▲ Cost increases associated with high-performance development for EVs		●	●	■ ■ ■	● Consolidating production of high-performance products for EVs (Wakayama Works)	3
		▲ Decrease in the total number of bearings used per vehicle		●	●	■ ■ ■	● Improving aftermarket ratio (FY2035: 40%)	3
		▲ Decreased cost allocation to CVJs and axles due to value concentration in motors and batteries	●	●	●	■ ■	● Considering supply of high value-added EV products and technical specification changes that contribute to cost reduction	3
	Progress of decarbonized society	○ Expansion of demand for high-performance products due to increased needs for improving power consumption (fuel efficiency)	●	●		■ ■	● Providing lightweight and highly efficient driveshafts and low-friction hub bearings	3
		○ Expansion of demand for large bearings for wind power generation	●	●		■ ■	● Expanding sales of large bearings for wind power generation	2
		○ Expansion of demand for condition monitoring system (CMS) services	●	●		■ ■	● Expanding CMS sales	2
		○ Increasing demand for energy-saving machinery	●	●		■ ■	● Reducing CO ₂ emissions through core products ● Differentiating from competitors through development of proprietary environment-friendly products	3
		○ Expansion of bearing refurbish business	●	●	●	■ ■	● Considering collaboration with business partners	3
		○ Acceleration of technology development for bearings for hydrogen energy-related equipment		●	●	■ ■	● Developing hydrogen-related products	2
		○ Expansion of product adoption and improvement of corporate value through achieving carbon neutrality goals			●	■ ■ ■	● Developing and providing products and services that minimize energy loss	1 3
		▲ Cost increases due to capital investment for energy saving and switching to renewable energy	●	●		■ ■ ■	● Setting budget frameworks and reflecting them in business plans	1
	Spread of AI and IoT	○ Productivity improvement through utilization of digital technology	●	●		■ ■	● Achieving strong QCD through smart factory implementation ● Shortening development periods through utilization of digital technology	6
		○ Increasing demand for bearing sensing	●	●		■ ■	● Providing service solutions through CMS technology ● Developing "talking bearings" (= sensorization of bearings)	3
▲ Decline in competitiveness due to delays in utilizing digital technology		●	●	●	■ ■ ■	● Building systems to strengthen IT governance ● Strengthening organization through training and acquisition of digital talent	6	
▲ Increased threats from computer viruses and cyber terrorism		●	●	●	■ ■ ■	● Global deployment of security measures ● Expanding security measures across the entire supply chain	6	

Materiality


NTN's Business Environment	Risk and Opportunity (○ Opportunity, ▲ Risk)	Timing of Occurrence			Degree of Impact	Main Measures	Materiality	
		Short-term	Medium-term	Long-term				
Response to sustainable society	Response to environmental issues	○ Expansion of demand for high-quality, long-life products	●	●		■ ■	● Development and provision of long-life products	3 6
		▲ Risk that substances previously usable can no longer be used due to strengthened environmental regulations	●	●	●	■ ■ ■	● Understanding regulatory trends ● Managing transition from prohibited substances	5
	Response to natural disasters	○ Expansion of demand for disaster prevention equipment	●	●		■ ■	● Providing street lights, disaster prevention warehouses, disaster toilets, charging stations based on independent power supply devices utilizing renewable energy	4
		▲ Suspension of operations at own factories and supply chain due to natural disasters	●	●	●	■ ■ ■	● Formulation of BCP and BCP training in the NTN Group ● Reorganization of partner manufacturers and streamlining the supply chain	7 8
		▲ Risk of heat stroke among employees at factories	●	●	●	■ ■	● Promoting proper operation of occupational safety and health management systems	8
	Human capital management	○ Improvement of employee satisfaction through promotion of health management	●	●		■ ■	● Promoting work style reforms	11
▲ Increasing social demands for implementation of human rights due diligence (transition from soft law to hard law)		●	●	●	■ ■	● Promoting human rights due diligence ● Implementing sustainable procurement questionnaires ● Responding to conflict mineral surveys from customers	9	
Changes in demographics	Labor shortage due to declining birth rate and aging population	○ Expansion of demand for solutions for automation, efficiency improvement, and labor saving at production sites (robot-related modules, etc.)	●	●		■ ■	● Providing robot-related modules such as i-WRIST in response to labor-saving challenges	4
		○ Productivity improvement through progress in labor-saving equipment	●			■ ■	● Automation and labor saving of line work through development and application of automation technology	4
		▲ Closure of suppliers	●	●	●	■ ■	● Supporting business continuity through dialogue with suppliers	7
		▲ Risk of being unable to operate due to inability to secure necessary personnel		●	●	■ ■ ■	● Ensuring sustainability through site consolidation, automation, and labor saving	10
	Extension of average lifespan	○ Expansion of demand for products and services that contribute to people's health		●	●	■ ■	● Utilization of precision coating equipment in the life sciences field	4
	Growth of emerging countries	○ Expansion of sales opportunities due to economic development in emerging countries and expansion of infrastructure demand		●	●	■ ■ ■	● Expanding product lineup and inventory ● Developing aftermarket business ● Integrated sales strategy for OEM and aftermarket	6
▲ Rising wages in emerging countries		●	●	●	■ ■	● Passing on cost increases through pricing ● Suppressing cost increases through automation and labor-saving investments	6	
▲ Infringement of intellectual property rights		●	●	●	■ ■	● Strengthening countermeasures against counterfeit products	6	
▲ Intensified price competition for conventional products due to entry of emerging manufacturers		●	●	●	■ ■ ■	● Considering technical specification changes that contribute to cost reduction	6	
Uncertain global situation	Globalization of business	○ Enhancement of NTN brand value in the aftermarket	●	●	●	■ ■ ■	● Efficient supply of general-purpose products ● Maximum utilization of global sales network	6
		▲ Profit pressure due to increased tariff costs	●	●	●	■ ■	● Suppressing cost increases through production site changes and localization	6
		▲ Suspension of production site operations due to geopolitical risks		●	●	■ ■ ■	● Formulation of BCP and regular training based on BCP	8
		▲ Supply chain instability due to geopolitical risks		●	●	■ ■	● Realizing the best mix of global and local procurement through procurement reform	7
	Changes in political and economic environment	▲ Sharp decline in production demand	●	●		■ ■ ■	● Passing on cost increases through pricing ● Reducing fixed costs	6
		▲ Rising energy procurement costs and raw material procurement costs	●	●		■ ■ ■	● Passing on cost increases through pricing ● Reducing purchase costs through design standard reviews	6

Materiality

Materiality targets and results for FY2024

Materiality	Target FY	Target	Results
Respond to climate change	FY2030	● Reduce CO ₂ emissions in business activities (Scope 1, 2) → 50% reduction (compared to FY2018)	● Approximately 35.9% reduction compared to FY2018
	FY2035	● Reduce CO ₂ emissions in business activities (Scope 1, 2) → Achieve carbon neutrality	
	FY2050	● Reduce CO ₂ emissions in business activities (Scope 3) → Achieve carbon neutrality	
Realize a sustainable society using natural energy	FY2025	● External disclosure of technologies and activities related to renewable energy and hydrogen → 1 or more cases per year	● 1 external disclosure (launched a dedicated website for “Natural Energy Products”)
Reduce energy loss	FY2024	● External disclosure of technologies and activities related to electrification and EVs → 1 or more cases per year	● 4 external disclosures (development of special heat treatment technology “HA-C” and others)
Provide safety and comfort	FY2024	● External disclosure of technologies and activities related to robot-related modules and service solutions → 1 or more cases per year	● 1 external disclosure (launched a dedicated website for “Service Solutions”)
Resource recycling and pollution prevention	FY2024	● Water consumption intensity → 3.8m ³ /million yen (Global)	● 3.45m ³ /million yen (Global)
	FY2024	● Recycling rate → 96.0% or higher (Global)	● 96.8% (Global)
Improve the reliability of products and services (Quality assurance and stable supply)	Continuous	● Maintaining high levels of customer satisfaction → 90% or higher ratio of “Excellent” and “Good”	● 92%
	Continuous	● Maintain 100% acquisition rate of quality management system certification (ISO 9001/IATF 16949)	● Maintained 100% certification
	Continuous	● Strengthening information security measures across the Group	● Started deployment of information security monitoring system (NTN-CSIRT) to overseas locations
Procurement activities with an emphasis on environment and society	FY2024	● Implementation after reviewing the content of the supplier CSR questionnaires for suppliers	● Renewed the survey content, changed the name to Sustainable Procurement Questionnaires, and started surveying business partners
Promote safety and health	Continuous	● Maintain certification as a “White 500” Certified Health & Productivity Management Outstanding Organization (Large Enterprise Division)	● Maintained certification
	Continuous	● Achievement rate of annual plan for risk surveys targeting manufacturing sites → 100%	● 100%
Respect for human rights	FY2024	● Analysis and improvement based on survey results to overseas affiliated companies	● Received complaints from employees at several companies. Necessary measures have been implemented in accordance with internal regulations
Human resource development	FY2024	● Training hours per employee (NTN) → Increase compared to previous year (FY2023 actual: 11.9 hours)	● 21.0 hours
Promote diversity	FY2026	● Ratio of female managers (NTN) → 5%	● 4.2%
	FY2026	● Male childcare leave uptake rate (NTN) → 100%	● 73.0%
Thorough compliance	Continuous	● Number of annual meetings of the Compliance Committee → 2 times	● 2 times
	Continuous	● Awareness of helpline in compliance awareness survey → 90% or higher	● 95%
Strengthen governance	Continuous	● Enhancement of corporate governance	● Enhancement of corporate governance


Note: Items marked “Continuous” in the target year are goals that we aim to achieve continuously every year.

[Related information on the website](#)
 Materiality targets for FY2025 and beyond 

Review of DRIVE NTN100 and Long-term Vision

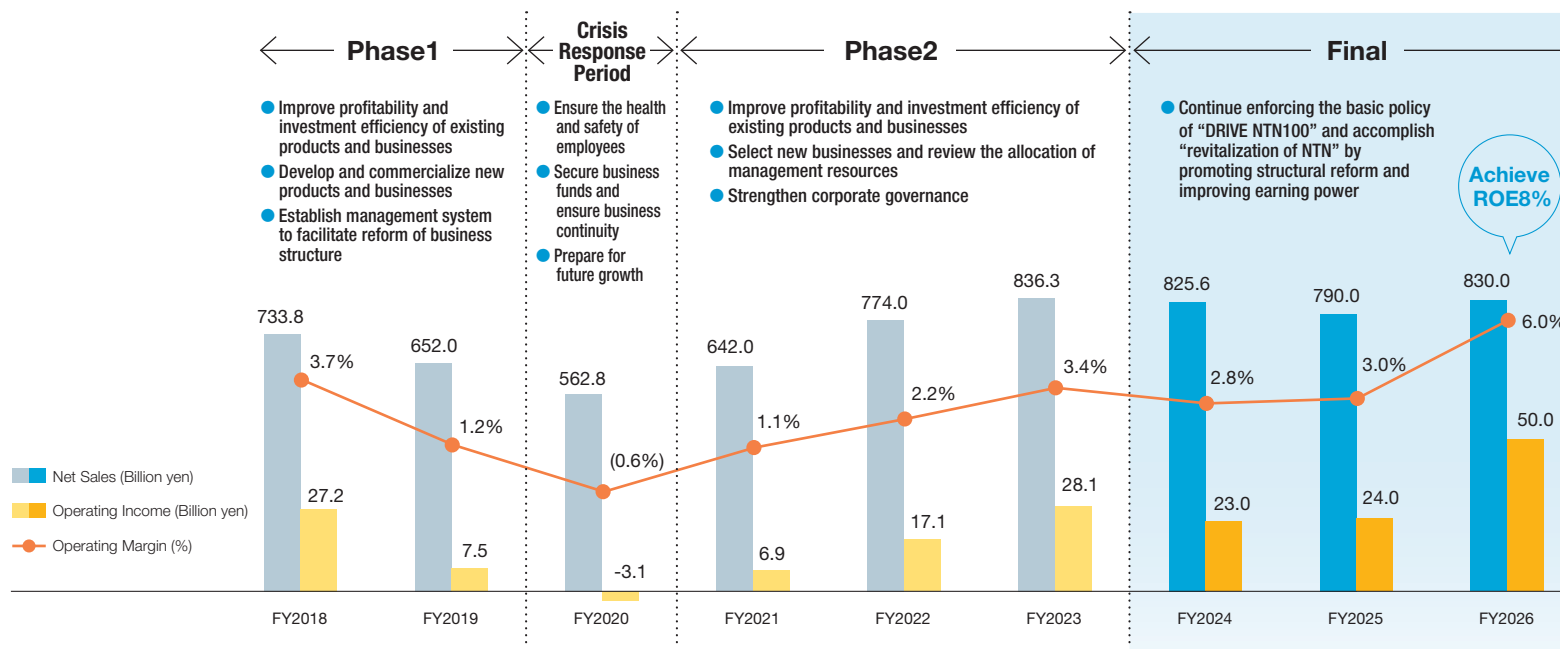
The NTN Group aims to realize a “NAMERAKA Society” through practicing its corporate philosophy and has established a “Vision for FY2035”. Under this long-term vision, we aim to enhance corporate value while improving economic value as well as environmental and social value together with all our stakeholders.

Furthermore, we have been pursuing the Medium-term Management Plan “DRIVE NTN100” Final since fiscal year 2024 by backcasting from our Vision for fiscal year 2035 while simultaneously forecasting on the basis of our progress to date. With our strong commitment to accomplish the revitalization of NTN, we will continue our initiatives with complete dedication in this, the second year as well.

[Related information on the website](#)
Medium-term Management Plan 

DRIVE NTN100

Next Medium-term Management Plan



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Inventory turnover ratio (times)	3.8	3.6	3.2	3.0	3.2	3.2	3.4	3.6	4.5
Net D/E Ratio	1.2	1.9	1.6	1.4	1.2	0.9	1.0	1.0	0.7
Equity to Capital Ratio	27.4%	20.6%	20.4%	23.1%	25.4%	29.0%	27.2%	26.2%	30.0%
ROE	(2.9%)	(22.8%)	(7.1%)	4.0%	5.0%	4.4%	(9.6%)	(2.7%)	8.0%
ROIC	3.3%	1.0%	(0.4%)	0.8%	2.0%	3.2%	2.6%	3.0%	6.0%
USD (yen)	110.9	108.7	106.0	112.3	135.5	144.5	152.4	140.0	140.0
EURO (yen)	128.4	120.8	123.7	130.5	140.9	156.7	163.6	160.0	150.0

* “Royalty” which was previously included in “non-operating income,” has been changed to be included in “net sales” effective from FY2020.

FY2027~

- Early achievement of 10% or higher ROE
- New products sales ratio for bearing and others and CVJ/Axle:20%

Vision for FY2035
A company trusted and needed by stakeholders with enhanced corporate value

Generate sustainable profits that exceed capital cost

Economic value
Achieve and further improve ROE that constantly exceeds shareholder capital cost even under economic fluctuation

- Transformation of business structure
 - Sales ratio: Aftermarket **40%**, OEM **60%**
 - Create and develop new businesses

Environmental/social value
Achieve carbon neutrality, fulfill prosperous human development

- Achieve carbon neutral target (Scope1, 2)
- Foster an organizational culture that works to increase economic and environmental/social value and develop diverse human resources that can work with job satisfaction

Key Measures of “DRIVE NTN100” Final

Under the new Medium-term Management Plan “DRIVE NTN100” Final, we will promote the transformation of our business structure, and with the mindset of tackling this challenge, instill firmly the “SQCCD” approach to work and the principle of “NTN Driven based on the premise of customer-first” as we work as one to promote reforms.

Vision for FY2035

DRIVE NTN100_{Final}

Transformation of business structure

Expand aftermarket business

Improve competitiveness of OEM business

Create and develop new businesses

Strategies to support transformation

Value chain reform

- Design reform, prompt commercialization
- Procurement reform, production reform, logistic reform
- Defensive quality, proactive quality and profitable quality

Transformation of business foundation

- Strengthen portfolio with new organizational structure
- Promote measures and strengthen follow-up using KPIs
- Generate profits by utilizing digital technology

Evolution of ESG management

- Response toward achieving carbon neutrality and sustainability
- Human resource development and work styles that respect diversity
- Enhance governance and strengthen risk management

SQCCD

Safety Quality Compliance Cost & Cash Delivery & Development

NTN Driven based on the premise of customer-first

The mindset to challenge the transformation of business structure

Key points of initiatives for FY2024

Transformation of business structure

■ Expansion of aftermarket business

Through optimal allocation of production capacity via integrated operation of OEM and aftermarket, expanding external purchasing and production outsourcing, we will expand popular inventory and product lineups. Furthermore, aiming for transformation from hardware sales to business incorporating software and services, we will promote “bearing life cycle management” that provides total support from bearing selection to delivery, usage, monitoring, analysis, replacement, and maintenance.

□□ P.29 Enhancing Product Supply Capacity and Engineering Solutions in Preparation for Aftermarket Business Growth

■ Strengthening competitiveness of OEM business

Industrial Machinery We will classify our main eight industries into “expanding” and “maintaining” categories while also challenging new industries. For expanding industries, we will strengthen production capacity and expand sales; for maintaining industries, we will improve in costs and selling prices; for challenge industries, we will promote the selection of target regions and customers, approaches, and other initiatives.

Automotive We will develop and mass-produce high-performance bearings for EVs. In response to the decrease in demand for internal combustion engine (ICE) vehicles, we will promote the expansion of high-value-added products. We are currently implementing reorganization of production bases to improve profitability of CVJ and Axle bearing.

□□ P.31-P.38 Strengthening the Business Model

■ Creation of new products and development of new businesses

We have newly established key performance indicators (KPIs) for research and technology development. We will promote new business development in six new fields. We will strengthen research and development in India, which is a growth market.

□□ P.30 Accelerating development of ball screw units, a key component in the shift to EVs

Strategies to support transformation

■ Value chain reform

In addition to reforms that we have been focusing on in the SCM field, such as procurement and production, from the previous Medium-term Management Plan, we will also promote reform across our entire value chain by expanding our targets to the areas of design and quality, thereby strengthening the competitiveness of NTN Group.

□□ P.41 Strengthening competitiveness in a changing business environment: procurement, production, and logistics reforms

■ Transformation of business foundation

At NTN Group, we will utilize digital technology in all departments. We will leverage the latest digital technologies globally, including improvements in operational efficiency and business systems, and strengthening of information security, to strengthen our “earning power.”

□□ P.42 Strengthening “earning power” through digital technology utilization - Accelerating DX

■ Evolution of ESG management

To pass on a beautiful planet where humanity can live safely and securely to the next generation, we will promote sustainability activities toward achieving carbon neutrality and realizing prosperous human development while strengthening governance globally.

□□ P.45-P.58 CO-CREATION WITH STAKEHOLDERS □□ P.59-P.76 CREATION OF A SOLID GOVERNANCE STRUCTURE

NTN's Three Strengths

NTN utilizes the management capital cultivated over its more than 100-year history to strengthen its advantages in original technologies, quality, and services, thereby leading to future growth. In addition, we are deploying these strengths across our various businesses to conduct business activities that respond to the needs of society.



Original technologies

Key strengths

Our strengths lie in “tribology technology,” which we have developed through more than 100 years of research and development on bearings, “manufacturing technologies” such as precision machining and heat treatment, and “sensing technology” that enables advanced condition monitoring by incorporating sensors inside bearings.

Future direction

Tribology technology and manufacturing technology contribute to the development of high value-added products such as low friction products that achieve reduced electricity and fuel consumption, and products that support high-speed rotation to meet growing needs for compact and lightweight products. Sensing technology strengthens monitoring services such as “Talking Bearing” and CMS, contributing to reducing users’ opportunity losses.



Quality

Key strengths

Our strength lies in the high quality of our products, which is backed by a long track record of supplying products for applications that support human life, such as automobiles, Shinkansen bullet trains, and aerospace. We also consider the quality of people and work as our strength, including the passing on of know-how through the Global QC Circle Convention and the NTN Technical Skills Competition, as well as human resource development that contributes to problem solving through the improvement of AI and data literacy and reskilling.

Future direction

We will ensure stable supply of high-performance and high value-added products, and secure quality as the NTN brand by introducing NTN’s quality management systems to outsourced products in Japan and abroad. To achieve sustainable enhancement in corporate value, we will formulate a human resources strategy from both the aspects of “Securing and developing human resources”, and “Fostering organizational culture,” to enhance the quality of people and work.



Services

Key strengths

Our strengths include our “global network,” which allows us to provide products and services to customers from around 200 locations in 33 countries worldwide and respond to market needs in each region through our research and development system in four vantage points, as well as our “problem-solving customer support capabilities,” which we have honed through Japan’s largest distributor network.

Future direction

Utilizing the NTN Group’s network, we will provide technical solutions through site visits with technical service units and effectively utilizing online technology seminars. By resolving customer issues through services such as diagnostic services based on data analysis and enhancing the value of the NTN brand, we will contribute to the expansion of the aftermarket business.

Analyzing Outputs and Outcomes

Outputs

NTN Products P.4 Strengthening the Business Model P.31~38

Three added values to contribute to a sustainable society

1. Technology not to stop operation

- Contributing to reducing customers' opportunity loss and controlling operation and maintenance costs

2. Technology for longer operating life

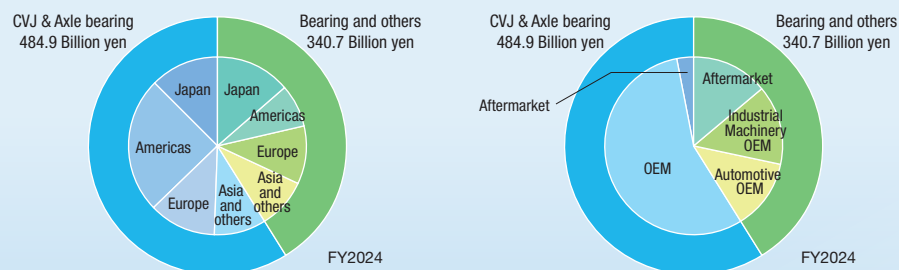
- Improving production efficiency

3. Reduce energy loss

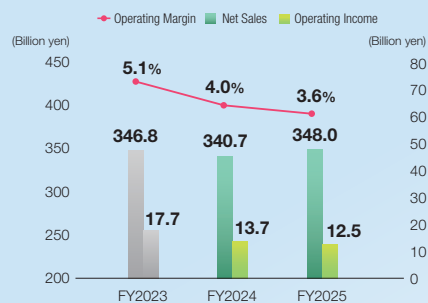
- CVJs with reduced torque loss
- Axle units with reduced friction
- Bearings that support high-speed rotation and long service life

Change in organizational structure from market-based to product-based

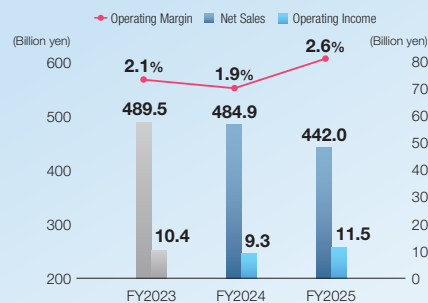
- We have established the "Bearing Business HQ." and "CVJ & Axle Bearing Business HQ." to consolidate the bearing business that was previously distributed across different departments. This allows us to strengthen our supply capabilities and build a system that can provide solution proposals, including services. At the same time, we will focus on CVJs and axle bearings as product-based business lines, leveraging our strength in handling both products to enhance our ability to respond to new needs such as electrification.
- We have established the "Innovation & Business Development HQ." to accelerate strategy planning and development initiatives in new areas such as next-generation mobility modules, robotic related modules, and natural energy.



Bearing and others



CVJ & Axle bearing



Outcomes

Our vision

- A company where the corporate philosophy is understood by all employees around the world, and where all employees think and act by themselves
- A company that has a global presence with original new products and services appreciated for high quality and functions
- A company which everyone involved can be proud of the "NTN" brand

Contribution to society through products

- Contribute to carbon-free society
- Realize a sustainable society using natural energy
- Reduce energy loss
- Develop environment-contributing product
- Contribute to prosperous lives
- Provide safety and comfort

NTN Group's "Vision for FY2035"

A company trusted and needed by stakeholders with enhanced corporate value through the improvement of economic, environmental, and social value

Economic value

- Achieve and further improve ROE that constantly exceeds shareholder capital cost even under economic fluctuation**
 - Achieve ROE of 8% (FY2026) and early achievement of ROE of 10% from FY2027 and beyond
 - Achieve ROIC of 6% (FY2026)
- Transformation of business structure**
 - Sales ratio for aftermarket: 20% (FY2026), 40% (FY2035)
 - New products sales ratio for bearing and others and CVJ/Axle: 20% (from FY2027)

Environmental/social value

- Achieve carbon neutrality**
 - Reduce CO₂ emissions by more than 30% (FY2026 compared to FY2018)
 - Achieve carbon neutral target (Scope 1, 2) (FY2035)
 - Develop and provide products and services that minimize energy loss
- Realize prosperous human development**
 - Securing and developing human resources Developing management talent to lead the Group
 - No. of succession plan candidates: 30 (FY2026)
 - Fostering organizational culture Diversity, equity & inclusion
 - Percentage of female managers: 5% (FY2026)
 - Childcare leave acquisition rate for male employees: 100% (FY2026)
 - Percentage of mid-career hires: 30% (FY2026)
 - Transformation to a workplace of bravery and mission
 - Scores related to "challenge" and "transformation" in Employee Engagement Surveys: 80% positive response (FY2026)

Message from the CFO



We aim to achieve structural reform while flexibly responding to rapid changes in the external environment, and to build a corporate structure that can generate sustainable profits that exceed capital cost

Representative Executive Officer,
Executive Officer,
CFO (Chief Financial Officer)

Masaaki Yamamoto

Key points of financial results for FY2024

Our Group launched the Medium-term Management Plan “DRIVE NTN100” Final in April 2024, aiming to continue “accelerated transformation to the business structure” and complete NTN’s revitalization.

In FY2024, the first year of this plan, our Group’s net sales were 825.6 billion yen (down 1.3% from the previous year) due to slow recovery in demand in the automotive and industrial machinery markets.

Regarding operating income, despite our efforts in the improvement of sales prices and cost reduction, as well as the impact of exchange rates due to yen depreciation, we were unable to offset the scale reduction, resulting in 23.0 billion yen (down 18.4% from the previous year). However, compared to our announced forecast, we achieved a 1.0 billion yen increase from the previous year. Ordinary income was 10.5 billion yen (down 47.6% from the previous year) due to foreign exchange losses and other factors. Net loss attributable to owners of parent was 23.8 billion yen, as we recorded minus 19.1 billion yen in extraordinary losses mainly due to structural reform costs, and the impact of tax effect accounting due to poor performance in the Americas and Europe.

On the other hand, inventories were reduced by 20.4 billion yen from the previous fiscal year-end to 244.4 billion yen, and through reviewing some capital investments, we secured a positive free cash flow of 19.7 billion yen.

Although these results were challenging, we believe that the results of our efforts toward structural improvement, including the improvement of sales prices, reduction of proportional expenses, control of fixed costs, and compression of assets including inventories, are steadily appearing in the business environment where market conditions continue to be sluggish.

FY2024 financial results

(billion yen)	FY2023	FY2024		FY2024		Q4
	Results	Results	YoY	Previous	Diff.	
Net sales	836.3	825.6	(10.7)(1.3%) Excl.forex (37.1) (4.4%)	815.0	10.6 1.3% Excl.forex (0.8) (0.1%)	210.1
Operating income	28.1	23.0	(5.2)	22.0	+1.0	8.7
Operating margin	3.4%	2.8%	(0.6pt)	2.7%	+0.1pt	4.2%
Ordinary income	20.0	10.5	(9.5)	9.0	+1.5	4.7
Extraordinary income (loss)	(3.4)	(19.1)	(15.6)	(15.0)	(4.1)	(13.5)
Profit (loss) attributable to owners of parent	10.6	(23.8)	(34.4)	(16.0)	(7.8)	(15.6)
Inventories	264.8	244.4	(20.4)	242.0	+2.4	
Capital expenditure	26.6	32.2	5.6	37.0	(4.8)	
FCF	40.1	19.7	(20.5)	15.0	+4.7	
Exchange rates US\$	¥144.5	¥152.4	¥8.0	¥150.6	+¥1.8	
€	¥156.7	¥163.6	¥6.9	¥163.5	+¥0.1	

Message from the CFO

Outlook for FY2025: Key points

Regarding the business environment in FY2025, we expect the automotive market to slightly decrease compared to the previous year, and while the industrial machinery market will not achieve full recovery, we anticipate signs of recovery in some sectors such as robot gearboxes and machine tools. On the cost side, while prices of steel and other materials are stabilizing, labor costs and logistics costs are expected to continue rising, which will impact our business. Amid this business environment, our Group will continue to work on the improvement of sales prices while advancing value chain reform from upstream to downstream, including design, procurement, and production, to steadily reduce costs.

For FY2025, we expect net sales of 790.0 billion yen (down 4.3% from the previous year), operating income of 24.0 billion yen (up 4.5%), operating margin of 3.0%, and ordinary income of 11.0 billion yen (up 5.0%). We also continue to incorporate extraordinary losses of 10.0 billion yen as structural reform costs in Japan, the Americas, China, and other regions, with extraordinary losses of minus 8.0 billion yen and net loss attributable to owners of parent of 6.0 billion yen*.

*Exchange rate assumptions: 1 USD = 140 yen, 1 EUR = 160 yen. Inventories are expected to be 222.0 billion yen, a decrease of 22.4 billion yen from the previous fiscal year-end. Capital expenditures are expected to be 31.0 billion yen, a decrease of 1.2 billion yen from the previous year. Free cash flow is expected to be a positive 20.0 billion yen, similar to the previous year.

Forecast for FY2025

(billion yen)	FY2024			FY2025	
	H1 Results	H2 Results	Full year Results①	Full year Forecast②	YoY ①vs②
Net sales	413.9	411.6	825.6	790.0	(35.6) (4.3%) Excl.forex (1.7) (0.2%)
Operating income	9.9	13.0	23.0	24.0	+1.0
Operating margin	2.4%	3.2%	2.8%	3.0%	+0.3pt
Ordinary income	3.5	7.0	10.5	11.0	+0.5
Extraordinary income (loss)	(0.6)	(18.4)	(19.1)	(8.0)	+11.1
Profit (loss) attributable to owners of parent	(2.1)	(21.7)	(23.8)	(6.0)	+17.8
Exchange rates US\$	¥152.5	¥152.4	¥152.4	¥140.0	(¥12.4)
€	¥165.8	¥161.5	¥163.6	¥160.0	(¥3.6)
Inventories	255.3	244.4	244.4	222.0	(22.4)
Capital expenditure	11.4	20.7	32.2	31.0	(1.2)
FCF	2.8	16.9	19.7	20.0	0.3

Factors contributing to changes in operating income

First, regarding factors contributing to profit decline, we expect a 6.3 billion yen decrease on a volume basis for declined sales and a 3.0 billion yen negative impact from reduced scale due to production cuts etc., as market conditions continue to remain sluggish.

In addition, personnel costs are expected to increase by 6.0 billion yen mainly due to base increases in Japan, for a total of minus 2.0 billion yen, despite the effects of structural reforms and headcount reductions due to the decrease in the workforce.

Regarding foreign exchange impact, we expect a negative impact of 5.6 billion yen as we assume a stronger yen this fiscal year compared to the previous year's results.

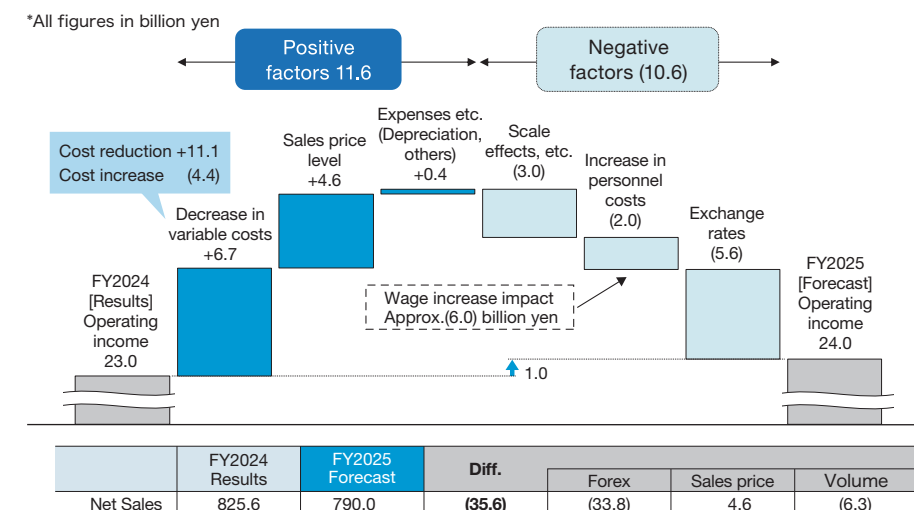
On the other hand, as factors contributing to profit increase, we expect variable cost reduction of 6.7 billion yen, improvement of sales prices by 4.6 billion yen, and expense reduction of 0.4 billion yen.

Regarding variable costs, in addition to the continued development and expanded use of competitive suppliers, the results of our value chain reform initiatives—which involve reviewing design and materials with ideas that are not bound by conventional thinking while still meeting customer requirements—are expected to achieve high-level cost reduction similar to the previous year.

Regarding the improvement of sales prices, while there is a reaction to the stabilization of steel prices, we will continue to pass on increases in labor costs and other factors, as well as improve sales prices for unprofitable businesses.

Regarding expenses, while we have incorporated costs for equipment maintenance and other factors, we expect fixed cost compression from structural reform being implemented in each region.

Changes in operating income for FY2024 and FY2025



Message from the CFO

Progress of the Medium-term Management Plan “DRIVE NTN100” Final - Improving earning power

To build a corporate structure that enables our Group to achieve sustainable growth, it is essential to improve our earning power (operating margin and asset efficiency). One of the major factors hindering this improvement in earning power is the excess fixed assets that have resulted from past investments that no longer match the current market environment.

Structural reform to reduce excess fixed assets entails significant pain, but we are determined to complete it within the current Medium-term Plan period without passing it on to the next generation.

Progress of structural reform

The NTN Group anticipates extraordinary losses of 35.0 billion yen in total over the three-year period from FY2024 to FY2026 as costs for structural reform.

In FY2024, we recorded extraordinary losses of 18.9 billion yen due to the acceleration of plans at some locations. In FY2025, we expect extraordinary losses of

10.0 billion yen in Japan, the Americas, China, and other regions, but there is no change to the three-year cumulative amount of 35.0 billion yen.

By region, structural reform in Europe and China is progressing almost as planned.

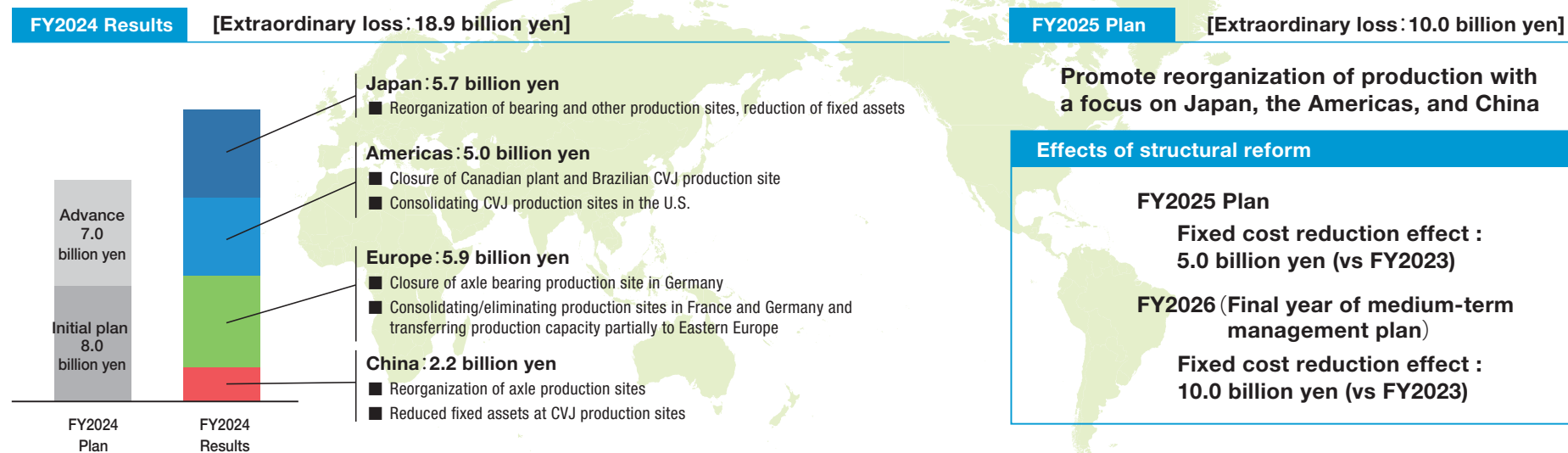
On the other hand, in Japan and the Americas, we are implementing not only simple structural reform such as factory closures, but also comprehensive reforms including production site transfers accompanying fundamental supply chain reviews.

As a result of such structural reform, we expect fixed cost reduction of approximately 5.0 billion yen in FY2025 (compared to FY2023). At the same time, from a BCP perspective, we are promoting dual source procurement with diversified supply routes. For example, we are establishing a system to procure materials from India and other countries in addition to China, while obtaining customer approval.

Going forward, we will continue to respond to unpredictable external environmental changes with speed and flexibility, while steadily advancing structural reform to complete NTN’s revitalization.

Progress of structural reform

Structural reform (35 billion yen/3 years) progresses ahead of plan



Message from the CFO

Inventory reduction

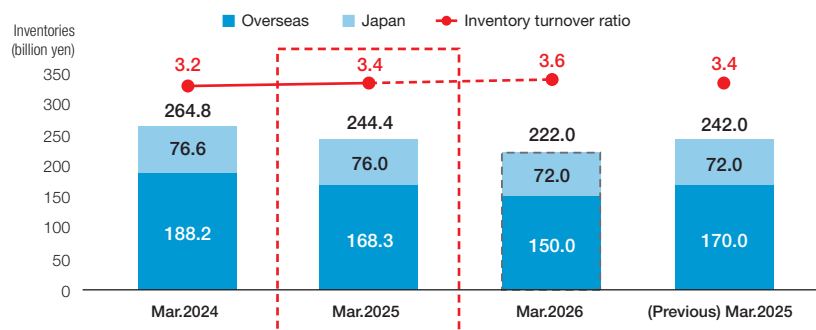
Another important point for improving asset efficiency is inventory reduction. Inventories have been increasing in recent years, mainly work-in-process inventory, due to supply chain disruptions caused by semiconductor shortages and other factors.

In FY2024, while continuing to expand inventory of popular products necessary for expanding aftermarket business, we reduced inventory stagnating in the supply chain, such as work-in-process inventory between factory processes, work-in-process inventory in transit, and inventory at overseas factories, through deepening production reform activities that have been ongoing at domestic manufacturing sites and expanding them to overseas manufacturing sites.

Inventory balance at the end of FY2024 was 244.4 billion yen, a decrease of 20.4 billion yen from the previous fiscal year-end, and the inventory turnover ratio was 3.4 times, the same as the announced figure.

We expect inventory balance at the end of FY2025 to be 222.0 billion yen, a decrease of 22.4 billion yen from the previous fiscal year-end, and the inventory turnover ratio to be 3.6 times, an improvement of 0.2 times from the previous year. Going forward, we will continue to reduce inventories and improve the turnover ratio, leading to improved earning power.

Inventory trends and outlook



(billion yen)	Mar.2024 Results	Mar.2025 Results	Mar.2026 Forecast	(For reference) Mar.2025 Forecast(Previous)
Inventories	264.8	244.4	222.0	242.0
(Japan)	76.6	76.0	72.0	72.0
(Overseas)	188.2	168.3	150.0	170.0
Inventory turnover ratio(times)	3.2	3.4	3.6	3.4

Toward building a corporate structure that can sustainably generate profits that exceed capital cost

Due to the deterioration of the external environment, including the prolonged Ukraine war, the worsening Middle East situation, and the impact of US trade policy, our current sales scale has significantly decreased from the assumptions at the time of formulating the Medium-term Management Plan.

We view the current reduction in sales scale as an opportunity to strengthen our corporate structure, and will accelerate structural reform activities while steadily implementing measures that contribute to improving the operating margin, such as “expansion of aftermarket business,” “improvement of sales prices,” and “reduction in variable cost through value chain reform,” as well as compression of inventories and fixed assets.

On the other hand, we will allocate the cash we generate to research and technological development in growth areas such as EV and electrification, services and solutions, as well as investments in achieving carbon neutrality, labor-saving measures, and digital transformation. We also plan to repay a certain amount of debt to enable diverse fundraising under favorable conditions in the future, while implementing stable and continuous shareholder returns.

With all Executive Officers working together, we aim to achieve 8% ROE in the final year of “DRIVE NTN100” Final and early achievement of 10% in the next Medium-term Management Plan, striving to build a corporate structure that can generate sustainable profits that exceed capital cost. We ask for the continued support and encouragement of all our stakeholders.



Enhancing Product Supply Capacity and Engineering Solutions in Preparation for Aftermarket Business Growth

NTN Group has traditionally focused on aftermarket business activities such as replacement parts and technical services, supporting the stable operation of customers' equipment from product delivery and during operation. This business domain has robust demand with a continuously expanding market and stable profit expectations. That is why we are working to strengthen this business and grow its scale.

Organizational changes to achieve Medium-term Management Plan targets

Of the management objectives set by NTN Group, "strengthening the aftermarket business" is one of the most important. In Medium-term Management Plan "DRIVE NTN100" Final, we aim to expand the sales ratio of the aftermarket business from 17% in FY2023 to 20% in FY2026, then 40% in FY2035.

Previously, under a business-based organizational structure, product supply tended to prioritize OEM business. Since FY2024, we have reorganized into a product-based structure and established a framework to work on strengthening supply capacity and engineering solutions in preparation for aftermarket business expansion.

Strengthening supply capacity

In the bearings and others domain, we are increasing product supply volume by enabling procurement of aftermarket products from external partners, such as outsourcing production of small ball bearings below a certain size to overseas partner companies, while investing in an aftermarket production line at Wakayama Works. Regarding product suppliers, we have established a specialized department to explore new suppliers and further enhance our supply network. Additionally, for popular products in the aftermarket, we achieved a 40% increase in FY2024 compared to FY2023, enabling timely deliveries.

In the automotive aftermarket, we are maintaining our position as a manufacturing company while expanding our lineup by skillfully incorporating externally-procured products with our in-house products. In addition to our in-house CVJs and hub bearings, we have added shock absorbers to enhance our suspension product lineup, thereby differentiating ourselves from others.



Shock absorbers

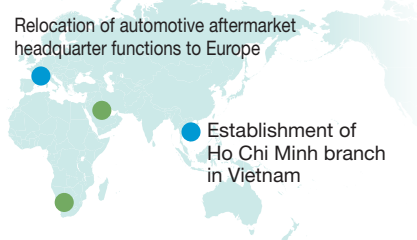
Expansion of distributor network and sales channels

In preparation for aftermarket business growth, we are setting target sectors in each region and country, pursuing optimal distributors, and expanding sales channels.

Last year, a branch was established in Ho Chi Minh City, Vietnam, expanding the sales channel in a growing market. Sales companies in each region hold technical training sessions for distributor engineers and end-user customers, promoting our technical support services. Additionally, with the relocation of automotive aftermarket headquarter functions to Europe, we are working to deploy Europe's automotive repair and sales network globally and expand our distributor network.



NTN Middle East FZE conducts technical training session at major distributor in South Africa



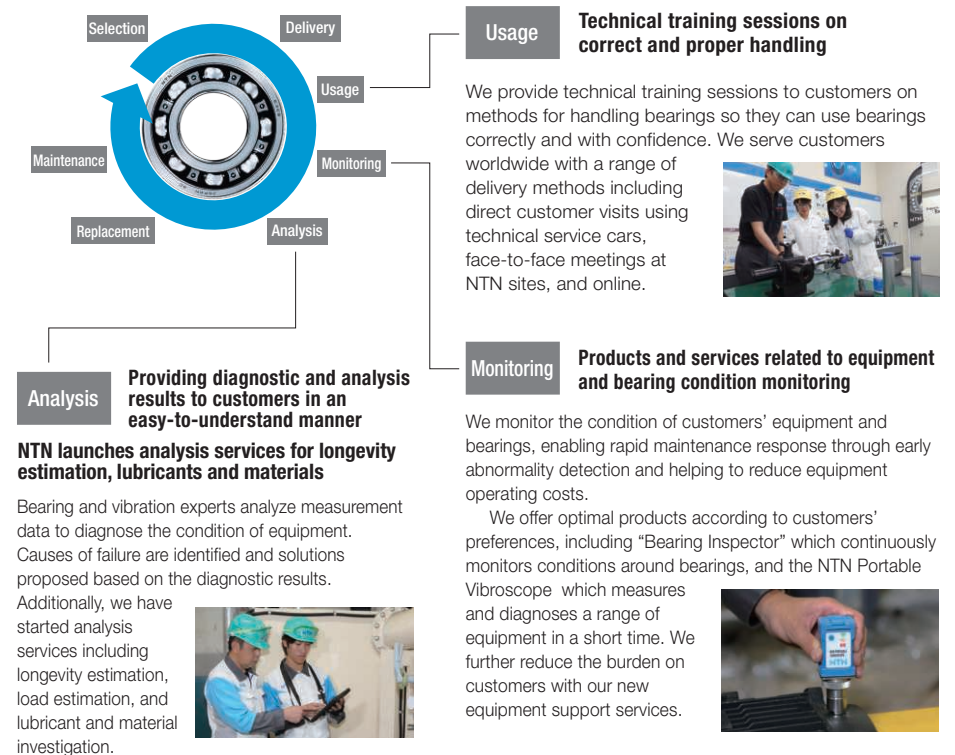
Relocation of automotive aftermarket headquarter functions to Europe

Establishment of Ho Chi Minh branch in Vietnam

Stronger engineering solutions

Our "bearing life cycle management" service provides total support from bearing selection to delivery, usage, monitoring, analysis, maintenance and replacement. In addition to immediate replacement when bearings break, our bearing condition monitoring and diagnostic service aids equipment maintenance efficiency through planned maintenance, reduced unplanned downtime and reduced replacement frequency.

Furthermore, an initiative is underway to refurbish used bearings from paper mill machinery, steel mills, rolling stock and elsewhere. In addition to recycling of bearing components after replacement, NTN also provides services such as training on bearing handling methods, based on our expertise.

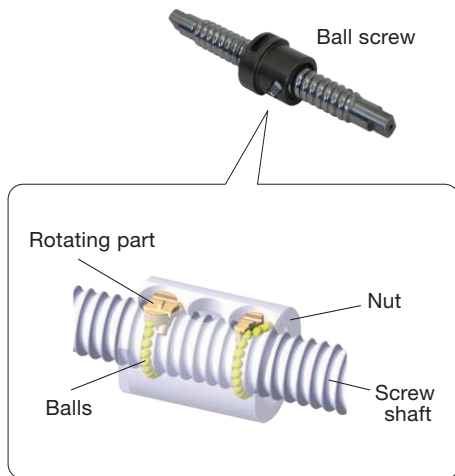


Accelerating Development of Ball Screw Units, a Key Component in the Shift to EVs

Making an early entry into the automotive ball screw market

A ball screw is a mechanical component that converts rotational motion into linear motion through rolling balls enclosed between a screw shaft and a nut, thereby enabling smooth operation with minimal friction.

In 2003, NTN withdrew from the general industrial machinery ball screw business and shifted focus to ball screws for automotive actuators—a market with strong growth potential—beginning mass production in 2004. In 2012, we began mass-producing ball screws for Electro-Hydraulic Brake systems.



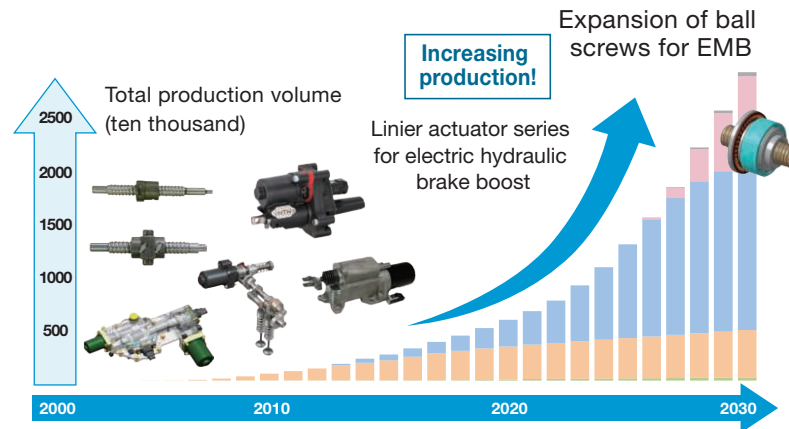
Electric Motor and Actuator

The ball screw market poised for further growth

As environmental regulations drive the spread of HEVs, BEVs, and other electric vehicles, the electrification of automotive components is expected to gain further momentum. Demand for Electric Hydraulic Brake systems utilizing ball screws is projected to increase, driven by improved fuel efficiency and the implementation of mandatory collision avoidance assist braking systems.

Currently, most Electric Hydraulic Brake systems are equipped with a single ball screw. However, as safety features improve, the shift toward non-hydraulic systems progresses, and automated driving becomes more widespread, Electric Hydraulic Brakes are expected to be replaced by Electric Mechanical Brakes (EMBs), which can independently control each of the four wheels. These EMBs will require one ball screw per wheel, increasing the total to four per vehicle.

This evolution of electric brake technology is anticipated to further increase demand for ball screw units.



Production expected to expand further in the future

Our key strengths: technological superiority and zero quality defects

Ball screws rely on three core technologies—tribology, heat treatment, and precision machining—and NTN is superior in all three, enabling us to produce highly durable, precise, and cost-effective products. In addition, we have maintained a zero-defect record in delivered products while manufacturing over one million units annually—an achievement highly valued by automotive manufacturers, who prioritize safety above all.

In recent years, demand for ball screws has grown in the development of module products incorporating bearings. In response, we are leveraging our unique strengths as a bearing manufacturer to expand our business opportunities.

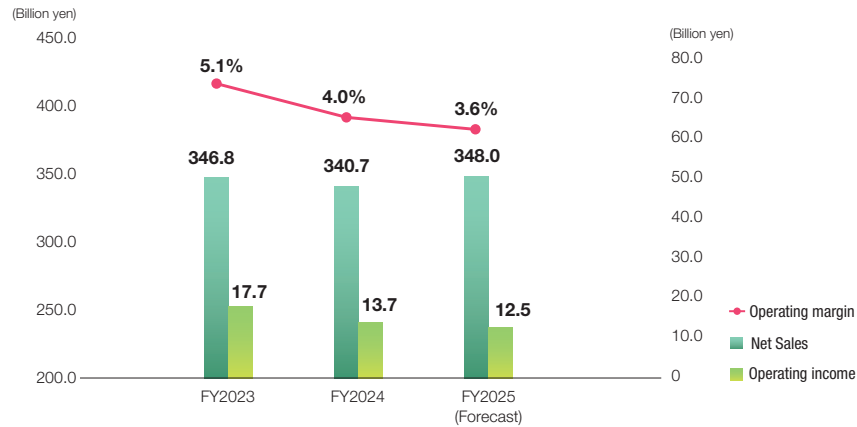
Strengthening the supply chain structure with a medium- to long-term vision

Our goal regarding products for Electric Hydraulic Brake systems is to expand sales to major brake suppliers and double our market share by FY2030. In the field of EMB systems, where the market is projected to have even greater growth potential, we are working to accumulate technologies across divisions while providing tailored support for customer prototypes, with the aim of rapidly launching products that meet market needs. To achieve these goals and strengthen our business, we plan to establish a global supply chain structure that enables us to develop, prototype, and manufacture products worldwide.

Strengthening the Business Model

Bearing and others

Performance targets



Overview

By consolidating the bearings business, which was previously handled separately for automotive, industrial machinery, and aftermarket, and by maximizing the use of management resources, we are working to further expand the aftermarket business, flexibly respond to electrification needs, and shorten development times.

For the aftermarket, we are expanding inventories of our best-selling products and meeting a wide range of requests for immediate delivery via optimal allocation and increased production capacity through integrated OEM and aftermarket operations, external purchasing, and expanded production outsourcing. We also aim to transform from selling hardware only to adding software and services by expanding the equipment condition monitoring business for customers.

For industrial machinery OEM, we have classified the eight major industries as either expanding or maintaining categories * as well as setting our sights on new industries. For the expanding categories, we are boosting production capacity and promoting sales; for maintaining categories, we are improving costs and selling prices; and for challenge industries, our approach is based on market research to set target regions and customers. For automotive OEM, as a response to electrification, we are developing bearings adapted to needs that are at a higher level in EVs than conventional vehicles such as speed, low torque, and electrical corrosion resistance, leading to improved profit due to growing sales of high value-added new products.

*Expansion sectors: Machine tools, electric motors and generator, aerospace Maintenance sectors: Construction machinery, agricultural machinery, gearboxes, rolling stocks, wind turbine

Main products and services

Remote technical support services	NTN Portable Vibroscope	Technical training / maintenance tools		
Mining machinery	Metal industry equipment	Paper-making machinery	Food processing machinery	Cement equipment
Construction machinery	Agricultural machinery	Gearboxes	Aerospace	Machine tools
Wind turbine	Rolling stock	Automobiles	Electric motors and generator	

Strengthening the Business Model **Bearing and others**

Progress Update on “DRIVE NTN100” Final from Executive Officer



Experiencing the results of structural reform

In the bearing and others business, we have developed a competitive edge based on its responsiveness to major OEM customers. We have differentiated ourselves by earnestly facing exacting requirements for technical added value, quality, supply capacity, and price, and by responding accurately. However, due to intensifying price competition, it has become difficult to secure sufficient profitability.

We have a history of prioritizing orders above all and pursuing market share expansion. However, with CEO Eiichi Ukai’s appointment in 2021, we switched to fundamentally reviewing our existing mindset. With the recognition that securing appropriate profits is essential for sustainable business growth, internal mindset transformation has centered on frontline sales departments. Good results have begun to emerge in the first year of “DRIVE NTN100” Final.

Strengthening cost competitiveness is a challenge that NTN must always pursue as a manufacturer. Since prices are influenced by market conditions and competitive trends, they cannot be determined by us alone. On the other hand, cost reduction can be achieved through our efforts. This is an eternal theme for manufacturers and also the source of competitive edge. Currently, we are reforming our production in pursuit of overall optimization including existing supply chains. In addition to reducing work-in-process inventory, we will collaborate with highly competitive suppliers including those from China and India to achieve further cost reduction.

Do not underestimate emerging market manufacturers

What we should particularly watch from the perspective of price competition is the rise of emerging market manufacturers, led by China. Having been

Policy

- ① Expand aftermarket business
- ② Improve profits in bearing OEM business
- ③ Develop products for electrification and strengthen market competitiveness by reviewing application standards and design criteria
- ④ Enlarge service solutions

Main strategy

Expand aftermarket business

- **Strengthen supply capability**
 - Expand external purchasing and outsourcing
 - Optimal allocation and expansion of production capacity through integrated OEM and aftermarket operation
 - Expand inventories of popular products for the aftermarket
- **Strengthen engineering services**
 - Strengthen “bearing life cycle management” through integrated OEM and aftermarket operations
 - Expand sales by expert organization for engineering solutions
 - Expand service business such as bearing diagnosis and refurbishment

Improve profits in OEM business

- **Improve asset efficiency by reorganization of production bases in the Americas, Europe, China and Japan**
- **Drastic review on costs through production at optimal sites**
- **Price increases and reduction in unprofitable businesses**
- **Develop new products that meet market needs and introduce them to the market speedily**

■ **Bearing life cycle management**

“Resin Mold Insulated Bearing” for e-Axle

Strengthening the Business Model **Bearing and others**

stationed in China until March 2025, I felt firsthand how serious they are that “they can no longer be underestimated.” They have a strong will to challenge global brands including NTN head-on and make the world recognize their capabilities.

This corporate attitude reminds me of Japanese companies during the high economic growth period. We also moved desperately and with relentless determination to compete with Western companies. Now, they are filled with the same spirit as we had then, trying to do everything they can with all their might.

In a situation where emerging market manufacturers, as challengers, are catching up rapidly without stopping, there is only one path we should take: to continue chasing new horizons ourselves. We must now pursue new themes. If we remain complacent thinking that we can just keep on doing business as usual, it will only be a matter of time before they catch up. Rather than taking a defensive stance, we must run ahead with the determination to achieve our stated goals. As long as we continue to challenge ourselves, I am confident that we can stay out in front and achieve further growth.

Expanding the aftermarket business

In our business operations, we have often prioritized servicing OEM and sometimes underprioritized aftermarket support. During times of peak OEM demand, the supply of aftermarket products has at times been delayed. For example, we allocate 70% to 80% of production capacity at our plant to OEM and the rest to the aftermarket as part of our efforts to optimize overall capacity. Even this kind of framework has been inadequate to date.

To overcome this situation, we are currently clarifying supply allocations for OEM and the

aftermarket, and establishing a system to supply necessary products to sales departments focusing on the aftermarket in a stable manner. This enables us to respond quickly to orders that were previously lost due to supply delays, maximizing sales opportunities. This is one of the aims of changing the organization to a product-based structure.

While aftermarket inventory levels have been steadily improved, what is truly important is not securing inventory itself, but utilizing it to grow aftermarket sales and generate profits. Particularly for popular standard products, we have built a system capable of immediate delivery, contributing to improved customer satisfaction and profitability.

After establishing a supply system for finished products, the next challenge is appropriate holding of work-in-process. For products where long lead times were barriers despite predictable demand and profits, we will build a system that responds to diverse customer needs by strategically holding work-in-process to shorten the lead time from inquiry to delivery, leading to higher sales.

Achieve differentiation through enhanced engineering services

Regarding bearings, we have emphasized engineering support and troubleshooting for industrial machinery in general. Particularly in OEM support, we have built a system to provide detailed customer support from the development stage, carefully listen to needs, and appropriately deploys this internally to create optimal proposals. The sales engineering department plays the core role in this process.

For example, when some technical condition is requested for hydraulic equipment, we propose new added value that exceeds customer expectations

based on the know-how we have developed. We have achieved differentiation with our capacity to provide solutions that go beyond mere problem-solving, with the technical capabilities to commercialize them. We harness the know-how inherited from our predecessors and further developed to respond to diverse customer needs.

We are also strengthening our aftermarket sales through our know-how. Many customers have some kind of problem with the bearings used in their production equipment, and there are cases where they may be considering switching from other companies' bearings to our own. However, since bearings are key parts responsible for the rotation of machines, there is a risk that their production will stop in the event of a problem. That is why customers are cautious about switching bearings that were originally used in equipment and machinery. They strongly demand a prompt and accurate response in the event of a stoppage.










To meet such customer expectations, NTN is educating engineers at distributors and, when necessary, we as the manufacturer step forward to directly respond to high-difficulty problems. For customers, being unable to respond appropriately when machinery equipment trouble occurs is the greatest problem. Conversely, if we can respond with agility to such situations, it becomes a major competitive advantage. We will further strengthen this type of response and provide value to customers in both quality and speed of aftermarket engineering services.

Strengthening the Business Model Bearing and others

Optimal response to the customer's circumstances

Looking at the sales overview by industry of bearing and other business, there is generally a growth trend. First, for high-spec machine tools, we are strengthening our response to the market recovery and expect sales increases. For aerospace, robust demand continues after the pandemic. For railway rolling stock, we see continued sales expansion corresponding to strong demand recovery centered on the Chinese market. For construction machinery, which is our volume zone, although market recovery has been delayed, we expect demand to come back in the second half of this fiscal year. On the other hand, for wind power generation, the sales decline is expected to continue in the Chinese market, and for automotive, we anticipate weak sales in the Americas and Europe.

Sales overview by industry

	FY23 vs FY24 vs FY25(Forecast)		
 Construction machinery	↑	↑	Despite a sluggish market, sales will increase for certain customers
 Aerospace	↑↑	↑	Market conditions are firm, and our sales are expected to increase
 Agricultural machinery	↓↓	↓	Market conditions are subdued, and sales are expected to be sluggish
 Gear box	↓↓↓	↑↑	Market conditions show signs of recovery, demand recovery expected
 Rolling stock	↑↑	↑↑	Stable demand in Japan, increased sales to China
 Machine tool	↓	↑	Sales are expected to increase due to the market recovery trend
 Wind turbine	↓↓↓	↓↓	Sales in China expected to continue to decline
 Automobile	↓	↓	Sluggish sales in the Americas, Europe and China
 Aftermarket	→	↑↑	Inventory adjustment completed, sales will increase due to sales expansion measures, etc.

By region, bearings have a higher production ratio in Japan than CVJ & Axle, and we are moving forward with production reorganization. Building a system to flexibly respond to changes in market conditions and secure higher profits is an urgent task. For aftermarket, we will enhance the common inventory of popular

products while harnessing our distributor sales networks as we strive to expand sales.

The US market shows persistent demand for special bearing units in the food industry. To capture competitor market share, we will strengthen our inch-size lineup and stainless steel products with strong corrosion resistance. Since it is also a market with strong needs for bearing and equipment maintenance, we aim to achieve sales growth by offering solutions that leverage strengths such as sensing technology and the Condition Monitoring System.

Meanwhile, in Europe, price competition has intensified due to the economic downturn in Germany, which is a major market for industrial machinery, and we have begun reviewing our price strategy. In Europe, powerful rivals reign as market leaders. As an option to achieve overall business expansion under such harsh conditions, we are also considering a price strategy to flexibly adapt to market prices and increase market share.

As to China, we regard it as a supplier with strong technical competence. Since it already has excellent cost performance at this point, we are collaborating as partners to strengthen the cost competitiveness of our products. In sales, although it is a harsh market environment with the rise of local manufacturers, the need for high quality will increase in this huge and growing market, so we will respond appropriately.

For developing markets in India and ASEAN, we are strengthening initiatives toward sales growth such as expanding utilization of the common inventory of popular products and appropriate global price control. We also hope that India will become a parts supplier and we are seeking partners able to assure quality and meet our requirements.

Urgency is the top priority issue

This fiscal year, the second year of “DRIVE NTN100” Final, the business environment has changed significantly from the time the plan was formulated. A symbol of this is the US tariff issue. External factors such as exchange rates fluctuate daily, and the most important way to deal with such uncertainty is to act with urgency and speed.

The origin of my strong awareness of the importance of speed lies in my experiences during my assignment in China. Immediately after taking on the role, the economic outlook was unclear due to the impact of COVID-19, and I was cautiously trying to assess the situation. However, the situation deteriorated at a speed far faster than I could have imagined, and I keenly felt that acting with any delay leads to major risks.

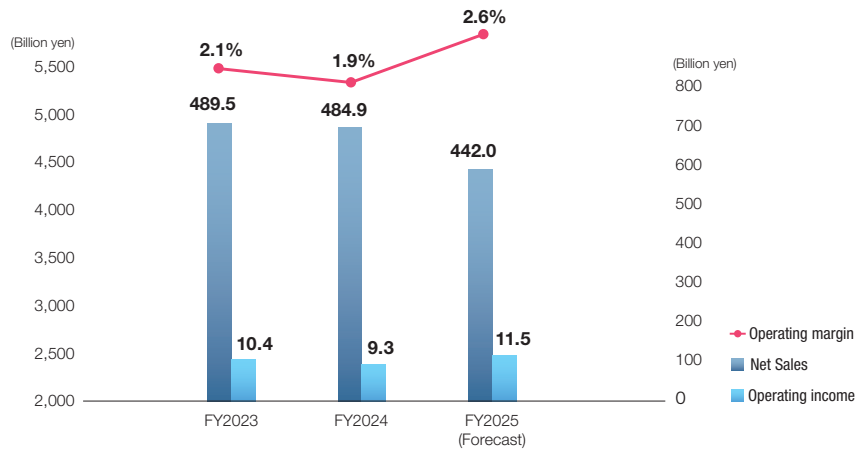
What I learned from this experience was the importance of always looking ahead and preparing multiple responses in advance. Asking myself “What if this situation occurs next?” and having options ready. Then, when the time comes, moving into action with immediate decision-making. Even if the first option does not work well, you can look to recover by trying the next option. Such speed of thinking and action is what is most necessary under rapidly changing conditions.

When considering a series of measures, I am always conscious of cost, which is an essential issue as a manufacturer. While technical response and inventory strategy are naturally important, during my assignment in China, I became convinced that cost competitiveness is an unavoidable challenge if we are to ultimately change the business landscape. Going forward, I intend to continue to work steadily to respond immediately to changes in the business environment with speed and urgency.

Strengthening the Business Model

CVJ & Axle bearing

Performance targets



Overview

With the ongoing shift toward electrification and EVs in the automobile market, there is growing demand for hub bearings and driveshafts that can help to extend the range of electric vehicles and offer strong control performance. These are flagship products of the CVJ & Axle bearing business.

As a specialist in power/drivetrain systems, NTN develops and supplies high-performance products that meet world-leading standards in low-friction performance, lightweight and compact properties, durability, and quietness, in response to rapidly growing needs for CASE (“Connected” cars, “Autonomous/Automated” driving, “Shared,” and “Electric”). By doing so, we contribute to the Earth’s environment by improving the fuel (or electrical) efficiency of vehicles, reducing CO₂ emissions.

We are also boosting supply to the aftermarket by expanding our line-up of products to include automotive aftermarket parts, with a focus on corner modules.

We will also strengthen our profit structure and build a lean business foundation by proportionately reducing costs through changes in design and procurement within the value chain, and by reducing fixed costs through production reorganization including consolidation or closure of factories in each region.

Main products and services

Hub bearings

Bearings that allow tires to rotate smoothly, and support the weight of the vehicle.



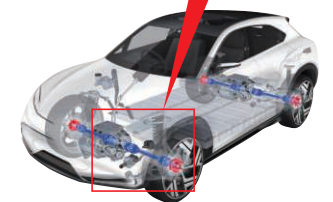
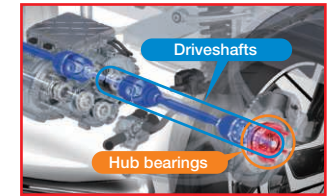
64% reduction in rotational friction
“Low Friction Hub Bearing V”

Driveshafts

Products that transmit the driving force of engines and motors to tires.



The world’s highest level of efficiency during transmitting torque
High Efficiency Fixed Type CVJ “CFJ”



Development of products with even lower friction

Low Friction Hub Bearing

Roller type (GEN3 HUR)

Driveshafts

Hub joint module

Compact Lightweight Rear Driveshaft R Series

High Efficiency Fixed Type CVJ “CFJ”

Shudderless Sliding Type CVJ “PTJ”

Fixed type CVJ

Sliding type CVJ

Executive Progress Update on “NTN DRIVE100” Final



Steady improvement in profit

One year has passed since the establishment of the CVJ & Axle Bearing Business HQ. While the former Automotive Business HQ had recorded losses for four consecutive years from FY2019, the new business headquarters achieved a turnaround to profitability in FY2023. Steady results are also emerging in FY2024, the first year of the new Medium-term Management Plan.

Through organizational restructuring, key metrics including the operating margin of CVJ & Axle Bearing Business HQ and inventory assets have been identified, and we have improved the transparency of metric management at the factory level. The transition to the business headquarters system has given us a more accurate picture of the overall state of the business, brought more visibility to business activities worldwide, and various reforms are gaining momentum.

One example of improvements is the optimization of the supply chain. This initiative requires comprehensive consideration that goes beyond simply selecting new suppliers with cost advantages. It includes customer quality management checks and obtaining approval for the establishment of a logistics network. As a result of establishing a team to take on supply chain optimization, tangible effects have begun to emerge, particularly in the North American market.

Another example of major improvement is the progress being made to pass through cost increases to pricing. Japanese corporate customers have shown understanding, given the context of public sentiment and government policy. We have also been able to gain the understanding of Western companies for price adjustments, by making evidence-based logical explanations over time, and as compensation for order volume reductions.

Policy

- ① Pass-on price and set selling prices appropriately
- ② Improve profit margin of existing projects by value chain reform
- ③ Ensure profits and return on investment expected when receiving new orders
- ④ Respond to EV market needs

Main strategy

Improve profits of OEM business

- Improve asset efficiency by reorganization of production bases in the Americas, Europe, China and Japan
- Improve unprofitable businesses and adjust prices in line with market conditions
- Deepen partnerships with customers based on problem-solving and proposal capabilities
- Procurement reform, design reform, and cost reduction by design not trapped in the conventional design concepts and reviewing materials
- Maximize profits by expanding external purchasing, and restructuring supply chain of parts and finished products
- Develop new products that meet market needs and bring them to market speedily

Expand aftermarket business

- Strengthen supply capability
 - Develop alternative products and outsource production
 - Expand product lineup through external purchasing
 - Enhance axle and CVJ-related kit products
- Relocate aftermarket headquarter functions to Europe and establish sales expansion system

Strengthening the Business Model CVJ & Axle bearing

These achievements certainly did not happen overnight. They are the result of persistent efforts by the sales division, which has maintained good relationships with customers for a long time, finally bearing fruit. Many customers now see our perspective, and by leveraging the systems we have built, we will achieve further profit improvement.

Bold approach to structural reform

Progress is ahead of schedule with structural reform. First, in the Americas, change has accelerated, starting with the closure of the Canadian factory. We are also restructuring across the Americas at a cost of 5.0 billion yen, for example closing the Brazil CVJ plant.

In Europe, we are proceeding with structural reform by investing 5.9 billion yen to close an axle plant in Germany and restructure CVJ plants in France and Germany, transferring some production capacity to Eastern Europe. In China, where Japanese manufacturers are struggling, we are also restructuring our axle plants and reducing fixed assets at CVJ plants.

Going forward, we will accelerate restructuring for optimal production to match the market characteristics of each region. While moderate growth is expected for the overall automotive market, we need to accurately respond to regional differences, such as the weak demand seen in Japan and Europe. We have already outlined a global restructuring plan for the CVJ & Axle bearing business and will now gain speed in the execution phase.

Positive impacts of business restructuring on OEM and aftermarket

Regarding the impacts of business restructuring on OEM, we will identify issues by establishing a system

integrating sales, technology, and production, and through centralized and transparent metric management. For example, in Japan, the issue of an aging workforce has emerged, making it necessary to advance labor-saving methods in factories along with rapid restructuring of production.

As to the automotive aftermarket, we are spreading our wings globally by transferring head office functions to the European region, which accounts for 65% of sales, and utilizing locally-developed know-how.

Progress so far has been smooth. To expand our lineup to include suspension components in addition to CVJs and axles as target products, we made a capital investment in La Tunisie Mecanique S.A. (LTM), which manufactures automotive shock absorbers in Tunisia. This has added shock absorbers, which are closely related to our corner module products such as driveshafts and axle bearings, to our lineup, leading to improved brand value for NTN in drivetrain and chassis systems.



Shock absorbers



LTM (Tunis, Tunisia)

We have set a target to increase the overall aftermarket sales ratio to 40% of the total by 2035. To achieve this, we plan to utilize know-how developed in Europe at sales companies in other regions. We have also dispatched automotive aftermarket personnel from Japan to Europe who provide support utilizing existing networks and sales tools. We plan to harvest the fruits of these endeavors starting this fiscal year.

Better profitability in a challenging business environment

Significant sales growth is not anticipated for the CVJ & Axle Bearing business in FY2025. The reasons are that vehicle production volumes are forecast to decline slightly worldwide and Japanese carmakers, which account for a high proportion of our sales, are expected to struggle. Falling sales are also expected in the Americas and Europe. Trade tariffs are a contributing factor.

Under these circumstances, while we expect lower revenues, we plan to improve profitability and increased profits. Our structural reform and steadily progressing production, design, and procurement reforms are beginning to bear fruit, and we feel confident about earnings improvement.

By region, while vehicle production volumes in China are trending upward, the rise of local carmakers means the prominence of Japanese carmakers is in relative decline. Therefore, we have changed our approach and are promoting value chain transformation in China. Specifically, we look at China as a production base and we aim to strengthen cost competitiveness by expanding parts procurement from local sources in China.

In the Indian market, where growth is anticipated, we are establishing a network for increased production.

Strengthening the Business Model **CVJ & Axle bearing**

We have already deployed technical personnel and are strengthening customer service for local manufacturers with the help of local staff. Additionally, we have begun establishing a platform for upgraded R&D functions, bringing in testing equipment. We plan to start testing next year. By enhancing our structure in the Indian market, we are setting the conditions to be able to deliver value to customers at pace. We are also focusing on India's potential as a procurement base, developing new suppliers while assessing quality and other factors.

Promoting initiatives to improve profits

As we seek improved profitability, we have organized "task teams" to address issues that had not been adequately dealt with before. We are working on topics such as reducing setup changeover times in factories and automating parts manufacturing and creating systems to enhance process transparency and problem-solving. We have also assembled a team with members from various departments to look at inventory asset reduction as a priority activity. Even though our sales are expected to decline in FY2025, our intention is to achieve a year-on-year profit increase through these initiatives.

Market conditions remain opaque and particularly close attention must be paid to US tariff movements. Under such circumstances, we will strengthen ourselves through structural reform, boosting our resilience to the external environments, and secure profitability.

Furthermore, we are accelerating toward 2035, aiming to become a leading manufacturer in power/drivetrain systems with superb problem-solving capability, proposal capability, and speed of response. CVJ is a key component in power/drivetrain systems,

and its importance remains unchanged even in EVs. To respond to EV market needs, we will develop technologies that surpass our competitors with high efficiency and compact lightweight design, while differentiating ourselves by our ability to offer rapid and accurate solutions and technical response capabilities to meet customer concerns.

By consolidating CVJ and axles into one business division, moreover, synergy effects have begun to emerge. CVJ and axles are fundamentally different components, and previously there was insufficient interaction between their respective departments. Now, as a result of integrating them into one business headquarters, the direction of travel is consistent, including development, and a host of initiatives is underway.

What will be most required by markets in future is technology combining CVJ and axles premised on electrification. We have formed a development team and are setting the foundations to become a leading manufacturer in power/drivetrain system. By building this organization, communication has revitalized and new initiatives have emerged. Development of a new mechanism combining CVJ and axles is underway. We plan to offer a new mechanism that can achieve clear differentiation in the market within the next 2-3 years.

Starting initiatives looking beyond 2027

In future developments, we will accelerate the turnaround to profitability in the automotive business after four consecutive years in the red to FY2023. The driving force for this is the structural reform and production, design and procurement reforms that we have tackled as a unified organization. What will also be necessary to further this series of reforms is problem-solving capability and speed.

Regarding the automotive market, sales negotiations have already been substantially completed for the next two years, so now the focus is on 2027 and beyond. The overarching theme in new negotiations will be sustainably securing profitability.

To this end, the mindset of each individual employee must change. Some employees may have questions such as, "We have worked hard, and the operating margin has increased. Despite this, must we still work on improving profit?" However, what is necessary is continuous profit creation, and the current situation is that our financial structure remains less than solid. We are being open about these challenges with employees, and we are determined to thoroughly implement structural reform.

NTN is sharing such messages with employees not only domestically in Japan but also at our overseas locations through town hall meetings. We shall unify the mindset globally to ensure our progress toward reforms and growth looking beyond 2027.



Town hall meeting

CTO Message



Accelerating product development through concurrent engineering, with results emerging in new business areas

Executive Officer, CTO (Chief Technology Officer)

Yoshiyasu Nakano

Promoting development with clear KPIs

With the start of the new Medium-term Management Plan “DRIVE NTN100” Final, we set a target of 20% for the global sales ratio of improved products and new business products by FY2029 as a KPI (Key Performance Indicator) of research and technology development. If improved and new business products account for 20% of annual sales, NTN will be seen to be maintaining a healthy product development cycle. To achieve this target, it is necessary to lift the completion rate of development themes and the commercialization rate of products (developed and reaching the mass market). Therefore, we shall manage these indicators as sub-KPIs to achieve the above target.

For bearing-related existing businesses, the improved product that we most focus currently is the “HA-C bearing.” This bearing achieves the highest level of load capacity thanks to a special heat treatment technology that enables downsizing and lightning of bearings. The bearing was well received at last year’s exhibition. Since many customers requested samples, we established a cross-functional working team to refine the product with the aim of early prototyping in preparation for mass production. We started providing prototypes from April 2025 and a publicity

campaign is underway mainly to carmakers and Tier 1 manufacturers.

An example of something that led to a major achievement - the completion of development and launch of mass production - is the “Resin Mold Insulated Bearing” being applied to e-Axle, a driving source of EVs. When the current driving the e-Axle passes through the bearing, electrical pitting can be occurred, in some cases damaging the bearing raceway surface and leading to vibration and abnormal noise. Typically, ceramic balls as insulators are incorporated inside the bearing to counteract electrical pitting. However, our new product forms a insulation resin layer on the outer diameter surface and side surface of the bearing outer ring, insulating the bearing at lower cost than conventional products. It has already been adopted in mass-production vehicle models by overseas carmakers, and production has started.

To deliver improved products to customers of existing bearings and constant velocity joints as early as possible, a concurrent structure where manufacturing (including quality), sales, and technology work together from the development stage is important. We will shift from technology-biased development to accelerate the process from development to mass production. This will improve our commercialization rate.

New business development in the six target fields

These are the six new business areas that we have been working on since the previous Medium-term Management Plan (“DRIVE NTN100” Phase 2) and with the exception of a part of businesses, the seeds of commercialization are developing.

First, we are promoting sales of “ball screw units for mobility” as mobility modules. Demand for electric hydraulic brakes is expanding rapidly due to electrification of the vehicle, and demand is expected to grow further in the future amid the transition to electric mechanical brakes. NTN started producing ball screw units for electric hydraulic brakes in 2012, and currently delivers approximately 1 million units per year. Recently, inquiries from Europe have also increased, and we are responding in partnership with our European research and development center, NTN Europe S.A. With further advances in BEV technology, development of highly responsive hydraulic piping-free electric mechanical brakes is expected to accelerate, and the number of ball screw units used will also increase (up to four units per vehicle). Therefore, we are paying attention to market trends and developing advanced technology. Moreover, in the motorcycle market, mechanisms using ball screws are drawing attention for promoting fuel efficiency, and we are growing sales across the entire mobility field.

In robot-related modules, the wrist joint module “i-WRIST” is drawing attention for its use in automating appearance inspections of automotive die-cast parts. The aim is to automate the appearance inspection process, which currently relies on manual labor, by harnessing the wide range of motion and rapid movement of i-WRIST. We are also incorporating image processing technology and aiming to provide it as a system.

Regarding renewable energy, the Transportable Independent Power Supply N³ N-CUBE, which we have been selling for some time, is attracting attention due to the nationwide increase in disaster prevention awareness following last year’s Noto Peninsula earthquake. We dispatched one unit of the N3 N-CUBE to the disaster-

CTO Message

affected areas of the Noto Peninsula for emergency support. Another unit was mobilized in pilot tests using disaster scenarios based on guidelines for disaster prevention roadside stations selected by the Ministry of Land, Infrastructure, Transport and Tourism. The equipment was well received by the agencies and local governments. The N³ N-CUBE can generate and store power using renewable energy, and it can power air conditioning and mobile phone charging. It can also be equipped with options such as a recirculating flush toilet with treatment tank, which is garnering good reviews. Its potential application is being considered not only during disasters but also in daily life.

In the field of life sciences, the “Microscopic Coating Applicator” is being provided in the research field as a new bioprinting method, harnessing its ability to apply highly viscous liquid in ultra-small amounts with high

speed and precision. It has been adopted for antibody coating applications in high-sensitivity antigen test kits being developed by Hamamatsu University School of Medicine using electron microscopes. Since it is able to detect multiple infectious diseases in a single test, it is expected to lead not only to higher sensitivity of antigen testing but also to faster diagnosis and reduced burden on patients. We are accelerating development to advance to the clinical trial stage and demonstrate the effectiveness of the test kit as soon as possible.

In services and solutions, “Talking Bearings” have been in development for some time. We previously developed and marketed these bearings with a 70mm inner diameter, but after further miniaturization we will be offering the same functions with bearings of 40mm inner diameter. Additionally, we are working on machine tool condition monitoring by incorporating the sensing, power

generating and wireless transmission technologies developed for Talking Bearings into spacers for machine tool bearings.

Finally, we have been advancing commercialization marketing initiatives, with a particular focus on hydrogen as a next-generation energy source. Although development of new products has progressed in some areas, we have not yet found applications or technology directions that will serve as pillars of commercialization. While continuing this marketing, we are working to pioneer new areas of business through IP landscaping.

Challenges in achieving an aftermarket sales ratio of 40%

NTN has set a target of increasing the aftermarket sales ratio to 40% of the total by FY2035. To achieve this, we believe it is necessary to build a bearings lifecycle management (LCM) system. The challenges in technology research are abnormality detection and predictive maintenance utilizing sensing technology, and proposals for planned equipment maintenance. These technology developments will contribute to improved equipment utilization and optimized maintenance costs. We are creating a system to deliver high value-added solutions, and we are looking to collaborate with external partners.

Our company’s strength lies in our history of bearings manufacturing stretching back more than 100 years and the vast accumulation of data gained as a result. We already have a deep trove of bearings damage data, and by training generative AI on this data, we believe we can help to shorten maintenance time by more rapidly diagnosing causes and countermeasures based on past cases of damage. We will work on building a bearings damage analysis system, further developing our solutions business for customers.

Next-generation mobility module
 “Strengthen core technologies and products” and “Develop businesses in new areas” from perspectives of CO₂ environmental regulation and mobility

Core
New areas

Robot-related module
 Contribute to automation, labor saving, and productivity improvement in manufacturing industry from perspectives of declining working populations and robot collaboration

Incorporate functions of AI and sensing

Renewable energy-related
 Contribute to create a society where people can live safely and with peace of mind through independent power source technologies utilizing renewable energy power generation and storage

Independent power supply / power generation / storage / monitoring (safety)

Life science-related
 Develop next-generation products for drug discovery and diagnostic chips based on the core technology of microscopic coating
 Contribute to enriching people’s lives

NTN Microscopic Coating Applicator Develop 3D cell chip Develop test kit

Service / solution
 Towards business providing service that leads to sales of products
 Transformation into a new business format

AI analysis CMS Bearing-related applications

Robot Machine tools Wind turbines Bearing with sensor Monitoring

Hydrogen-related
 Develop hydrogen-related products to help achieve carbon neutrality
 Gain rapidly growing market due to transition to hydrogen society

Technology for metal, heat treatment, resin material and lubrication

- Hydrogen penetration
- Corrosion resistance
- Wear resistance
- Low temperature lubrication
- Low cost
- Lightweight

Strengthening Competitiveness in a Changing Business Environment: Procurement, Production, and Logistics Reforms

As outlined in our Medium-term Management Plan, we are advancing a comprehensive reform of the entire value chain to expand our Aftermarket Business and strengthen the competitiveness of our OEM Business. In supply chain areas such as procurement, production, and logistics, we are accelerating responses to changes in the business environment and initiatives that transcend internal and external frameworks.



1 Procurement initiatives | dual source procurement

To ensure that supply of products remains steady—even in the face of natural disasters, conflicts, or fluctuations in exchange rates and tariffs—we are advancing initiatives for dual source procurement: a supply chain strategy in which components and materials are sourced from multiple suppliers. Implementing this approach requires prior approval from our customers. We communicate to customers that we can maintain the same level of quality even after switching from traditional to new suppliers. With their consent, we work to build a supply chain capable of flexibly responding to a variety of risks.

2 Production initiatives | pursuing overall optimization of the supply chain

We are implementing production reforms to eliminate the three Ms that occur in manufacturing—*muri* (overburden), *muda* (waste), and *mura* (unevenness)—not only within individual production sites, but also across sites and in relationships with suppliers, with the goal of producing only what is needed, in the necessary quantities, at the necessary times.

For example, in the production of ball bearings—where processing progresses from one of our group companies to a supplier and then to our company—there have been instances where inventory at the supplier either accumulated or ran short due to a gap between the order volume placed by our company with the group company (based on informal information provided by the customer) and the order volume placed with the supplier (confirmed order volume). To address this issue, we established a system in which the three parties closely share information on orders placed with the supplier, while the group company maintains its own inventory. As a result, we successfully optimized the supplier’s inventory level.



Advancing system building together with group company and supplier

3 Logistics initiatives | reviewing the role of each delivery service and redesigning the logistics network

In Japan, we are undertaking logistics reforms to enhance cost competitiveness while ensuring stable product supplies. In FY2024, we conducted surveys on goods movements and volume, the spatial relationships between plants and distribution centers, transportation and delivery processes, and truck loading rates, in order to identify issues. Then, we calculated the cost reduction impact of reforms for each specific issue. Based on the results of these calculations, going forward, we will review the role of each delivery service, streamline routes, consolidate and integrate warehouses to improve truck loading rates.

Under the revised Act on Advancement of Integration and Streamlining of Distribution Business implemented in April 2025 in Japan, we qualify as a specified business operator—due to the scale of our logistics operations—and are therefore required to submit medium- and long-term plans for improving logistics efficiency to the government. We will actively work to comply with the revised legislation while simultaneously striving to reduce logistics burdens and improve efficiency.

Logistics network	<ul style="list-style-type: none"> Warehouse consolidation and integration Optimization of semi-finished product logistics (installation of collection and distribution hubs, etc.)
Transportation and delivery	<ul style="list-style-type: none"> Course reorganization and streamlining Redesigning the role of each delivery service
Logistics administration	<ul style="list-style-type: none"> Visualization of logistics load PDCA-based management Centralized logistics management in Japan

Truck loading rates are generally lower for local delivery with short-distance transportation than main line with long-distance transportation. We will work with logistics companies to reduce the logistics burden and improve loading rates by redesigning the logistics network, while ensuring transportation lead times are maintained.

Strengthening “Earning Power” through Digital Technology Utilization - Accelerating DX

As a key measure of the Medium-term Management Plan, we have set forth “Generate Profits Utilizing Digital Technology” and are advancing the use of digital technology in all departments. In FY2024, under the leadership of the ICT Strategy Dept., we formulated the “NTN Global ICT Strategy” (target period: FY2024 to FY2029) and are strengthening our “earning power” through the utilization of cutting-edge technology.

Formulating the “NTN Global ICT Strategy” and promoting measures

For DX, we have completely reconstructed our aging core systems with a new information infrastructure and completely eliminated legacy systems that had been used for many years. We integrated and standardized business processes and systems that were previously fragmented, enabling the use of timely, highly accurate, and consistently detailed data using the same system.

In FY2024, we formulated the “NTN Global ICT Strategy” and are promoting eight priority DX measures based on the new information infrastructure. We are utilizing cutting-edge digital technology not only domestically but also globally to accelerate DX, including improving operational efficiency, reducing costs, enhancing operational accuracy, and enabling swift and precise decision-making.

■ Eight priority DX measures

Objective : Strengthening “earning power” through safe and secure utilization of cutting-edge digital technology

- ① Expand core system functions
- ② Regularly update core system
- ③ Promote data-driven management
- ④ Improve efficiency with AI
- ⑤ Deploy security measures globally
- ⑥ Expand security coverage
- ⑦ Develop digital human resources
- ⑧ Reduce ICT operation and maintenance costs

Main initiatives

The ICT Strategy Dept. formulates DX measures and implements them in collaboration with various departments including sales, R&D, and production. The ICT Strategy Dept. monitors the implementation status of each measure and regularly reports to management on progress regarding the Medium-term Management Plan.

Sales and administration

Leveraging the results of massive data analysis to improve operational efficiency

- Integrate core systems globally
- Promote data-driven management
- Improve efficiency of prediction, search, and documentation using AI



Visualize inventory of aftermarket products using Power BI

R&D

Achieving development efficiency and service sophistication through AI and IoT utilization

- Shorten development periods significantly through analysis systems using AI
- Expand abnormality detection services and condition monitoring through sensors

Production and procurement

Achieving productivity improvement through “visualization”

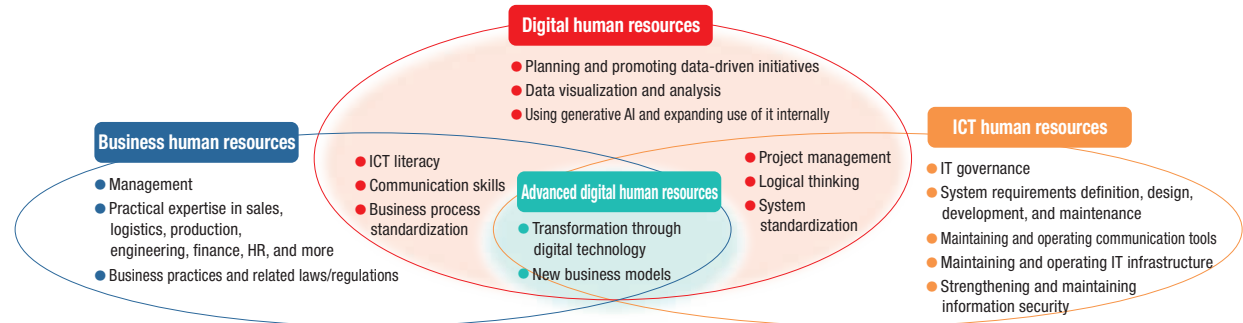
- Achieve automation and labor saving in line work by expanding smart factory
- Improve productivity through smart device utilization
- Integrate with supplier systems



At Wakayama Works, automation of production planning, lead time reduction, and inventory reduction have been achieved

Develop digital human resources

“People” are the key to utilizing digital technology, and developing digital human resources within the company is an important challenge. We are promoting the development of “digital human resources,” who possess skills in both “business human resources” and “ICT human resources,” and “advanced digital human resources” who possess more advanced skills. The ICT Strategy Dept., CAE R&D Center, Production Engineering HQ., Advanced Technology R&D Center, and other departments have traditionally provided trainings in digital technology, and in FY2025, we plan to establish a “digital human resources education system” that incorporates these trainings into the company-wide human resource development program.



Focus on developing “digital human resources” and “advanced digital human resources” who are well-versed in digital utilization such as data management and AI utilization

Message from Executive Officer in Charge of Sustainability

Enhancing our corporate value with a two-way approach, from both sustainability and financial strategy perspectives

Executive Officer

Tsuyoshi Kikuta



A “NAMERAKA Society” means reducing friction and conflict that arise in daily life

NTN Corporation established sales companies in Germany in 1962 and in the United States the following year, and set up manufacturing bases in both countries in 1971. Having pioneered overseas expansion ahead of other companies, we now generate just over 70% of our net sales from overseas markets. Against this background, many employees at our company have experienced overseas assignments for a long time, and many of my seniors and supervisors have also experienced overseas work, creating a workplace environment where overseas operations are familiar. I myself worked at our sales company in Chicago, USA for five years starting at age 29, while still relatively young. There, I found myself in the position of a foreigner (minority) within American society, learned the reality that “Japanese common sense is nonsense,” and understood that “being different is natural, and I cannot survive without accepting it.” I was able to learn many tangible and intangible things from viewing matters from various perspectives and angles, as well as from work, daily life, and travel, which greatly changed my outlook on life. What was particularly impressive was the difference in working styles - the sight of only Japanese employees’ cars remaining in the parking lot after 5 PM (though I don’t think this is unique to America) made me strongly aware of cultural differences.

Having had such experiences, the “NAMERAKA Society” that I envision encompasses not only Japan but the entire world. Our company operates globally, with a large number of people from diverse backgrounds. Even in daily life where diversity across countries with different histories and cultures is the norm, reducing obstacles and friction in matters, as well as the “uneasiness” and “concerns” in people’s hearts - that is the vision of a “NAMERAKA Society”

as I see it.

For our company, I believe it is important to share mindsets such as our corporate philosophy and the NTN SPIRIT in order to unite the hearts of our diverse employees.

Company-wide shared sustainability activities

Traditionally, customer criteria for supplier selection centered on elements such as “price,” “delivery time,” “quality,” and “technical support.” However, in recent years, our sustainability initiatives as suppliers have also come to be positioned as important evaluation criteria. In particular, the importance of evaluation indicators by third-party organizations regarding responses to climate change and human rights has been increasing, and these trends have come to be widely shared among management.

Until now, discussions about sustainability activities were mostly handled between the sustainability department and related departments, but now they are increasingly being shared among all Executive Officers. The discussed content is deployed to relevant regions and departments through Executive Officers and reflected in company-wide decision-making.

Key ESG management measures in the Medium-term Management Plan

In the Medium-term Management Plan “DRIVE NTN100” Final that started in FY2024, we have positioned “Evolution of ESG management” as one of the “Strategies to support transformation.”

E: Environment

Our company has set a target of reducing CO₂ emissions by more than 30% in FY2026 compared to FY2018, toward achieving carbon neutrality in

Message from Executive Officer in Charge of Sustainability

FY2035. The Carbon Neutrality Promotion Committee regularly follows up on the status of each site, and progress is currently proceeding smoothly.

Meanwhile, we are also undertaking initiatives linked to carbon neutrality from a financial perspective. This is called “Sustainability-Linked Loans,” financing that receives interest rate benefits according to the achievement status of carbon neutrality goals. We introduced this in 2023 and have already used this scheme for 12 deals totaling approximately 27 billion yen in borrowings, which has also led to the creation of economic value.

Furthermore, as demand for “lighter, more durable products” intensifies, we are focusing on developing and providing products that minimize energy loss to the utmost limit in diverse fields such as automobiles, aerospace, rolling stock, construction machinery, and wind power generation.

S: Social

One of the challenges facing companies, including ours, is the increase in employee turnover. While lifetime employment was once the norm, now that job changes have become common, I believe the engagement of employee is crucial for retaining valuable human resources. I consider it important for leaders of organizations both large and small to communicate their own thoughts and feelings and engage in sincere dialogue with employees. When I served as a department head, I made efforts to foster workplace unity by establishing opportunities twice a year to directly speak to and share with department members about company policies and the goals and strategies of my own department based on those policies.

In terms of recruitment, we partially introduced Initial Assignment Placement Guaranteed Hiring starting in 2024, as the traditional system where

assignment decisions are made after on-the-job training following entry had been affecting subsequent retention rates. We believe that enabling people to envision their career image before joining allows them to start working with higher motivation.

Currently, mid-career hires are increasing in many workplaces, and I feel that workplaces are increasingly being revitalized by the active participation of personnel with diverse backgrounds. Regarding the promotion of women to management positions, while there were few role models in the past, I feel that among female employees in their 30s and 40s, those who are positive about promotion to management positions have increased. Additionally, male employees taking childcare leave have steadily increased, and I feel that awareness of sharing housework and childcare has permeated. These changes represent a major step toward realizing a comfortable workplace environment and will lead to further advancement of women.

The contributions of these diverse human resources are the source of our competitiveness and form the foundation supporting sustainable growth.

G: Governance

At our company, Outside Directors serve as chairperson of the Board of Directors and as the three committee chairs of the Nominating Committee, Compensation Committee, and Audit Committee, enabling active discussions that incorporate external perspectives. Through this, we believe healthy oversight functions for management are exercised and governance functions effectively. On the other hand, we recognize that there is still room for improvement in governance at the business site level, and in 2023 we launched the “Domestic Affiliated Company Governance Strengthening Project” and are working on continuous improvement. Issues and risks identified

through operational audits, and other means are appropriately addressed by the Risk Management Committee, and necessary measures are implemented. Through this series of processes, our company strives to further strengthen our governance system and improve transparency.

The significance of concurrently serving in the Finance and Sustainability Departments

The most important thing for a company is to continue to exist. For this, a stable financial foundation is necessary, and if profit cannot be generated through business activities, sustainable activities cannot be promoted in the first place. Regarding the level of profit expected to our company, I can explain this clearly using indicators such as ROIC and ROE.

Meanwhile, I can also convey how sustainability activities through “Evolution of ESG management” contribute to business growth and enhancement of corporate value, incorporating specific examples.

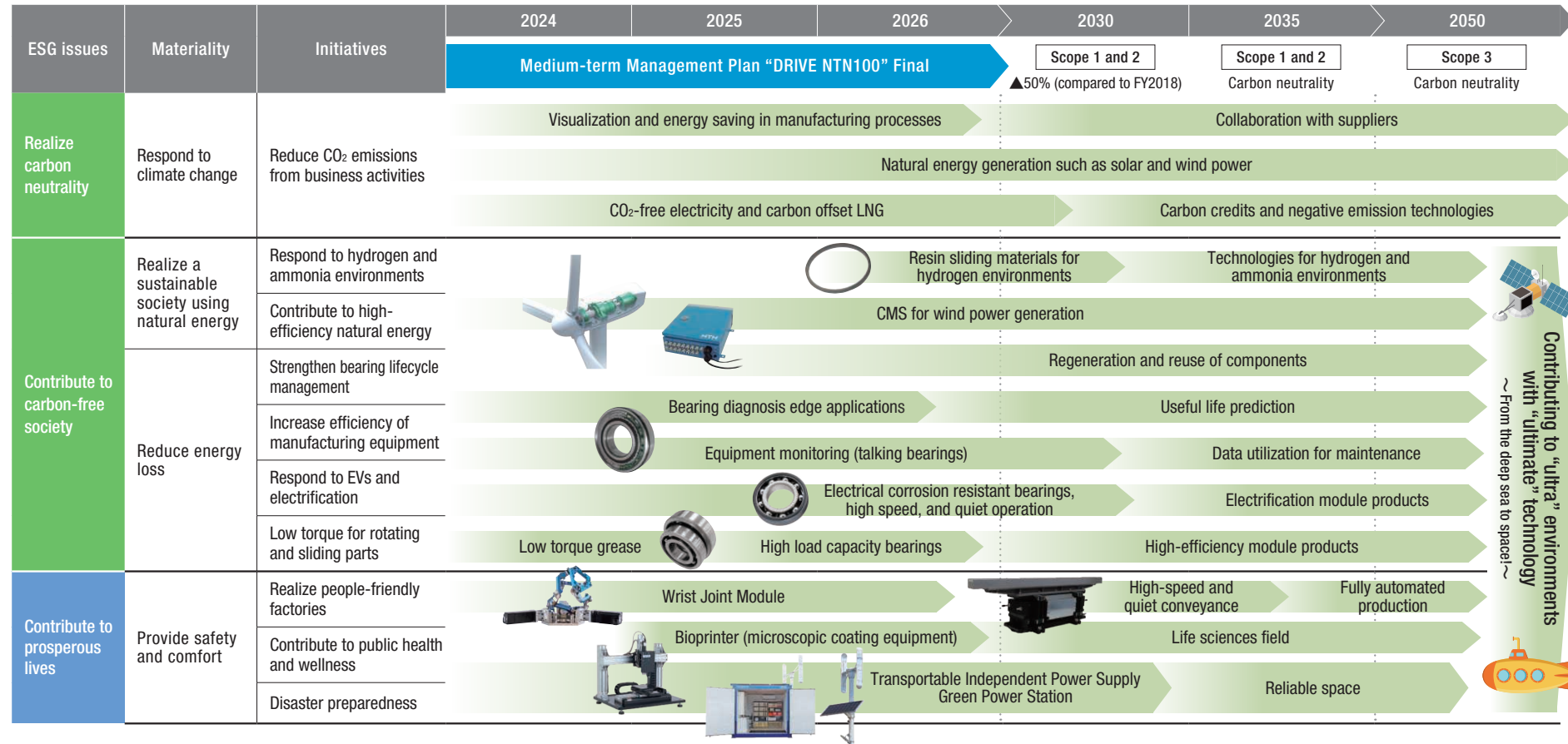
Ensuring that the creation of economic value through business activities and the creation of environmental and social value through sustainability activities are both essential for corporate development permeates throughout the company - this is my role and the significance of concurrently serving in two departments.

Our company is an enterprise with 100 years of history, but in looking toward the next 100 years, it is essential to transform into a robust corporate structure through the structural reforms we are currently advancing. I strongly wish to accomplish these reforms that each region is working on with determination and connect them to the next era.

Roadmap for Realizing a “NAMERAKA Society”

We have updated the roadmap for realizing a “NAMERAKA Society,” which represents the overall management picture for our Group to continue growing as a company that contributes to society. The new roadmap shows our initiatives to address materiality and the direction of product and technology development for the future.

Contribution to solving social issues toward the future we aim for



Foundation to support ESG management

ESG Issues	Environment / Environmental protection	Social / Sustainable supply chain	Social / Prosperous human development		Governance
Materiality	Resource recycling and pollution prevention	Improve the reliability of products and services (Quality assurance and stable supply)	Promote safety and health	Human resource development	Thorough compliance
		Procurement activities with an emphasis on environment and society	Respect for human rights	Promote diversity	Strengthen governance

Realization of a “NAMERAKA Society”

NTN's Goal of a Carbon-neutral Society

Environment-contributing product

Development of environment-contributing product

"We shall contribute to international society through creating new technologies and developing new products." Under this corporate philosophy, we are committed to environmentally-friendly manufacturing. We are especially focused on developing technologies that help to prevent global warming.

The components we manufacture, such as bearings and driveshafts, contribute to reducing environmental impact by improving the energy efficiency of vehicles and machinery. All of these are known as "environment-contributing products." Among them are products that are already widely used, as well as new products that achieve even better environmental performance as a result of our technologies.

NTN is also developing products that utilize renewable energy such as solar and wind power, helping to drive down CO₂ emissions.

We quantify the degree of environmental contribution of such products using our own standards. NTN will continue its pursuit of its corporate philosophy by developing and supplying higher-contributing products.

Evaluation of environment-contributing products

NTN compares and evaluates the environmental performance of current products using the performance levels of 1997 as a baseline. Environment-contributing products are classified into five grades from "S-eco" to "D-eco" according to their degree of environmental contribution, based on standards established for each product.

Classification	Grade	Definition
Environment-contributing product	● S-eco (Super eco)*	Products classified according to environmental factor standards specified for different products in line with global technology standards
	● A-eco (Advanced eco)	
	● B-eco (Brilliant eco)	
	● C-eco (Creative eco)	
	● D-eco (Diffused eco)	Products that help to reduce energy loss in finished products at the same performance level as that of around 1997

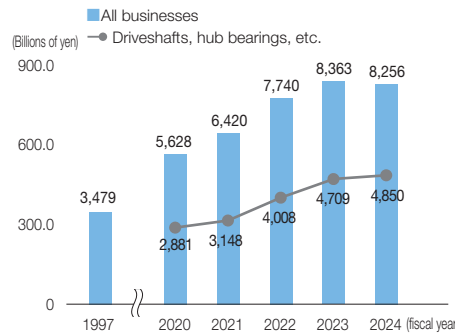
*Green energy products are S-eco grade

Achievements

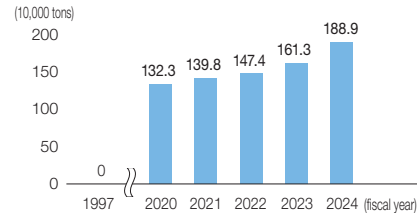
In fiscal year 2024, our flagship products including driveshafts (CVJs) and hub bearings, as well as green energy products, contributed to reducing approximately 1.89 million tons of CO₂. This demonstrates that the development of our environment-contributing products is achieving results.

Sales of products making a high environmental contribution in the S-eco to B-eco range grew to account for approximately 53.9% of total sales in FY2024.

Net sales

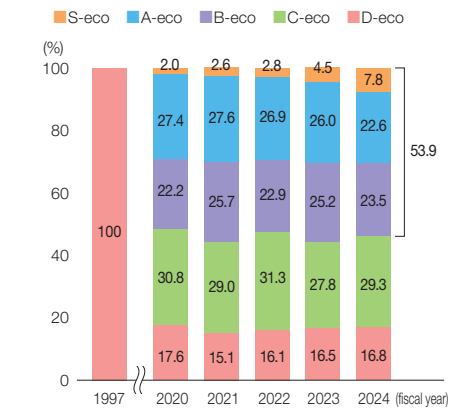


Contribution to CO₂ reduction*



Calculation Standard
Japan Auto Parts Industries Association (JAPIA) Life Cycle Inventory (LCI) calculation guideline (Consumer-use phase LCI calculation tool)
*Applicable to S to C-eco products

Trends in composition of environment-contributing products by grade (driveshafts, hub bearings, etc.)



NTN's Goal of a Carbon-neutral Society

Carbon neutrality

Response to climate change

The NTN Group is promoting carbon neutrality activities in response to climate change and has set the targets for reducing Scope 1 and 2 emissions by fiscal year 2030 and fiscal year 2035. To that end, we are promoting CO₂ emission reductions in our business activities. To advance CO₂ reduction in the supply chain (Scope 3), we established a new working group in fiscal year 2024 to first formulate and promote reduction measures domestically. We will strengthen collaboration with suppliers to promote activities toward "Achieving carbon neutrality by fiscal year 2050."

*Note: The Company calculates and reports only energy-derived carbon dioxide (CO₂) emissions among GHG emissions.

NTN's carbon neutrality targets

CO₂ emission reduction targets (Scope 1, 2)

- 50% reduction by FY2030 (compared to FY2018)
- Achieve carbon neutrality by FY2035

CO₂ emission reduction targets (Scope 3)

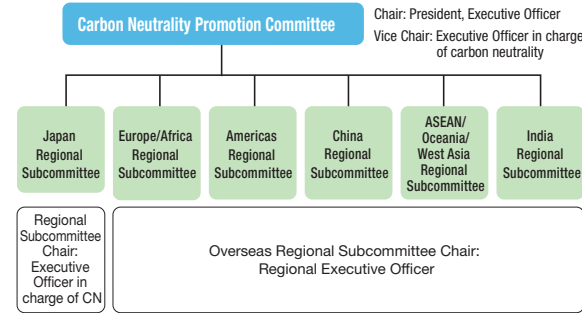
- Achieve carbon neutrality by FY2050

Governance structure for promoting carbon neutrality initiatives

To promote carbon neutrality activities throughout the NTN Group, we established the Carbon Neutrality Strategy Promotion Department in April 2023, and in July of the same year, we established a company-wide Carbon Neutrality Promotion Committee as well as regional subcommittees to create a global promotion structure. The Committee Chair is the Representative Executive Officer, and by holding committee meetings twice a year, connecting headquarters and locations worldwide online, we share best practices, deploy them globally, and promote mutual inspiration.

The regional subcommittees are chaired by the Executive Officers responsible for each region, and by holding regional subcommittee meetings four times a year, they examine measures and initiatives suited to the actual conditions of each region and report the results to the Carbon Neutrality Promotion Committee.

Carbon neutrality promotion system



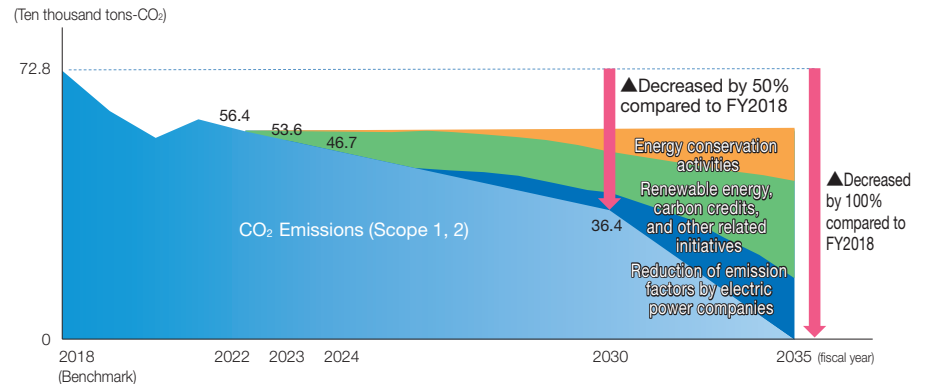
Carbon neutrality promotion committee



Progress management based on the carbon neutrality roadmap

The NTN Group has created carbon neutrality roadmaps as indicators for effectively advancing carbon neutrality activities. Based on these roadmaps, we closely follow the status of activities at each stage and manage progress toward our targets. The roadmaps are created by each region and each business site, showing specific measures and timelines in detail, and we are promoting initiatives toward achieving carbon neutrality with the entire company working as one.

NTN Global CO₂ emission reduction roadmap (By reduction activity)

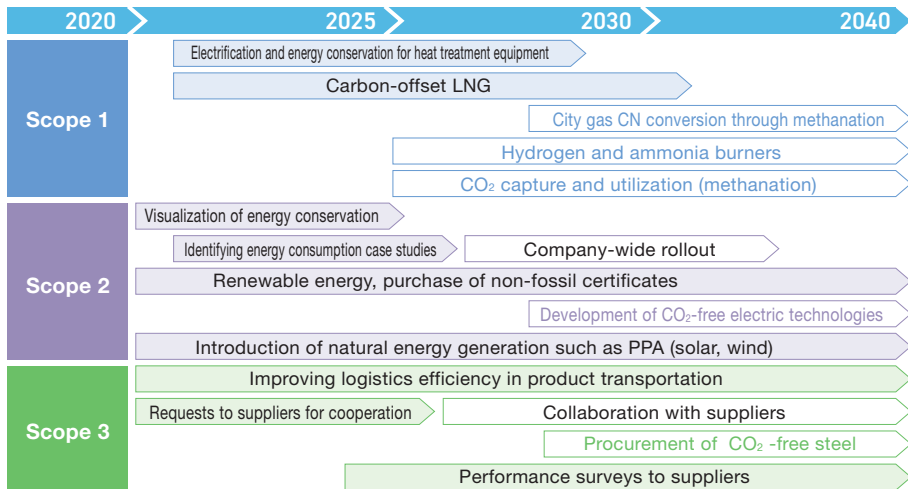


NTN's Goal of a Carbon-neutral Society

Reduction measures for each scope

This shows the overall picture of initiatives in each scope. We are promoting CO₂ emission reduction improvements within the company, such as electrification, energy conservation, and the introduction of renewable energy generation, while also working with external partners to accelerate these initiatives.

Promoting in-house initiatives while accelerating activities through collaboration with external parties



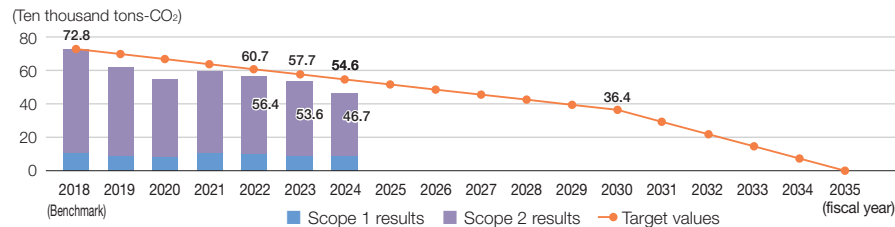
*Shaded items are in progress, and items shown in colored fonts are initiatives by external organizations

CO₂ emission results

The fiscal year 2024 results were Scope 1: 82,669 tons (domestic: 45,596 tons, overseas: 37,073 tons), Scope 2: 384,158 tons (domestic: 180,974 tons, overseas: 203,184 tons).

For Scope 2, domestic business sites are calculated using market-based emission factors, while overseas business sites are calculated using location-based emission factors.

CO₂ Emissions (Scope 1, Scope 2)

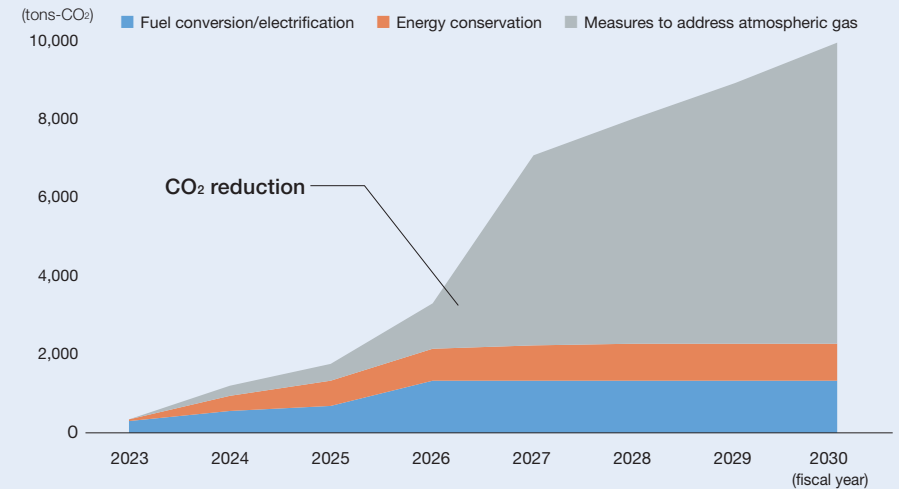


Scope 1

Energy-saving measures for heat treatment equipment

To reduce CO₂ emissions from heat treatment facilities, we are promoting three measures: fuel conversion and electrification, energy conservation, and atmospheric gas control. All newly introduced heat treatment furnaces since 2017 are electric furnaces. Additionally, high-efficiency insulation materials have been introduced to minimize heat loss from the outer walls of the heat treatment furnaces, thereby reducing fuel consumption. Furthermore, we are reducing CO₂ emissions through atmospheric gas countermeasures in furnaces dedicated to ordinary quenching.

Overall picture of initiatives for heat treatment equipment (Domestic)



In fiscal year 2024, we reduced 676 tons of CO₂ through energy conservation measures for heat treatment equipment. This corresponds to approximately 14% of the domestic Scope 1 reduction amount for fiscal year 2024.

NTN's Goal of a Carbon-neutral Society

Scope 2

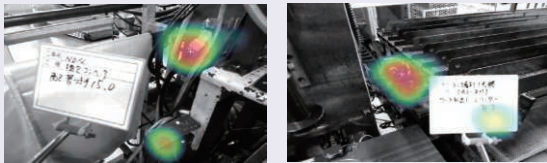
Energy reduction at production sites

To reduce CO₂ emissions within our company, we are advancing waste visualization and energy use reduction.

The results of energy-saving measures at domestic business sites are compiled into a database, and best practices are also deployed and shared with overseas business sites. Going forward, we will enable overseas business sites to also register in the database, promoting bidirectional information sharing.

Additionally, since fiscal year 2023, we have introduced internal carbon pricing as an investment decision indicator for new capital investments, promoting low-carbon management.

Energy reduction measures

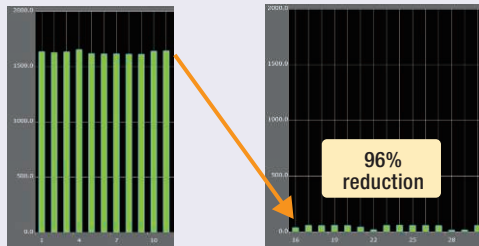


CO₂ reduction amount
17tons-CO₂/year
(Implementation targets:
275 locations)

A case where diagnostic equipment capable of visually detecting air leak locations was used to identify and repair the affected areas (Iwata)

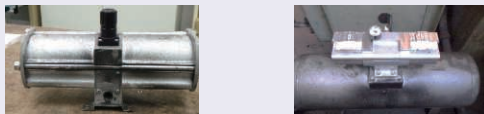
Air consumption before replacement

Air consumption after replacement



Booster tank before replacement

Booster tank after replacement



Example of installing air flow meters to visualize air usage by process, which revealed air leaks in pressurization tanks and enabled countermeasures to be taken (Kuwana)

CO₂ eduction amount
27tons-CO₂/year

Scope 3

Initiatives to improve calculation accuracy

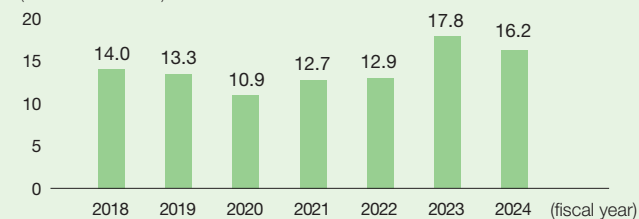
The NTN Group aims to achieve carbon neutrality, including supply chain emissions (Scope 3), by fiscal year 2050. To promote CO₂ reduction across the supply chain, we have newly established a working group responsible for planning and implementing reduction measures, and are actively advancing related initiatives. Among all Scope 3 categories, Category 1: "Purchased goods and services" accounts for the largest share of emissions. The majority of these emissions stem from the procurement of raw materials such as steel, and semi-finished products including forgings and machined components. Therefore, we first conducted an emission survey targeting steel manufacturers, taking into account differences in production methods. Moving forward, we will carry out similar surveys for suppliers of semi-finished products, revise the emission factors used, and globally promote activities aimed at accurately assessing and reducing emissions based on actual conditions.

Specific initiatives for collaboration with suppliers and logistics optimization

- **Procurement of CO₂-free steel materials**
 - Gathering information and promoting reviews
- **Requesting suppliers to work toward carbon neutrality**
 - Sharing the background behind our efforts to achieve carbon neutrality as well as our targets
 - Introducing examples of energy conservation practices
 - Planned regular surveys on CO₂ emissions data and the status of energy conservation initiatives
- **Enhancing efficiency during product transportation**
 - Reducing transportation distances by optimizing distribution routes
 - Enhancing loading efficiency by expanding the use of modular packaging
 - Reducing the number of containers by increasing loading ratio on export containers
 - Reuse and recycling (repair) of wooden pallets

CO₂ emissions in logistics (Domestic)

(Thousand tons-CO₂)



NTN's Goal of a Carbon-neutral Society

Topics; Bearings made with light and wind

Bearings made with light and wind is a product concept proposed in "A Proposal of Technology and Commodities which NTN Should Introduce to Preserve the Environment," which won the President Award in the 88th Anniversary Prize Essay contest with the theme of "The Environment" that was internally solicited in 2006. The concept states that "the electricity used in manufacturing these bearings will be supplied by natural energy such as wind power generation and solar power generation."

At that time, although it was a period when international interest in climate change issues were beginning to rise, with the Kyoto Protocol adopted in 1997 taking effect in 2005 and the movie "An Inconvenient Truth" being released in 2006, social awareness and demands for carbon neutrality were far lower than today. This advanced concept, advocated and evaluated within the company during such an era, has taken the form of our Group's carbon neutrality targets and continues to flow at the foundation of our activities today.

Specifically, we cover approximately 20% of all electricity purchased by domestic manufacturing sites (with some sites like the Wakayama Works at 100%) through electric companies' CO₂-free menus, while actively promoting the introduction of natural energy. In particular, we have begun direct purchasing of environmental value from wind power generation operators who have adopted our bearings and condition monitoring systems, bringing us one step closer to bearings made with light and wind.

Solar power

We are expanding on-site solar power generation within our own premises at domestic and overseas business sites, which also contributes to reducing electricity costs.

In Japan, we utilize PPA (third-party ownership model), and in fiscal year 2024, we installed a total of approximately 3,400kW of solar panels on factory rooftops at Wakayama Works, Kuwana Works, Iwata Works, and Engineering Plastics Works.

Overseas, we select installation methods according to the circumstances of each country, and in fiscal year 2024, we introduced approximately 7,200kW of equipment in Thailand using a self-ownership model utilizing tax incentives.

Going forward, we will also consider utilizing off-site PPA while monitoring trends in new technologies such as perovskite solar cells.

On-site solar PPA (Wakayama Works)



Wakayama Works (October 2024~)

Self-investment utilizing tax incentives



Solar panel system installation ceremony at Thai manufacturing site (August 2024)

Wind power

On May 7, 2025, our company signed its first wind power virtual PPA (a contract to directly purchase only the environmental value based on the amount of electricity generated) with Cosmo Eco Power Co., Ltd.

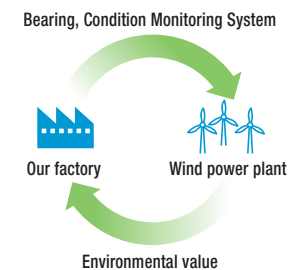
Through this PPA, we will receive approximately 10 million kWh worth of environmental value (non-fossil certificates) annually over the next 16 years, which is expected to reduce CO₂ emissions by approximately 4,200 tons per year.

The wind turbines at the Chuki Wind Farm, which are covered by this agreement, are equipped with our bearings as well as our CMS (Condition Monitoring System) "Wind Doctor," which is used for monitoring operational status and conducting preventive inspections. The environmental value generated at this site will be utilized in the manufacturing and service operations of these products, forming a cycle in which the benefits are ultimately delivered to our customers.

Wind virtual PPA (Chuki Wind Farm)



Wind value cycle



Please see the NTN Group sustainability website for information aligned with the TCFD (Task Force on Climate-related Financial Disclosures).

<https://www.ntnglobal.com/en/csr/tcfd.html>



Please see the NTN Group sustainability website for specific initiatives related to our response to climate change.

<https://www.ntnglobal.com/en/csr/idea/carbon-neutrality.html>

Other Environmental Initiatives

Water resource management

Basic approach

The NTN Group recognizes water resource conservation as an important issue and aims for sustainable water resource management. We have introduced the latest water-saving technologies and strive for efficient water use. We also strictly manage the quality of wastewater to minimize environmental impact. We promote water resource conservation activities in cooperation with local communities and prevent wasteful use by properly managing water intake volumes. Furthermore, we are advancing the efficiency of wastewater treatment facilities, reducing wastewater discharge, and actively utilizing reusable water resources to reduce overall water consumption. Through these initiatives, we will realize sustainable water resource management and contribute to environmental conservation.

Water stress analysis and Sustainable water resource management

The NTN Group conducts water stress analysis using the Aqueduct, a tool provided by the World Resources Institute (WRI), and utilizes it for managing water risks such as water resource depletion. Through this approach, we understand future water stress conditions and promote sustainable water resource management. We also regularly evaluate water stress conditions to identify high-risk business sites.

We recognize India as a region with high water risk, and are implementing the following specific actions:

- Introducing efficient water utilization technologies and establishing recycling systems to reduce water consumption.
- Cooperating with local communities to jointly implement water resource protection activities.
- Regularly monitoring water stress conditions and reviewing countermeasures, as necessary.

We will continue to predict and evaluate water risks and work to reduce business continuity risks.



Dual-layer filtration water treatment facility tank and reverse osmosis (RO) water treatment facility (NNMI, India)

Preserving biodiversity

Basic approach

The NTN Group regards biodiversity conservation as an important issue. We are working in cooperation with local residents and NPOs (Non-Profit Organizations) to advance initiatives toward realizing a sustainable society. Specifically, we conduct forest conservation activities such as thinning and planting. We are also working actively on activities to preserve biodiversity, including protecting endangered species in the vicinity of each business site, and maintaining natural parks. Through these activities, we contribute to local communities and environmental conservation.

Impact of business activities on biodiversity

The NTN Group has established a foundation for assessing the impact on biodiversity and implementing appropriate conservation measures. We used the WWF (World Wildlife Fund) Biodiversity Risk Filter to evaluate the impact of our domestic and overseas production sites. As a result, we confirmed that there are indicators evaluated as “very high risk” among Physical Risks (risks caused by changes in the natural environment, such as ecosystem degradation and species decline). Specifically, 24 business sites fall under “pollution,” 1 business site falls under “water availability.” On the other hand, regarding Reputational Risks (risks that activities that adversely affect biodiversity pose to corporate reputation), and there were no indicators evaluated as “very high risk.”

Based on these evaluation results, we are implementing measures such as forest management, habitat conservation, air emissions/wastewater/waste management, and species protection, but many challenges still remain. Going forward, based on the clarified risk situation, we will formulate specific response plans according to anticipated risks and opportunities, and gradually strengthen our initiatives.



Planting Mangroves in Thailand (NMT)

Related information on the website

For detailed information on our initiatives, please refer to our sustainability website. We provide information including specific examples and data.

Resource Recycling and Pollution Prevention 

Preserving Biodiversity 

Message from Executive Officer in Charge of Human Resources

Striving to secure and develop human resources and foster organizational culture based on the NTN SPIRIT

Executive Officer

Yasuhiro Kawabata



Through the practice of human capital management, our Group believes that fostering an organizational culture that works to resolve various societal issues, boost economic value as well as environmental and social value, and developing a diverse and motivated workforce, will lead to “Prosperous human development.” This is also positioned as a key measure of ESG management in the Medium-term Management Plan “DRIVE NTN100” Final, focusing on two pillars: “securing and developing human resources” and “fostering organizational culture.”

Securing and developing human resources through two-way communication

Our main measures for securing and developing human resource are “achieving independent growth and career autonomy” and “enhancing the technical capabilities required to achieve the management strategy.”

Each employee identifies their own abilities and experience and proactively envisions their future. At the same time, the company clearly defines the human resources required by each business and team and through continuous two-way communication, accurately understands the intentions of employees and provides opportunities and resources that can encourage challenge

and autonomy while maximizing their individuality and personal strengths. Employees will harness these opportunities to grow further. We believe this cycle is vital.

For example, the personnel system for managers has been changed from a conventional system based on “human” criteria to one based on “work” criteria. We have also introduced expert courses to improve specialized capabilities and programs that empower employees to vie for positions such as Director and Manager, which promotes proactive behavior from employees, increases motivation, and promotes organizational vibrancy. While we have received positive feedback from employees, we will continue to flexibly incorporate a range of views to encourage challenge and autonomy.

In graduate recruitment, we are promoting measures such as enriching opportunities to interact with students through internships and work experience, and partially introducing a scheme that conduct matching and guaranteeing of initial assignment job categories at the time of hiring selection. In recent years, there has been a trend through the media of students showing high interest in corporate human resources systems and studying this area deeply. Based on this premise, our recruitment staff continue their sincere and careful work while remaining open to a range of views. Listening to our new hires and prospective employees many have clear reasons for

choosing our company, and we believe it is most important to continue to carefully engage with those who have knocked on our door.

Toward an organizational culture that sees challenges through and transforms mindsets

Our specific measures for “fostering organizational culture” are “transformation to a workplace of daring and mission” and “mindset transformation based on the NTN SPIRIT.”

While having a foundation that encourages initiative and the presence of colleagues who boldly take on challenges is one of our company’s strong suits, we believe that an attitude of following through any challenges to the end and mindset transformation based on the NTN SPIRIT are further required.

For example, under the personnel system for managers, we are increasing the dialogue between managers and their team members regarding the setting of challenge goals, progress toward goals, and evaluation, while establishing a system that links company performance with individual performance evaluation and a remuneration system linked to company performance.

We also utilize the results of employee engagement surveys to conduct voluntary improvement activities at each workplace and share successful examples. Through these steady daily efforts, we strive to improve engagement.

Aiming to be a corporate group where diverse employees can “grow” and “work enthusiastically” through our business activities

NTN Group has established in its long-term vision toward FY2035 of “enhancing our corporate value by working together with all stakeholders to increase our economic, environmental, and social value, aiming to be a company that is trusted and needed.”

For this purpose, we believe it is important that diverse employees can “grow” and “work enthusiastically” through our business activities, inspiring those around them in their own way and triggering positive chemical reactions. We will continue to accelerate our efforts to achieve our vision as soon as possible.

NTN's Human Resources Strategy

NTN Group has established "Prosperous human development" as an ESG issue. We will cultivate a corporate culture that enables our employees to "grow" and "work enthusiastically" through our business activities, and we will sustainably increase our corporate value by developing our personnel systems and working environments to maximize and grow the value of our human capital. This is the practice of "human capital management," through which we intend to achieve "Prosperous human development" by fostering an organizational culture that works to resolve various societal issues and improve our economic, environmental and social value, as well as by nurturing a diverse workforce that is motivated and satisfied by their work.

The strategy for achieving "Prosperous human development" consists of five pillars: "Securing human resources who will lead the next generation to take on the challenge of transformation," "Creating a rewarding environment that respects the diversity of employees," "Fostering a culture of learning and development in the workplace," "Realizing a workplace where employees can work safely and healthily in an environment enabling innovative thinking" and "Respect for human rights."

As specific actions, we will support the change as intended by the "accelerated transformation to the business structure" policy under the Medium-term Management Plan. In order to achieve the optimal vision of the Group, the priorities of the human resources strategy have been developed from either the perspective of "Securing and developing human resources" or "Fostering organizational culture." The priorities are "Enhancing the technical capabilities required to achieve the management strategy," "Developing management talent to lead the Group," "Achieving independent growth and career autonomy," "Diversity, equity and inclusion," "Transformation to a workplace of daring and mission" and "Mindset transformation based on the NTN SPIRIT," and we are progressing work on each priority.

Priority actions

The priorities for action to achieve the Medium-term Management Plan, based on the five pillars of the human resources strategy, are as follows.

Securing and developing human resources

Enhancing the technical capabilities required to achieve the management strategy

To transform our business structure (business portfolio transformation), drastic and proactive initiatives are vital, as are bold moves into new markets, so the organizational capabilities and human resources required to achieve the strategy are also changing. If we are to fulfil the Medium-term Management Plan policy of transforming the business structure and the strategy to achieve this, it is important to secure the necessary organizational capabilities. This is ongoing, with capacity building, assigning the right people to the right posts, and strengthening the recruiting structure, combined with securing more diverse external personnel.

Developing management talent to lead the Group

In order to achieve our management plan in such uncertain times, it is vital that NTN Group methodically develop managers who can lead us forward. In addition to forming a talent pool of leadership candidates who can achieve results, with the top executive and the Personnel Department joining forces to develop these leaders, we are pursuing manager development from a long-term perspective by running a managerial development program for managers, including young business leaders.

Achieving independent growth and career autonomy

Through growth based on independent career plans and career development, and by supporting employees to fulfil their career plans, we can achieve sustained growth of both our employees and the organization.

Fostering organizational culture

Diversity, equity and inclusion

We are working toward "creating a rewarding environment that respects the diversity of employees" in which every individual can express their talents to the greatest extent possible. This is because our organization is made up people with diverse technical specialties and experience and by turning those differences into a strength, taking on diverse perspectives and theories, we can realize innovation and new value creation on a daily basis.

Transformation to a workplace of daring and mission

Under difficult conditions, maintaining or improving our competitive advantage requires the creation of even more unique value. Rather than resting on the laurels of past successes or relying on precedent, we believe it is vital to create a workplace culture that empowers a brave attitude informed by constant new ideas.

Mindset transformation based on the NTN SPIRIT

To achieve the long-term strategy, we have to lure exceptional talent and for this, fostering a company culture of strong engagement is very important. By sharing "the NTN SPIRIT" with all employees that clearly states the mindset and actions to be pursued, the vision for the company, what it exists for, employees can find more meaning in their work. This increases the number of employees thinking for themselves and taking the initiative. Creating serious attempts for transformation in this way will not only lead to increased corporate value, but also the growth of employees, a sense of unity in the organization and lead to increased engagement.



Please see the NTN Group sustainability website for specific initiatives related to our human resources strategy.

<https://www.ntnglobal.com/en/csr/sc/human-resources-strategy.html>

NTN's Human Resources Strategy

Indicators and targets

The indicators and targets related to the priority actions under the Medium-term Management Plan are as follows.

Priority actions under the Medium-term Management Plan		Indicator	FY2021	FY2022	FY2023	FY2024	Target	Indicator and reason selected	
Securing and developing human resources	Enhancing the technical capabilities required to achieve the management strategy	Expert course participants (expert: high-level technical expert) (NTN only) *2		—	6	8	As the measure has only just been adopted, targets are yet to be established	As an indicator to measure the improvement of technical skills, we use the status of expert development	
	Developing management talent to lead the Group	No. of succession plan candidates		19	24	25	30 FY2026	Used as an indicator to measure the status of leadership talent development	
	Achieving independent growth and career autonomy	Training hours per employee (NTN only)		16.2 hours	11.9 hours	21.0 hours	Year-on-year growth	Used as indicator of track record of education and training to support employee autonomous growth	
Training expenditure per employee (NTN only) *3			—	19,180 yen	32,671 yen				
Fostering organizational culture	Diversity, equity and inclusion	Percentage of female managers (NTN only)		4.4%	4.5%	4.2%	5% FY2026	Used as indicator of a rewarding working environment for men and women equally	
		Childcare leave acquisition rate for male employee (NTN only)		37.2%	62.8%	73.0%	100% FY2026		
		Percentage of mid-career hires (NTN only)		19.0%	21.3%	17.3%	30% FY2026	Used as an indicator of career and recruitment systems and workplace environments accommodating to diverse talent	
		Employment of persons with disabilities (NTN only)		2.57% (statutory employment rate: 2.3%)	2.57% (statutory employment rate: 2.3%)	2.50% (statutory employment rate: 2.5%)	Equal to or above the statutory employment rate at that time		
	Transformation to a workplace of daring and mission	Scores related to "challenge" and "transformation" in employee engagement surveys (NTN only) *4	Organization allows for learning from failures	58% of responses positive	—	50% of responses positive	—	80% of responses positive FY2026	Used as an indicator of attitudes to daring and transformation
			The workplace environment encourages new proposal methods	45% of responses positive	—	42% of responses positive	—		
			I try to perform beyond expectations	76% of responses positive	—	65% of responses positive	—		
	Mindset transformation based on the NTN SPIRIT	Scores related to "corporate philosophy" and "collaboration" in employee engagement surveys (NTN only) *4	The NTN SPIRIT is practiced	62% of responses positive	—	51% of responses positive	—	80% of responses positive FY2026	Used as an indicator of the promotion of fostering unity through embedding of the corporate philosophy throughout the organization
I know the meaning of my work			74% of responses positive	—	55% of responses positive	—			
There is mutual respect and collaboration among departments			32% of responses positive	—	29% of responses positive	—			
Human rights		No. of participants in human rights education (total number) (NTN only)		1,354	1,443	1,812	Year-on-year growth	Used as an indicator of solid knowledge and understanding of human rights through human rights education	
Investment for Health		Percentage of people in the healthy weight range (BMI between 18.5 and 25) (NTN only)		65.4%	66.0%	65.5%	70.0% FY2026	Used as an indicator of employees safely and healthily working continuously over a long period	
		Percentage of high-stress employees (NTN only)		8.6%	9.0%	8.7%	7.0% FY2026		
		No. of occupational accidents (resulting in lost work time) (NTN only) *5		4	2	0	0		

*1 The above indicators cover NTN Group and its subsidiaries unless otherwise specified.

*2 As the expert course was only started in FY2023, there were no subjects prior to that. The number of persons represents those who are designated and scheduled to be appointed to the expert course.

*3 The survey tracking spending on training started in FY2023.

*4 The employee engagement survey is conducted every two years, so no survey was conducted in FY2022 and FY2024. The next survey is scheduled to be conducted in FY2025. The employee engagement surveys conducted in FY2021 and FY2023 were conducted only on some employees.

*5 Regarding the number of occupational accidents (resulting in lost work time), the period covered by the statistics for FY2024 was the financial year from December 16, 2023 to December 15, 2024, as were the previous periods (FY2023 and earlier).

NTN's Human Resources Strategy

Topics | 1

Mechanisms supporting career independence



At our company, we are working to create an environment where each employee can think autonomously about their career and take on challenges. By providing diverse career paths and opportunities for challenges, as well as supporting self-understanding and skill development, we help employees to proactively envision their future and “work enthusiastically.”

Post Challenge Program

Since April 2024, we have implemented the “Post Challenge Program” which recruits employees to challenge themselves for positions such as section manager and department manager. This system aims to provide employees with opportunities to choose their desired career and workplace, enhance employee motivation, and promote organizational revitalization. In fiscal year 2024, five employees have used this system to take on new career challenges.

Career plan training

To provide employees with opportunities to independently consider medium- to long-term careers, we have established a career development and support system. “Career Plan (CP) Training” is implemented across a wide range of age groups from young to middle-aged employees to help them consider their own careers. This in turn promotes employee engagement and motivation improvement leading to organizational revitalization, personnel retention, performance improvement, and other aspects of sustainable corporate growth. Additionally, we conduct career interviews to support Career Plan training and provide career support education not only for employees themselves but also for their supervisors who are managers, leading to improved relationships between subordinates and supervisors, improved approaches to subordinates' current job categories, and future-oriented JR (job rotation).



Career plan training scenes

Topics | 2

Initiatives for securing diverse human resources



To secure diverse human resources and promote their active participation, our company is implementing various initiatives in response to changes in the recruitment environment.

Initial Assignment Placement Guaranteed Hiring

The new graduate recruitment environment, against the backdrop of intensifying competition for talent acquisition among companies and diversification of students' career awareness, has seen attention shift from traditional batch recruitment of new graduates and general position recruitment to methods that place greater emphasis on specialization and respond to individual aptitudes and orientations. Our company has newly introduced “Initial Assignment Placement Guaranteed Hiring” scheme for some job categories, matching and guaranteeing initial assignment job categories at the time of recruitment selection. Through this, we believe that not only will students' motivation to join the company and satisfaction with assigned job categories improve, but career formation after joining will become clearer. Additionally, this enables appropriate placement of highly specialized human resources, which we expect will lead to improved engagement and suppression of early turnover.

Target Job Categories

Administrative recruitment: Finance and Accounting positions, IT Planning positions
 Technical recruitment: Research and Development positions, Design and Development positions, Production Engineering positions, Quality Assurance positions, Information Systems positions

Internship and work experience

Our company provides students with practical internship and work experience programs. These are programs where students can learn about working in manufacturing through practical experience in each department, such as bearing design and development, and sales positions. For technical positions, students experience research and development, design and development, quality assurance work for new bearing and products for automotive and industrial machinery, etc. For administrative positions, they experience mock sales negotiations for sales positions, marketing strategy planning for sales planning positions, and process schedule planning for production management positions, etc. With support from senior employees, students can get a sense of working at NTN and the workplace atmosphere in addition to experience the difficulty of achieving results as a team.

Additionally, through feedback from instructors and self-analysis, students can learn about their strengths and areas for improvement, clarify their career vision. Furthermore, it is expected that they will take ownership in their career choices and achieve career autonomy. Through these initiatives, our company also aims to incorporate students' fresh perspectives into our business activities and grow together.



Internship scenes

Respect for Human Rights

Basic approach to human rights

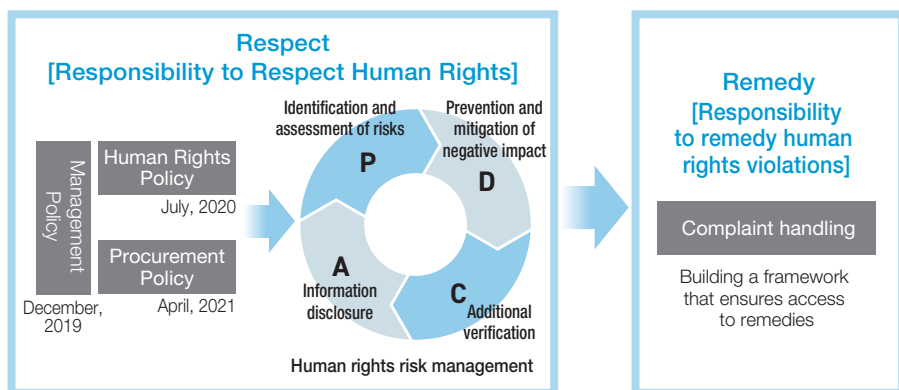
The Group believes that in order to contribute to a sustainable society and continue to be a “company needed by society,” it is essential to fulfill our corporate responsibilities relating to respect for human rights and to earn the trust of society. Accordingly, we have included “respect for human rights” in our Management Policy. In addition, we have established a Human Rights Policy, which stipulates that we will not violate any form of human rights. We are also committed to awareness-raising activities related to respect for human rights and work environment development so that varied employees of the Group can all work safely and comfortably.

Human rights due diligence

Based on the two perspectives of “respect” and “remedy” set forth in the United Nations Guiding Principles on Business and Human Rights, The NTN Group prioritizes “responding to human rights risks in employees,” “responding to human rights risks in the supply chain,” and “building a framework that ensures access to remedies,” which is considered to have a particularly high severity among the human rights risks in the NTN Group.

In order to ascertain the actual situation about negative human rights impacts, such as forced labor, child labor and abuse of employees’ freedom and rights, in our business activities, we conducted a human rights questionnaire for our 44 overseas affiliates and received answers from all of them. As a result of the questionnaire analysis in FY 2024, we conclude that the possibility of risk occurrence is low, as most of the overseas affiliates have the policy and framework for protecting human rights and non-occurrence of incidents related to human rights violation was answered. On the contrary, several companies have received complaints from employees but have already taken the appropriate and necessary actions in accordance with their internal policies. We will continue to engage in human rights due diligence by conducting periodic questionnaire to identify and resolve issues, while evaluating the effectiveness of our initiatives.

United Nations Guiding Principles on Business and Human Rights



Human Rights Policy

In order to further promote human rights initiatives, a Human Rights Policy was established by resolution of the Board of Directors. It is a common set of values related to human rights shared by all Group employees that serves as the touchstone for day-to-day behaviors and business activities, as we seek to ensure that human rights are respected.

Based on the Human Rights Policy, we will take action on human rights issues – action that is becoming increasingly standardized globally as exemplified by the Sustainable Development Goals (SDGs) and the UK’s Modern Slavery Act - and fulfill our corporate responsibility for respecting human rights.

Respond to human rights risks in employees

Sound workplace relations based on labor-management discussions

Establishing a forum where labor and management can share information with each other, NTN Group strives to share the content of each measure. Quarterly “Labor-Management Roundtable Meetings” are held in which executives provide thorough explanations about business operations and strategies, the business environment and other topics to the labor union and listen to the views of labor. In addition, labor-management committee meetings are held whenever appropriate regarding actions leading to improved employee motivation and ease of work. In very intense exchanges of opinion, the committee decides on ways to improve working conditions so that NTN Group remains an attractive place to work.

Survey of foreign workers

Given the vulnerable position of foreign workers in Japan, we proactively address the foreign workers’ human rights. Specifically, we investigate the working condition of foreign workers in our Group and have a system in place to enable quick response as necessary.

Respond to human rights risks in the supply chain

Conflict mineral surveys

Incomes from the mining of tin, tantalum, tungsten and gold (3TG) in the conflict areas of the Democratic Republic of the Congo (DRC) and neighboring countries could be a source of capital for armed forces, which could lead to human rights infringement, illicit mining and smuggling. We continuously monitor whether the mineral resources contained in materials and components used in our products are mined from conflict and high-risk areas. In FY 2024, we traced back through our supply chain of 244 business partners to identify the material smelters, and about 96% of such partners reported that they do not use any conflict minerals. We will continue to conduct this survey periodically.

Companies listed on U.S. Stock Exchanges are required to disclose any use of conflict minerals under the U.S. Dodd-Frank Act. Based on the results of the above survey, we respond to inquiries from our customers regarding conflict minerals, even though we are not subject to this Act.

Stakeholder Dialogue

11th Stakeholder Dialogue

Through dialogue with various stakeholders, we are working to sustainably enhance corporate value.

Themes of the dialogue

- Disseminating sustainability information
- Prosperous human development - NTN's human capital



Facilitator

Eriko Nashioka

Representative Director,
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NTN

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Manager, Internal Control Department

*The affiliation and titles of the attendees were current at the time of Dialogue.

Recommendations from Experts

Substantial activities with impact in mind

"Impact" and "Stakeholders" are the key points for identifying materiality. I would like to see these two aspects thoroughly implemented to substantiate sustainability activities. For this purpose, it would be effective to examine what value NTN creates for each item. Current sustainability information disclosure standards do not sufficiently reflect investors' decision-making, so companies must make efforts to disclose meaningful information.

The most important information regarding human capital is information about how much companies invest in employees, such as personnel costs and education expenses. However, Japanese companies are weakest in this area, so improvement is urgently needed. Career autonomy is also an important issue, but for this, each employee needs to seriously consider their purpose (what they want to do) at this company.

Importance of sustainability activities based on original purpose

Our company has not established a Sustainability Committee, but instead uses a monitoring system through the Board of Directors. From an operational perspective, we recognize the importance of committees, but we believe it is necessary to carefully consider whether committees can truly be effective and how to structure committee members.

On the other hand, there is a tendency to be evaluated as "conducting sustainability activities properly" when responding to various disclosure requirements including legal regulations. However, without keeping the original purpose of activities in mind, this will result in wasting resources such as labor and costs. Through this dialogue, we learned very important things, including how to proceed with sustainability activities.



Katsuhiko Kokubu

Professor, Graduate School of Business
Administration, Kobe University

Strengthening monitoring systems and responding to EU regulations

NTN is a Company with Nominating Committee, etc., where Outside Directors serve as the chairperson of the Board of Directors and heads of the three committees, and I believe the separation of execution and supervision is progressing. Taking this one step further, by establishing a sustainability committee as an advisory body under the Board of Directors, with an Outside Director serving as Chairperson and including Outside Directors as members, the system for monitoring activities can be strengthened.

On the other hand, regarding responses to European regulations, NTN is expected to be subject to CSRD* as a non-EU company. By FY2029, consolidated sustainability reports (for FY2028) must be filed through French subsidiaries, but first, consideration should be given to reporting double materiality assessments using both SSBJ standards and GRI universal standards.

*CSRD (Corporate Sustainability Reporting Directive): EU directive on corporate sustainability information disclosure currently under revision.



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NTN




Implementing improvements toward "substantiation" of sustainability activities


This time, Professors Kokubu and Kozuma provided us with many eye-opening insights along with various key words such as "practice of corporate philosophy," "substantiation," "value creation," and "career autonomy." We were made aware that there are areas in our daily activities that we have been unconsciously putting off. We reflect that we have been reactive, responding because it was legally required or because customers demanded it. We want to improve these aspects.

Additionally, hearing from Sysmex, we learned that they have similar concerns to ours. We would like to exchange opinions again if there is an opportunity to do so.

Stakeholder Dialogue

Communication with Stakeholders

Stakeholders	Stance to Stakeholders	Main Activities
 <p>Employees</p>	<p>NTN Group respects diversity, individuality and a safe and healthy workplace environment where employees can work successfully.</p>	<p>“NTN PROUD AWARD” as ESG Corporate Award “NTN PROUD AWARD” is a system that encourages employees’ sustainability activities and commends outstanding initiatives linked to 13 items of materiality responding to sustainability activities identified by the Group. The system aims to promote understanding and awareness of sustainability activities among employees and fosters their motivation and engagement.</p> <p>Employee engagement survey Based on the survey result, we conduct activities to improve workplace issues, activate workplace communication and work to develop an environment in which each employee has a good reliable relationship with each other.</p> <p>Global QC Circle Convention We strive to improve safety, quality, and productivity on a global basis, and with the convention as a forum for international exchange, we exchange information on a variety of activities.</p>
 <p>Customers</p>	<p>NTN Group seeks to maximize customer satisfaction and trust by providing products and services of superior quality, safety and reliability.</p>	<p>Nationwide Distributors’ Meeting We invite distributors from across Japan to briefing sessions on account settlement overview and aftermarket business measures to strengthen our bond with distributors.</p> <p>Technical service units We run completely-tailored, multi-functional technical service units worldwide, equipped with teaching materials and exhibits to introduce our products, and hold bearing technical seminars for our customers.</p>
 <p>Business partners</p>	<p>NTN Group, in a fair and free environment, builds good partnership with its business partners and works together for mutual growth and development.</p>	<p>Briefing for suppliers We share information on our globalization initiatives and the business environment surrounding our company with our business partners and have seminars in collaboration with external specialized institutions.</p> <p>Promotion of sustainable procurement Through sustainable questionnaires based on the Sustainable Procurement Guidelines, we promote activities with our business partners to help them understand the importance of sustainable procurement.</p>

Stakeholders	Stance to Stakeholders	Main Activities
 <p>Local communities</p>	<p>NTN Group respects cultures and customs in the local communities and builds long-term trust relationships by meeting their expectations through its business activities.</p>	<p>Activities that contribute to the local community (family tours, summer festivals, etc.) We hold family tours and summer festivals at each business site as an opportunity to interact with employees’ families and neighboring residents.</p> <p>NTN Rotating School As an environmental education program for children who will lead the next generation, mobile-type schools have been opened in various places to deepen friendships with the local community.</p> <p>Conservation of biodiversity In cooperation with local residents and NPOs, we are working to protect the environment of Satoyama (village forest) areas around our business sites and to protect endangered species.</p>
 <p>Shareholders</p>	<p>NTN Group focuses on return for shareholders by sustainable profitable growth and builds long-term trust relationships with shareholders through active communications.</p>	<p>Shareholders’ Meeting The Shareholders’ Meeting is a forum for communication to build long-term relationships of trust with shareholders.</p> <p>ESG briefing In addition to holding results briefings for investors, we also hold ESG briefings to promote understanding of our ESG initiatives. The opinions we receive at the briefings are used to strengthen our activities and information disclosure.</p>
 <p>Environment</p>	<p>NTN Group harmonizes its business activities with nature and contributes to preserve the global environment by providing its technologies, products and services.</p>	<p>Reducing environmental impact in business activities We are working to minimize harmful environmental impacts by monitoring and reducing emissions of CO₂ and regulated chemicals in our business activities.</p> <p>Sustainable use of resources We are striving for sustainable resource utilization by reducing the use of resources such as raw materials and water, and by thoroughly implementing the 3Rs (reduce, reuse, and recycle) of waste.</p> <p>Developing environment-contributing product We are contributing to the realization of a carbon-free society by developing products that help reduce energy loss in finished products and natural energy-related products.</p>

Cross-talk among Outside Directors and Executive Officers



Executive Officer

Shumpei Kinoshita

Outside Director

Yuriya Komatsu

Outside Director

Tatsuhiko Toshita

Every year, the NTN Report provides an opportunity for Outside Directors to discuss NTN's management and sustainability issues, publishing the content under the title, "Outside Director Dialogue." This year, we are presenting this as a "cross-talk" discussion among Outside Directors and Executive Officers featuring Board of Directors Chair Yuriya Komatsu, Director Tatsuhiko Toshita (appointed in June last year), and Executive Officer Shumpei Kinoshita, who is in charge of management strategy. They frankly discuss NTN's current situation and challenges.

Review of the first year of the Medium-term Management Plan "DRIVE NTN100" Final

Kinoshita Looking back at the first year of the Medium-term Management Plan, to be honest it was a challenging start. Due to sluggish sales, we were unable to achieve targets related to operating income such as ROIC. Meanwhile, regarding the structural reform that incorporated 35 billion yen in special losses over three years, we streamlined production and reduced costs by consolidating or closing plants in Europe, China, and Canada ahead of schedule. While some adjustments became necessary due to changes in US trade policy, we plan to accelerate reorganization linking Japan and the US from FY2025. Actions to increase the aftermarket sales composition ratio mainly focused on developing large overseas markets, but were impacted by deteriorating market conditions due to factors such as Russia's invasion of Ukraine. Inventory preparation and production capacity upgrades in Japan for aftermarket sales growth, as well as procurement of finished products from relevant overseas companies, are progressing and will continue to accelerate.

Komatsu Regarding structural reform, I commend the employees for their persistent efforts, including stopping production ahead of schedule, even under conditions more severe than anticipated. However, it is also true that from the perspective of by institutional investors and other external stakeholders, there remain shortcomings in the speed and target-setting of reform. They expect us to establish a system capable of achieving financial indicators comparable to companies with best practice in the industry through thorough structural reform within approximately three years, and to become a company that can sustain growth and competitive advantage over the medium to long term (5-10 years). To avoid greatly disappointing these expectations, we need at least to set high internal targets and give daily thought as to how to achieve them. Of course, the unexpected will occur, such as the US situation, but we should anticipate that the unexpected will occur and consider and take measures accordingly. In that sense, we should shift our mindset from "improvement" to "reform." If we set a target to halve inventory, for example,

Cross-talk among Outside Directors and Executive Officers

we should persist until we achieve it. If we speed up with such an attitude, results will follow.

Toshita Since becoming a Director last year, I have visited the five major works around Japan and four Group companies adjacent to the works. At each site, I could see that employees were earnestly working on challenges such as inventory reduction. However, I also got the sense that their thinking remained confined to their own areas of responsibility. To advance reforms, it is necessary to change the level of consciousness of each individual. Even when people are aware of targets, habitual ways of thinking do not change easily. I felt that even though people at the sites understood the situation, they were grappling with the dilemma that their daily actions were not effectively leading to success. As a result, key indicators other than inventory turnover ratio declined compared to last year.

Komatsu I believe employees are working hard. However, from the perspective of ROIC and other indicators, targets have not been achieved, so employees may not feel they are contributing. To change the situation, I would like to see more examples of actively promoting people who boldly take on challenges. For instance, giving opportunities to young people with a growth mindset who are going to pursue efficiency through digital transformation, and rewarding them with bonuses and promotions if they succeed, and hailing their initiative even if they fail. If we motivate people with clear evaluations linked to the personnel system, we can expect acceleration.

Kinoshita With the aim of speeding up, we overhauled the business headquarters system and made a major change to a product-based system of CVJ & Axle and Bearing. At the same time, we revised the decision-making authority and target KPIs of Executive Officers for each region and business, strengthening the authority and responsibility of Executive Officers responsible for a business globally along vertical lines including sales, profit, inventory, and policy measures. The progress in inventory reduction this time was due to the policy measure puzzle pieces starting to fall into place that manufacturing, production management, and production engineering departments had been working on, such as production reforms, production volume adjustments, and domestic

and international logistics changes. To these we can add the improved coordination between domestic and overseas sites through these organizational changes. However, employee mindset transformation is incomplete, and regarding the utilization of young people, as you pointed out, we will continue to work consciously on this.

Effectiveness of corporate governance

Kinoshita Regarding corporate governance, we incorporate ESG into the target management of all Executive Officers and make it subject to evaluation. However, regarding the points you mentioned earlier about key indicators other than inventory reduction not being achieved and setting targets higher, we will consider taking another step forward from a governance perspective as efforts to raise our sights and change habitualized consciousness.

Komatsu Regarding the effectiveness of governance from a compliance perspective, rules are properly established and monitoring systems have improved. I understand that we are currently working on further improvements to strengthen monitoring of governance at domestic and overseas affiliated companies. Another important issue is personnel evaluation at overseas subsidiaries. Rather than managing under instructions from the parent company, I want subsidiaries to undertake reforms and improvements themselves and raise their management level. I think particularly for large subsidiaries in the United States and Europe, which have significant impact on our Group performance, it would be good to thoroughly implement a system where local management proactively undertakes reforms and improvements, with the parent company supervising and evaluating them, with clear rewards and punishments, and replacing management if results are not achieved.

Toshita Since the challenges are fairly clear at this point, I expect initiatives with even greater speed. While Group subsidiaries are distributed across Japan, Europe, and the United States, each with their own unique circumstances making it highly complex, we should set priorities according to risk level and focus resources. As a

manufacturer, plant equipment relocation and product changeover take time. That is precisely why we need an approach of predicting major changes in business conditions and preparing in advance. Something else that preoccupied me when visiting sites was that the labor population decline problem is on our doorstep. Considering the changes in employee age composition that will become apparent in five years at NTN as well, I think we should implement countermeasures with fresh thinking

Kinoshita To change the mindset including at NTN subsidiaries, we started “halving activities” worldwide in FY2025. For companies like ours with many product types and a global footprint, reforming the cost structure requires not only major structural reform but also a whole lot of reforms down to operational details, heeding suggestions from everyone involved. We ask employees to discover inefficiencies and waste in their workplace, and to work on “halving” or “doubling efficiency” even for small matters. We expect this campaign to produce not just small improvements but a wave of reform, and like inventory reduction, become a force that brings us closer to targets as the puzzle pieces fall into place. Regarding personnel evaluation and development of top leadership at subsidiaries, we are utilizing these posts as tough assignments and positions for developing next-generation management, and believe approaches from the perspective of medium- to long-term succession planning are also necessary.



Cross-talk among Outside Directors and Executive Officers



Toshita Regarding succession planning, it might be necessary to switch perspectives depending on whether it is an emergency or not. For example, in an emergency, would it not be an option to call on those who have retired, such as the alumni networks that have been attracting attention recently? In normal times, as you explained, we want candidates to experience new value creation and growth through difficult challenges. The company's attitude as reflected in numbers is also important, and while research and development expenses as a ratio to sales are at levels comparable to competitors, I think we should also be conscious of the amount invested in equipment, for example. While the future is increasingly uncertain, we need to prepare for various situations so that we can immediately take action when the environment changes.

Komatsu Regarding management leadership, external recruitment for loss-making companies is also an option. In structural reforms to make a company profitable, it is important to consider a wide range of talent, not limited to those with industry experience. If the two large subsidiaries in the United States and Europe were to turn profitable, it would completely change our business performance. If we can reduce assets, ROIC will also change. I want NTN to work with strong determination to accelerate reforms, enhance profitability, and achieve V-shaped recovery as early as possible.

Kinoshita Regarding succession planning, we are working both on rejuvenating overseas general managers and developing next-generation management. I understand

that urgency is also needed here. Particularly for restructuring in Europe and the Americas, which we want to achieve as soon as possible, the CFO will be in charge of the European region and I will be responsible for the Americas region from this fiscal year, working together with local top management to accelerate matters. Additionally, one Executive Officer will be dedicated to the project, establishing a system where regions collaborate on production reorganization.

Strengthening the foundations for growth

Kinoshita Production reform, procurement reform, logistics reform, and design domain reform will accelerate execution speed together with ICT reforms and generate results early. I recognize that structural reforms are not goals but means, and how to connect structural reforms to value creation and growth is important. Digitalization is also a major theme, and we have completely eliminated our host computers in Japan and switched to a new core system, enabling rapid business processing including producing estimates. We have also introduced model-based development utilizing our own systems, establishing a system that can promptly provide proposals with design simulations in response to customer requests. Closer to home, Executive Officers themselves have started new initiatives such as using AI to create meeting minutes and rapidly share information with stakeholders.

Komatsu Such digitalization should be actively publicized. This is my personal impression, but I feel that DX has not progressed much at Japanese manufacturing sites. It is inevitable that DX and AI use initiatives will advance in all aspects. If these are initiatives that other companies are not pursuing, I think they would greatly benefit our IR efforts.

Toshita The most pressing issue for our company is surely information utilization at our plants. We should comprehensively organize and utilize data necessary for production reforms, data leading to sales growth, and plant data essential for aftermarket business expansion. I think we should speed up building such systems.

Kinoshita After advancing computerization, what will ultimately become the power to beat the competition is

technology in the broad sense including manufacturing, procurement and logistics, and the people who make it possible. We need to develop people who create our company's value, accurately convey it to customers, and promote our advantages. We will focus on "developing people who set us apart from our rivals" as a long-term and global challenge.

Toward achieving the Medium-term Management Plan targets

Kinoshita Finally, please give us advice on achieving the targets in the Medium-term Management Plan.

Komatsu What I would say as an Outside Director looking toward the second year of the Medium-term Management Plan boils down to this: set high goals and follow through. From the perspective of shareholders and other stakeholders, I believe it is important to steadily advance structural reform without pause, even under severe business conditions. In that sense, my impression from visiting NTN plants was that there is plenty of room for efficiency improvement.

Toshita Structural reform is a means to (1) create a corporate structure resilient to changes in business conditions and (2) improve "earning power" as stated in the Medium-term Management Plan. It is not a goal. Mindset transformation is most important for structural reform, and without this, it remains "improvements" on the conventional approach, not reform. Since changing a corporate culture is not easy, management must consistently advocate for it. Ultimately, companies change as a result of employees acting autonomously. For example, what would happen if inventory reduction were one of the most important themes, then a supervisor blamed their staff member for a stock-out due to unforeseen circumstances? That person would unconsciously move toward increasing inventory. Instead, if we allowed the use of air freight for delivery in case of unexpected situations for example, this would demonstrate how seriously the company took the situation. Delivering good products on schedule is fundamental for a manufacturing company, and I feel this important corporate culture is sufficiently developed. Precisely because of this, I hope that while protecting this corporate culture, we can

Cross-talk among Outside Directors and Executive Officers

review existing mindsets and common sense to enable endeavors for further value creation.

Kinoshita When customers say, “please deliver tomorrow,” we push ourselves to manufacture and deliver. Or when they say, “we won’t buy unless it’s this price,” we strive to reduce costs to somehow match it. Such a culture has taken root in our company. In recent years, we have shed light on the problems arising from such stances. Of course, this is not at all about not valuing customers, but reconsidering what we need to do for our company to survive. As a result, we are more energetically engaging in price negotiations than before and not letting products remain unprofitable. This is a major shift from our traditional sales approach, but the spirit to carry this through is beginning to take root among employees. Particularly for the CVJ & Axle Bearing Business, which has one-to-one relationships with customers, the shift to reduce unprofitable model numbers and eliminate wasteful inventory is progressing quickly. For the Bearing Business, which supplies various products to diverse industries, negotiations and transitions are not easy, but things are definitely beginning to progress.

Toshita Indeed, the Bearings business serves customers across diverse industries, so a uniform approach is difficult. For example, investigating the customer track record and narrowing down model numbers that can be provided would not progress easily if left to sites. How to judge potential negative impacts and how far to take action



considering effects extending to suppliers and procurement requires management decisions. To repeat, what determines the success or failure of reforms is changes in mindset and behavior of each manager and employee. We need to simultaneously build a mechanism to visualize these changes. For example, regarding the aftermarket, we have set a target of 40% sales ratio by FY2035, but how about showing in a visual way the intermediate milestones to people inside and outside NTN?

Kinoshita Simply put, there are two elements to increase aftermarket sales: riding market growth itself and gaining market share from competitors. Since market growth is not significant currently, to increase sales, we need bold and clever actions and mechanisms that lead the sector in terms of customer service and strategy. We are concentrating on reducing non-aftermarket inventory while focusing on the necessary inventory lineup. As part of strengthening business axes, since April 2024, we have set KPIs such as profit, inventory, and ROIC in a matrix of regions and businesses, and shared these with Executive Officers and regional general managers. While establishing this approach, we will proceed with inventory reduction and plan-versus-actual management of business plans.

Toshita Such movements should be monitored constantly and updates disseminated throughout the company. I hope that NTN will actively disseminate information about growth investment plans that lead to improved employee motivation and continue steady progress toward achieving Medium-term Management Plan targets.

Komatsu I also spoke with chief manager and above about the importance of ROIC and improvement measures when visiting sites, and I want to continue constructive suggestions by gathering information about employee motivation. One more point is that from the perspective of women, I intend to support the development of female talent aiming for management positions by establishing discussion forums with female employees at each site.

Kinoshita Thank you very much for your valuable suggestions. We are dedicated to the “revitalization of NTN,” never slowing the pace of reforms.

Message from our new Director

Outside Director

Hiromi Wada



After graduating from university, I joined a major electronics manufacturer and worked in the fields of research and development, product planning, and quality control across some four decades. In particular, my experience in developing i-Mode mobile phones and in-vehicle infotainment systems, developing products focused on the user perspective, has become the foundation of my career. Since retirement, I have served as a non-executive Outside Director at several companies and have been involved in important management decisions such as making structural reform, launching new businesses, and making decisions on withdrawing from markets. Through these experiences, I have developed an approach of contributing to corporate value enhancement from both a technical and a business perspective. I feel there is great potential in NTN’s technological and global expansion capabilities, and I will endeavor to contribute to its sustainable growth by combining grassroots awareness and management perspective from an external standpoint. Thank you very much for your support.

Directors (as of June 25, 2025)

■ Nominating Committee Member ■ Compensation Committee Member ■ Audit Committee Member ★ Chairperson of each committee

Inside Directors



Eiichi Ukai



Number of years as Director
8 years
Number of shares of the
Company held
200,600 shares



Masaaki Yamamoto



Number of years as Director
3 years
Number of shares of the
Company held
74,200 shares



Shumpei Kinoshita

Number of years as Director
2 years
Number of shares of the
Company held
67,400 shares



Koji Takahashi

Number of years as Director
New
Number of shares of the
Company held
43,237 shares

Outside Directors



Masaki Egami



Number of years as Director
4 years and 11 months
Number of shares of the
Company held
64,400 shares



Etsu Harima



Number of years as Director
New
Number of shares of the
Company held
96,200 shares



Ryo Kawakami



Number of years as Director
6 years
Number of shares of the
Company held
0 shares

(Significant concurrent positions)
Attorney at law (Representative Partner,
Osaka West Law Office, Legal Professional
Corporation)



Yuriya Komatsu



Number of years as Director
4 years and 11 months
Number of shares of the
Company held
10,000 shares

(Significant concurrent positions)
Outside Director, Dream Incubator Inc.
Outside Director, Daicel Corporation

Chairperson of the Board of Directors



Akira Murakoshi



Number of years as Director
3 years
Number of shares of the
Company held
5,400 shares

(Significant concurrent positions)
Full-time Audit & Supervisory Board
Member, Mitsubishi Corporation



Yasuo Kitani



Number of years as Director
2 years
Number of shares of the
Company held
5,800 shares



Tatsuhiko Toshita



Number of years as Director
1 years
Number of shares of the
Company held
2,400 shares

(Significant concurrent positions)
Outside Director, NIHON SEIKAN K.K.



Hiromi Wada



Number of years as Director
New
Number of shares of the
Company held
0 shares

(Significant concurrent positions)
Outside Director, Sakai Chemical
Industry Co., Ltd.
Representative Director, HIROZ Co., Ltd.
Part-time Advisor, Panasonic
Automotive Systems Co., Ltd.
Outside Director, Shimano Inc.

Please see the NTN Group sustainability website for past experience of each Director.



<https://www.ntnglobal.com/en/csr/governance/structure.html>

Directors

Attendance at Board of Directors and Committee Meetings, reasons for selection, and skill matrix

Name	Attendance at Board of Directors meetings and committee meetings		Reasons for selection	Skills matrix									
				Main areas of experience required of Directors									
				Corporate management	Manufacturing	Technology, R&D	Sales	Corporate and business planning	Finance and administration	Legal affairs, internal controls, compliance	Global experience	ICT*	Experience of other industries, diversity
Eiichi Ukai	100%	Board of Directors 15/15 Nominating Committee 5/5 Compensation Committee 6/6	Mr. Eiichi Ukai possesses operational experience in areas such as the Quality Assurance Division and Overseas Division, and broad knowledge of the management of the Company promoting businesses globally based on these achievements, among others, and has served as President, Executive Officer of the Company since April 2021. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.	●	●		●				●		
Masaaki Yamamoto	100%	Board of Directors 15/15 Compensation Committee 6/6	Mr. Masaaki Yamamoto possesses operational experience in areas such as the Finance Division and Overseas Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●	●	●		
Shumpei Kinoshita	100%	Board of Directors 15/15	Mr. Shumpei Kinoshita possesses operational experience in areas such as the Overseas Division and Finance Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●		●		
Koji Takahashi			Mr. Koji Takahashi possesses operational experience in areas such as the IR and Public Relations Division and ICT Division, and broad knowledge based on these achievements, among others. The Company newly selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●			●	
Masaki Egami	100%	Board of Directors 15/15 Audit Committee 10/10	Mr. Masaki Egami possesses operational experience in areas such as the Engineering Division and Research and Development Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.			●							
Etsu Harima			Mr. Etsu Harima possesses operational experience in areas such as the Business Division and Quality Assurance Division, and broad knowledge based on these achievements, among others. The Company newly selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.	●	●	●	●				●		
Ryo Kawakami	100%	Board of Directors 15/15 Nominating Committee 5/5 Audit Committee 13/13	Although Mr. Ryo Kawakami has not been directly involved in corporate management, he possesses broad knowledge, etc. based on extensive experience as a lawyer familiar with corporate legal affairs. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.							●			●
Yuriya Komatsu	100%	Board of Directors 15/15 Compensation Committee 6/6	Ms. Yuriya Komatsu possesses broad knowledge, etc. based on extensive experience in the management of other companies. The Company selected her as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through her duties such as providing appropriate opinions on the independent standpoint from business executors.					●	●	●	●		●
Akira Murakoshi	100%	Board of Directors 15/15 Nominating Committee 5/5 Compensation Committee 6/6	Mr. Akira Murakoshi possesses broad knowledge, etc. based on extensive experience in the management of other companies. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●	●	●	●		●
Yasuo Kitani	100%	Board of Directors 15/15 Nominating Committee 5/5 Audit Committee 13/13	Mr. Yasuo Kitani possesses extensive experience in banking over many years and broad knowledge including finance, among others. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●	●	●	●		●
Tatsuhiko Toshita	100%	Board of Directors 11/11 Compensation Committee 5/5	Mr. Tatsuhiko Toshita possesses broad knowledge, etc., based on extensive experience in the management of other companies. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●			●		●
Hiromi Wada			Ms. Hiromi Wada possesses broad knowledge, etc., based on extensive experience in the Technology and Research Division and IT Technology Division of other companies. The Company newly selected her as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through her duties such as providing appropriate opinions on the independent standpoint from business executors.	●		●						●	●

* ICT (Information and Communications Technology)

Executive Officers (as of June 25, 2025)



Representative Executive Officer,
President, Executive Officer

Eiichi Ukai*

CEO (Chief Executive Officer)
Corporate General Manager,
Group Management HQ.



Representative Executive Officer,
Executive Officer

Masaaki Yamamoto*

CFO (Chief Financial Officer)
Europe & Africa Region



Executive Officer

Hiroyuki Ichikawa

Quality HQ.
Composite Material Product
Division
India Region



Executive Officer

Masayuki Kaimi

Corporate General Manager,
SCM Strategy HQ.
China Region
Production Engineering HQ.



Executive Officer

Yasuhiro Kawabata

Deputy Corporate General Manager,
Group Management HQ.
Human Resources Strategy Dept.
Personnel Dept.
General Affairs Dept.
Legal Dept.



Executive Officer

Tsuyoshi Kikuta

Deputy Corporate General Manager,
Group Management HQ.
Financial Strategy Dept.
ESG Promotion Dept.
Accounting Dept.
Internal Control Dept.



Executive Officer

Shumpei Kinoshita*

Deputy Corporate General Manager, Group
Management HQ.
Corporate Strategy Dept.
Carbon Neutrality Strategy Promotion Dept.
Americas Region



Executive Officer

Koji Takahashi*

Deputy Corporate General Manager,
Group Management HQ.
Corporate Communications Dept.
ICT Strategy Dept.



Executive Officer

Ikuya Tateoka

Corporate General Manager,
CVJ & Axle Bearing Business HQ.



Executive Officer

Masayuki Tanio

In charge of Business Structural
Reform



Executive Officer

Yoshiyasu Nakano

CTO (Chief Technology Officer)
Research Division
Innovation & Business Development HQ.
New Product and Business Strategy
Planning Dept.
Intellectual Property Strategy Dept.



Executive Officer

Keiji Yanagida

Corporate General Manager,
Bearing Business HQ.
NTN KOREA CO., LTD.
ASEAN, Oceania & West Asia Region

*Executive Officer who also serves as a Director

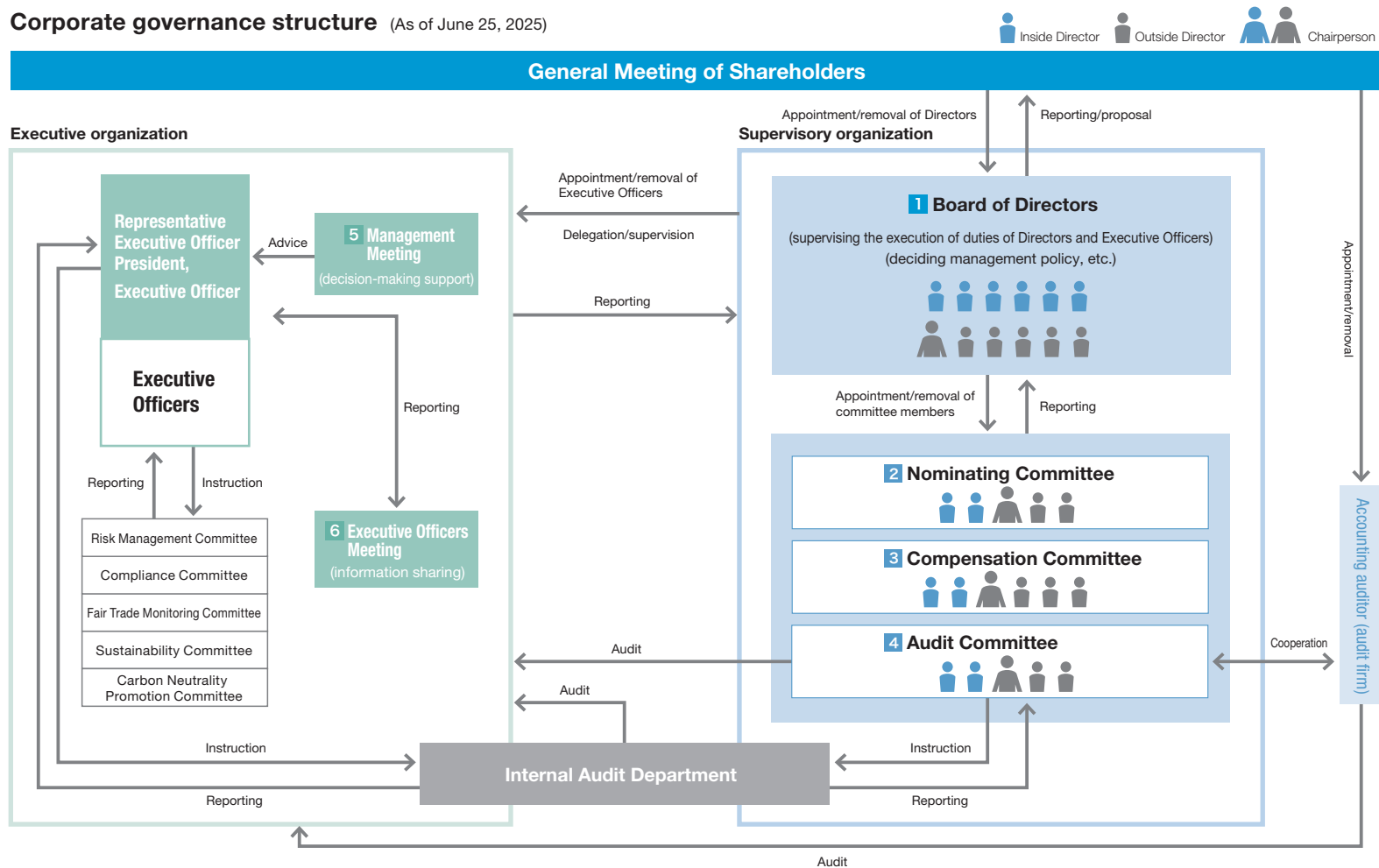
Governance Structure

Basic approach

NTN Group considers the strengthening and enhancement of corporate governance to be one of our top management priorities. While further improving the efficiency and soundness of our management, we are also striving to increase management transparency by rapidly disclosing accurate information to our shareholders and investors.

With the aim of creating a structure for rapid decision-making and execution, enhancing our business supervisory functions and improving the transparency and impartiality of our management, NTN Group transitioned from Company with Board of Company Auditors to Company with Nominating Committee, etc. in June 2019. Under this structure, we will work on further enhancement of corporate value over the medium- and long-term.

Corporate governance structure (As of June 25, 2025)



Governance Structure

1 Board of Directors

The Board of Directors decides on the basic management policies and supervises the execution of duties of Directors and Executive Officers. Apart from matters stipulated by laws and regulations or the Articles of Incorporation to be resolved by the Board of Directors, the Board delegates substantial authority to Executive Officers with the aim of strengthening the supervision of management and speeding up decision-making.

The Articles of Incorporation stipulate that the term of office of a Director shall be one year, and the number of Directors shall be 15 or fewer. The Board of Directors convenes once a month in principle, but also meets flexibly as needed.

As of June 25, 2025, there are 12 Directors, of which six are Outside Directors. The Board is chaired by an Outside Director.

2 Nominating Committee

The Nominating Committee decides on the content of the proposal regarding appointment or removal of Directors, which is submitted to the General Meeting of Shareholders. Five members sit on the committee as of June 25, 2025, three of whom are Outside Directors. The committee is chaired by an Outside Director.

3 Compensation Committee

The Compensation Committee decides on the policy for determining the compensation of Directors and Executive Officers, and determines compensation for individuals. Six members sit on the committee as of June 25, 2025, four of whom are Outside Directors. The committee is chaired by an Outside Director.

4 Audit Committee

The Audit Committee audits the execution of duties of Directors and Executive Officers, and decides on the content of a proposal regarding appointment/removal of the accounting auditor, which is submitted to the General Meeting of Shareholders. The duties of the Audit Committee are supported by the Internal Audit Department, and its concurrently assigned staff members serve as the Audit Committee secretariat and other functions. These staff members, who have the requisite skills and experience to support the Audit Committee, are appointed by the manager of the Internal Audit Department with the approval of the Audit Committee. Decisions on matters related to transfer, disciplinary action or evaluation of these staff members require the approval of the Audit Committee.

The committee has five members as of June 25, 2025, three of whom are Outside Directors. The committee is chaired by an Outside Director.

Members composing Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee

FY2025 (As of June 25, 2025)			
Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Eiichi Ukai	○	○	
Masaaki Yamamoto		○	
Shumpei Kinoshita			
Koji Takahashi			
Masaki Egami			○
Etsu Harima	○		○
Ryo Kawakami ★	○		○
Yuriya Komatsu ★		○	
Akira Murakoshi ★	◎	○	
Yasuo Kitani ★	○		◎
Tatsuhiko Toshita ★		◎	○
Hiromi Wada ★		○	

*Please note that persons with ★ are Outside Directors, persons with ◎ are Chairpersons of committees, and persons with ○ are members of committees.

5 Management Meeting

The Management Meeting discusses important matters relating to operational execution, as the supporting body for decision-making by the President, Executive Officer. The meeting is composed of the President, Executive Officer and other Executive Officers as designated by him and held twice a month in principle.

6 Executive Officers Meeting

The Executive Officers Meeting is convened by the President, Executive Officer and attended by all Executive Officers. Resolutions passed by the Board of Directors are communicated and each Executive Officer reports about the status of operational execution. This meeting is held once a month in principle, sharing information among Executive Officers to make operational execution more efficient and effective.

Executive Officers

Executive Officers are appointed by resolution of the Board of Directors. They decide on the execution of business delegated to them by the Board of Directors and execute the business. Their term of office is one year under the Articles of Incorporation. As of June 25, 2025 there are 12 Executive Officers.

Corporate data

Organizational design	Company with Nominating Committee, etc.
No. of Directors	12
of which 6 independent Outside Directors	
Director's term of office	1 year
No. of Executive Officers	12
of which 2 have representative rights	
No. of Executive Officers who are also Directors	4
System to assist the work of the Audit Committee	yes (Internal Audit Department)
Accounting auditor	Ernst & Young ShinNihon LLC

Governance Structure

Governance structure timeline

2006	<ul style="list-style-type: none"> CSR Committee is established
2008	<ul style="list-style-type: none"> Risk Management Committee is established An Outside Director is appointed for the first time
2011	<ul style="list-style-type: none"> The number of Outside Directors increases (from 1 to 2)
2012	<ul style="list-style-type: none"> Fair Trade Monitoring Committee is established
2015	<ul style="list-style-type: none"> Compliance Committee is established The effectiveness of the Board of Directors is assessed
2016	<ul style="list-style-type: none"> Compensation Advisory Committee is established
2018	<ul style="list-style-type: none"> New corporate philosophy system is established
2019	<ul style="list-style-type: none"> Transition to Company with Nominating Committee The number of Outside Directors increases (from 2 to 5) Sustainability Committee is established
2020	<ul style="list-style-type: none"> First woman appointed as a Director (Outside)
2021	<ul style="list-style-type: none"> Executive Officer hierarchy flattened
2022	<ul style="list-style-type: none"> ESG incorporated in the Executive Officer evaluation system Female Outside Director appointed as the chair of the Board of Directors
2023	<ul style="list-style-type: none"> Important meeting briefing held for Outside Directors Carbon Neutrality Promotion Committee is established
2024	<ul style="list-style-type: none"> Change to the performance-linked compensation ratio for Executive Officers (increased from 40% to 50% of total compensation)

Board of Directors

Activities of the Board

In FY2024, NTN's Board of Directors met 15 times and deliberated primarily on the business plan for the current year and the progress of the Medium-term Management Plan, current conditions and issues

faced by business and region, occupational health and safety, quality control, compliance, risk management and sustainability.

The Board, which consists of both Inside and Outside Directors, is selected from a wide range of fields with consideration for diversity and balance. As of June 25, 2025, there were two female Directors (Outside Directors) on the Board, and one of whom serves as Chairperson. Through the oversight of management by the Directors, diverse values are integrated in our efforts to achieve sustained enhancement of corporate value.

Assessing the effectiveness of the Board

The effectiveness of the Board of Directors is evaluated annually to ensure it is fit for purpose. In FY2024, self-evaluation was conducted by each Director using a questionnaire asking about aspects such as the role, composition and operation of the Board and the operation of committees. The anonymized questionnaire has a four-point grading system, with a blank section provided for each question to elicit individual opinions from the respondent.

In FY2024, the third-party evaluation, which is implemented once every three years, took place. An external organization lent its support in designing the questionnaire and reviewed the results. Overall, the opinion was generally positive, indicating that initiatives to ensure the effectiveness of the Board are being implemented. However, there was a view that it may be necessary to further enhance the methods for information-sharing from the Nominating Committee to the Board of Directors regarding CEO succession planning and other matters, and we decided that the Nominating Committee would consider this going forward. NTN will continue to regularly analyze and evaluate the effectiveness of the Board of Directors and strive for improvement and enhancement.

Executive Officers

Appointment of Executive Officers

The appointment of Executive Officers shall be determined after careful deliberation by the Board of Directors, taking into overall account whether they possess the appropriate character, insight, capabilities, experience and track record to fulfil their duties. In addition, if it becomes clear that an Executive Officer lacks the required qualifications, they shall be promptly dismissed by the Board of Directors.

Flattening of the hierarchy and compensation structure

On June 25, 2021, NTN Group removed the Managing Executive Officers and eliminated hierarchical relationships among Executive Officers to create one team. This was also done in order to re-activate discussions among Executive Officers, respond to issues quickly and to further enhance corporate value.

In line with the flattening of the structure, the existing system of position-specific Directors' remuneration was abolished in April 2022 and transitioned to a compensation system adapted to the responsibilities held by each Director in their field.

Adoption of ESG evaluation

Since April 2022, ESG factors have been set as key individual target measures for Executive Officers involved in the calculation of annual incentives (bonuses). The degree of achievement of these ESG factors is one of the evaluation indicators. Incorporating ESG factors into the evaluation system promotes active engagement by Executive Officers on ESG.

📖 P.70 Compensation Committee

Nominating Committee

Message from the Chair

Chairperson of Nominating Committee
Outside Director

Akira Murakoshi



The Nominating Committee selects Directors for shareholder approval at the Annual General Meeting and also recommends Executive Officers, including the Representative Executive Officer, to the Board of Directors. Regarding succession plans for Directors and Executive Officers, we work with the executives to understand the candidate pool of Executive Officers and internal candidates using a skills matrix for Executive Officers and internal candidates, and to develop them through job rotations and other means for necessary career development.

As we enter the second year of the Medium-term Management Plan “DRIVE NTN100” Final, uncertainty in the external environment continues to increase. To complete the company’s revitalization and gain the trust of shareholders and all stakeholders, it is necessary to take steps to achieve bold structural reform under strong leadership and improve profitability from a long-term perspective.

From this perspective, last year the Nominating Committee engaged in extensive discussions regarding our approach to board composition and the qualities and requirements expected of candidates for the next CEO. We have already completed discussions on the framework, and this fiscal year we will report to the Board of Directors and deepen our shared understanding with the executives.

The current Medium-term Management Plan sets out quite a long-term “vision” for 2035 as our goal and measures designed by backcasting. In an environment of rapid change, acceleration of structural reform is required. As the Nominating Committee, we intend to work together with the executives to grow the next generation of management, including potential CEO successors, utilizing the perspectives of Outside Directors.

Matters deliberated by the Nominating Committee

In fiscal year 2024, the Nominating Committee met five times and deliberated on the creation and consideration of the Company’s succession plan, the executive structure for fiscal year 2025, and the selection of candidates for CEO, Representative Executive Officer, executive officers and directors.

Standards for appointment of Directors

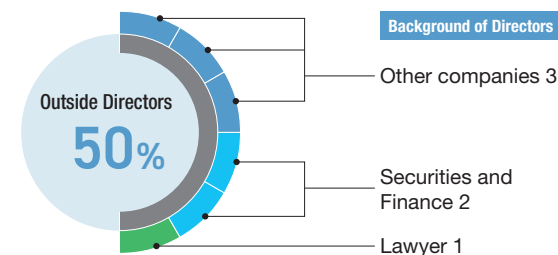
Candidate Directors, whether selected from inside or outside the Group, shall be decided upon careful deliberation by the Nominating Committee based on standards for selection of Directors as stipulated below, taking into account the diversity and balance of the Board (including gender and international experience).

- Must be in good condition both physically and mentally
- Must have a high sense of ethics and a law-abiding spirit.
- Must be able to engage in constructive discussion from an objective viewpoint.
- Must be highly motivated to improve their abilities.
- Must have excellent decision-making skills from a companywide and medium- to long-term perspective.
- Must have excellent foresight and insight regarding environmental and social change.
- Must have sufficient track record of performance and expertise in relevant fields (corporate manager or specialization).
- Regarding Outside Directors, (1) they must have sufficient time to accomplish their duties, (2) they must satisfy the standards regarding the independence of Outside Directors as stipulated under separate cover, (3) diversity must be ensured among the Outside Directors, and (4) they must have the requisite abilities to accomplish duties as a member of any of the three committees.

About Outside Directors

As of June 25, 2025, the Board of Directors consists of 12 members, including six Inside Directors and six Outside Directors, a ratio of Outside Directors of 50%. We will continue to strengthen the supervision of management and improve transparency and fairness. In order to ensure appropriate corporate governance, we have also established our own standards regarding the independence of Outside Directors, stipulating qualification and independence standards for their appointment. All Outside Directors are designated as Independent Directors as defined by the rules of the Tokyo Stock Exchange, and are reported to the Exchange as such.

In order to ensure a Board environment of vibrant discussion, we have established in principle monthly seminars for Outside Directors on the content of discussions in key meetings of executive departments. Moreover, we continuously provide the information necessary for Outside Directors to effectively fulfill their roles and responsibilities by creating opportunities to deepen their understanding of our business through in-person inspection of business sites and other means.



Compensation Committee

Message from the Chair

Chairperson of Compensation Committee
Outside Director

Tatsuhiko Toshita



NTN's Compensation Committee consists of four Outside Directors and two Inside Directors, and is chaired by an Outside Director. The committee objectively evaluates management compensation and aims for a system design that contributes to sustainable growth and medium- to long-term enhancement of corporate value. Amid growing uncertainty in the business environment, NTN has implemented timely revisions to the compensation system based on its medium- to long-term business strategy, emphasizing transparency and fairness.

In FY2024, with the intention of boosting “earning power” and improving capital efficiency, NTN revised the ratio of fixed compensation to performance-linked compensation from approximately 6:4 to 5:5, and performance-linked compensation totals are now determined based on the return on invested capital (ROIC) of consolidated financial results. Individual compensation amounts for Executive Officers are comprehensively considered and decided by the committee within the total amount of provision, taking into account the progress on priority target measures including ESG targets for each Executive Officer.

In a world of rapid social and economic change, compensation systems that promote sound motivation among Directors and Executive Officers and contribute to securing and developing excellent management talent have never been more important.

Our committee constantly monitors changes in the business environment while monitoring the effectiveness of the current system. We aim to strengthen governance by evolving toward a transparent compensation decision-making process under a compensation system that leads to high performance by Directors and Executive Officers in executing NTN's medium- to long-term strategy.

Deliberations of the Compensation Committee

The Compensation Committee held six meetings from April 2024 to March 2025.

The committee resolved matters related to executive compensation, including individual compensation, with the aim of enhancing corporate governance and improving the fairness, transparency, and objectivity of the procedures for determining the compensation of Directors and Executive Officers.

Compensation Committee meetings (from April 1, 2024 to March 31, 2025)

1st meeting	<ul style="list-style-type: none"> Points granted by BIP Trust for compensation of Officers Bonus for Executive Officers in 2024 Performance indicators of the system for medium- to long-term performance-linked compensation of Directors under the New Medium-term Management Plan
2nd meeting	<ul style="list-style-type: none"> Decision on the order of replacement in the event of the Chair being unable to serve Director compensation Annual activity plan
3rd meeting	<ul style="list-style-type: none"> Additional contribution of shares to the account of the BIP Trust for compensation of Officers Signing a memorandum concerning the revision of stock issuance regulations, internal regulations, and the trust contract
4th meeting	<ul style="list-style-type: none"> Revision of bonus system for Executive Officers Revision of the basic policy for determining compensation
5th meeting	<ul style="list-style-type: none"> Review of compensation levels and compensation structure for Officers
6th meeting	<ul style="list-style-type: none"> Executive Officer compensation

Basic policy for determining compensation

The Compensation Committee, chaired by an Outside Director, shall determine the system and level of compensation for Officers and individual compensation with reference to objective data on compensation levels and trends at other companies.

Executive Officers' and Directors' compensation shall be determined separately, and if a Director also serves as an Executive Officer, those compensations shall be combined.

Compensation for Directors

Compensation for a Director consists only of fixed compensation.

Fixed compensation shall be calculated by adding a supplement to basic compensation (which is determined based on any concurrent duties as an Executive Officer and whether the work is full-time or part-time), taking into account the committee(s) to which a Director belongs and their role on the committee(s).

Compensation for Executive Officers

The compensation for Executive Officers consists of fixed compensation and performance-linked compensation, which varies based on performance. The standard ratio of fixed to performance-linked compensation is approximately 5:5.



Fixed compensation

Fixed compensation consists of basic compensation, compensation by responsibility and compensation by representative authority.

Performance-linked compensation

Annual incentives

For Executive Officers, the Group determines whether to provide monetary compensation reflecting performance over a single fiscal year, and, if so, the total amount to be paid. This decision is based on the business plan at the beginning of the relevant fiscal year and the consolidated performance indicators from the previous fiscal year. Whether or not to pay an annual incentive to an Executive Officer, and in the case of payment, the amount, is determined (within the total amount of provision) with reference to the Executive Officer's progress on priority target measures. The indicator related to the calculation of bonuses is based on the consolidated Return on Invested Capital (ROIC), from the perspective of focus on the achievement of growth that takes capital efficiency into account. The provision is made once a year in June as determined by the Compensation Committee.

Medium- to long-term incentives

NTN Group shares shall be issued based on the achievement of key targets in the Medium-term Management Plan (money equivalent to the converted amount of shares shall be paid for a certain portion) as an incentive to achieve those targets and to contribute to raising shareholder value, as well as to promote the holding of NTN Group shares. Medium- to long-term performance targets include key performance indicators (consolidated operating margin, inventory turnover ratio, etc.), taking into account the Company's management policies.

Audit Committee

Message from the Chair

Chairperson of Audit Committee
Outside Director

Yasuo Kitani



Looking back on our audit activities in FY2024, based on the plan established at the beginning of the fiscal year, audits were conducted on-site at more than 100 locations across a wide range of areas including headquarters, manufacturing sites, sales offices, and research and technology departments. We also conducted audits of Executive Officers' job performance through interviews. On a daily basis, we also attended all of the committees including Management Meetings, Executive Officers Meetings, the Risk Management Committee, the Sustainability Committee, and the Compliance Committee, monitoring them from a governance perspective. We paid particular attention to - and were able to confirm - the effectiveness of the internal control functions of the committees.

Regarding internal control functions overseas, the need for some improvements has been detected, and advice has been proactively provided. Taking this as an opportunity, from the next fiscal year onward, we will encourage checks of internal control functions on a global basis and improvements where necessary, and monitor the situation.

For on-site audits, we focused particularly on checking inventory storage conditions and the appropriateness of mold and die storage contracts with partner companies.

For FY2025, we will establish an audit plan that achieves the same level of on-site audit hours as last year, and will continue to prioritize improving internal control functions both domestically and internationally, including giving guidance. As a management issue, NTN is strengthening the optimization of inventory levels. Through audits, we will provide guidance and support on proper inventory management.


I hope that our committee can contribute to establishing a corporate culture where points for improvement that are discovered through audits become fuel for growth.

Deliberations of the Audit Committee

Major agenda items of the Audit Committee include the formulation of audit policies and plans, evaluation of the audit plans of accounting auditors, and assessment of the appointment of accounting auditors, and the assessment of the status of development and operation of the Internal Control System.

Audit status

The Audit Committee members attend meetings of the Board of Directors and other major meetings in accordance with auditing standards, policies, and plans determined by the Audit Committee. The Audit Committee receives reports or hears from Directors, Executive Officers, employees, etc. on the status of the execution of their duties, and audits the execution of duties by Directors and Executive Officers. In addition to the Board of Directors and Executive Officers Meetings, members of the Audit Committee attend and monitor other committees which operate the internal control system – the Sustainability Committee, the Risk Management Committee, the Compliance Committee and the Fair Trade Monitoring Committee.

 P.72 Committees of the Executive Organization

Internal control system

We regard risk management and compliance as one of the most important management issues, and have established a basic approach to internal control system (Internal Control Policy). Based on this basic policy, we maintain and operate the Group's internal control system, and are working to improve the soundness and efficiency of our management by constantly reviewing our internal control system in response to changes in the business environment.

The Internal Control Department supervises evaluation of internal controls based on the Financial Instruments and Exchange Act. (the internal controls reporting system). It also works to develop and strengthen the internal control system under the Companies Act.

Regarding challenges arising with regard to internal controls as discovered by audits, it examines the design and operational status of rules, procedures and systems from a Group-wide perspective, then aims to reinforce internal controls through remediation and improvement activities.

Internal audit initiatives

NTN Group's Internal Audit Department, under the direct oversight of the President, Executive Officer, undertakes internal audits independently of the department under audit. The internal audits are conducted into the status of business execution by Group executive organizations from the perspective of propriety and compliance with laws, regulations and internal regulations, as well as from the viewpoint of the effectiveness and efficiency of business activities.

Internal audits involve auditing each executive organization separately (operational audit) and auditing horizontally across organizations by risk and business function (thematic audit). Based on the results, advice and suggestions are provided to the department concerned. Follow-up audits are conducted to check on the implementation of improvements until they are complete.

The results of internal audits are reported to the President, Executive Officer, the Board of Directors and the Audit Committee, as well as being shared with all Executive Officers. In addition, the Audit Committee, the Internal Audit Department and the Accounting Auditor hold regular meetings to exchange information and opinions about audit policies, plans and results in order to improve their efficiency and effectiveness.

Overseas, we have established an Administration & Internal Control Department within General Manager's Offices, which supervise each region. The Internal Audit Department and the Administration & Internal Control Departments work together while taking into account the circumstances and characteristics of the region concerned.

Committees of the Executive Organization

Sustainability Committee

The NTN Group has established the Sustainability Committee chaired by the Executive Officer in charge of the ESG Promotion Department (Chief Management Officer of Sustainability Activities). The committee serves as a body that deliberates on the sustainability activities required for identifying and resolving issues with a view to realizing a “NAMERAKA Society.” In principle, the committee meets twice a year. Members of the committee, comprising mainly of the heads of departments related to ESG, deliberate on the details of risks and opportunities related to sustainability as well as the initiatives to be implemented. The status of initiatives is reviewed regularly as a response measure for materiality linked to risks and opportunities. In addition, the Risk Management Committee has established a framework for reporting and deliberating on more specific countermeasures for sustainability-related risks. The details of deliberations by the Sustainability Committee are reported to the Board of Directors.

Carbon Neutrality Promotion Committee

Amid the growing importance of climate change countermeasures worldwide, NTN established the Carbon Neutrality Promotion Committee in FY2023 to promote, globally and more strongly, the realization of carbon neutrality, which the Sustainability Committee has long been working on as one of our ESG issues.

The Carbon Neutrality Promotion Committee is chaired by the President, Executive Officer, with the Executive Officer in charge of the Carbon Neutrality Strategy Promotion Department serving as the Vice Chairperson. Its members include Executive Officers and general managers responsible for each region (Japan, Europe and Africa, the Americas, China, ASEAN/Oceania/West Asia, and India). The Committee meets twice a year in principle to deliberate on action plans toward achieving the carbon neutrality target and the status of efforts.

In addition, the regional subcommittee of each region, chaired by an Executive Officer in charge, functions as the subordinate organization of the Carbon Neutrality Promotion Committee. These subcommittees meet four times a year in principle to review measures and efforts corresponding to the actual conditions in each region, and report the results of their discussions to the Carbon Neutrality Promotion Committee.

Matters deliberated on by the Carbon Neutrality Promotion Committee are reported independently or jointly with the Sustainability Committee, to the Board of Directors as appropriate.

Risk Management Committee

NTN has established the Risk Management Committee, chaired by the Executive Officer in charge of the ESG Promotion Department (Chief Management Officer of Risk Management), for the purpose of preventing risks and minimizing damage in the event of a crisis. In principle, the committee meets twice a year.

The committee regularly checks activities including identification, analysis, evaluation, and treatment with regard to various risks surrounding the business of the NTN Group, and reports the details of deliberations to the Board of Directors.

Risks that are discovered through internal audits conducted by the Internal Audit Department are shared with the Internal Control Department. This allows the Group to take preventive actions and make improvements to prevent risks in a timely and appropriate manner.

Compliance Committee

NTN has established the Compliance Committee, chaired by the Executive Officer in charge of the Legal Department (Chief Management Officer of Compliance Promotion Activities). It serves as an advisory body for compliance promotion activities, and meets twice a year in principle. Members of the Committee are comprised primarily of the heads of the related risk management departments. They discuss issues related to global compliance risks (excluding the risk of violating antimonopoly and subcontract laws), as well as action plans and results, and report to the Board of Directors. Based on the action plans discussed by the Committee, the relevant risk management promotion departments implement measures to mitigate risks in collaboration and partnership with the Compliance Promotion Activity Supervisors appointed at each domestic business site and subsidiary as well as the Administration & Internal Control Department established at each Office of the General Manager in each overseas region.

Fair Trade Monitoring Committee

NTN has established the Fair Trade Monitoring Committee, chaired by the President, Executive Officer, to engage in activities for promoting compliance with antimonopoly and subcontract laws. The Committee meets twice a year in principle. The primary members include the Executive Officers in charge of sales and procurement departments, Outside Directors, and external lawyers. The Committee discusses the implementation plans and performance reports for compliance with antimonopoly and subcontract laws, and provides supervision and guidance on effective control for fair trade practices along with education and awareness-raising activities. The discussed matters are reported to the Board of Directors. Under the direction of the Fair Trade Monitoring Committee, the Legal Department, which oversees activities related to compliance with antimonopoly laws, conducts activities including education, guidance, and supervision of the relevant domestic departments, and also works together with the Administration & Internal Control Department of each overseas region to manage the implementation status of activities related to compliance with antimonopoly laws.

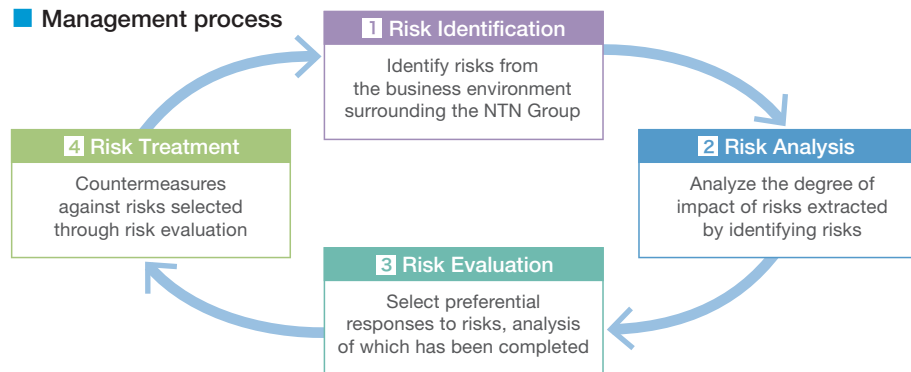
Risk Management

Basic approach to Risk Management

We have developed a Risk Management Policy that outlines our basic approach to preventing and responding to risks that may impede the business operations of our Group, as well as the Risk Management Regulations that define the organization and roles for risk management. Through these measures, we are working on risk management and promoting BCP/BCM (Business Continuity Plan/Business Continuity Management) across the entire Group.

With the aim of preventing risks and minimizing damage when crises occur, we have established a Risk Management Committee chaired by the Executive Officer in charge of the ESG Promotion Department (who has oversight of risk management). The committee regularly checks up on the various risks surrounding NTN Group business activities including risk identification, analysis, evaluation, and treatment. Risks are classified into the following 20 risk categories from the viewpoint of comprehensiveness, and management managers and promotion divisions are determined for each specific risk, with the aim of reducing risk. The deliberations of the Risk Management Committee are reported to the Board of Directors twice a year.

Management process



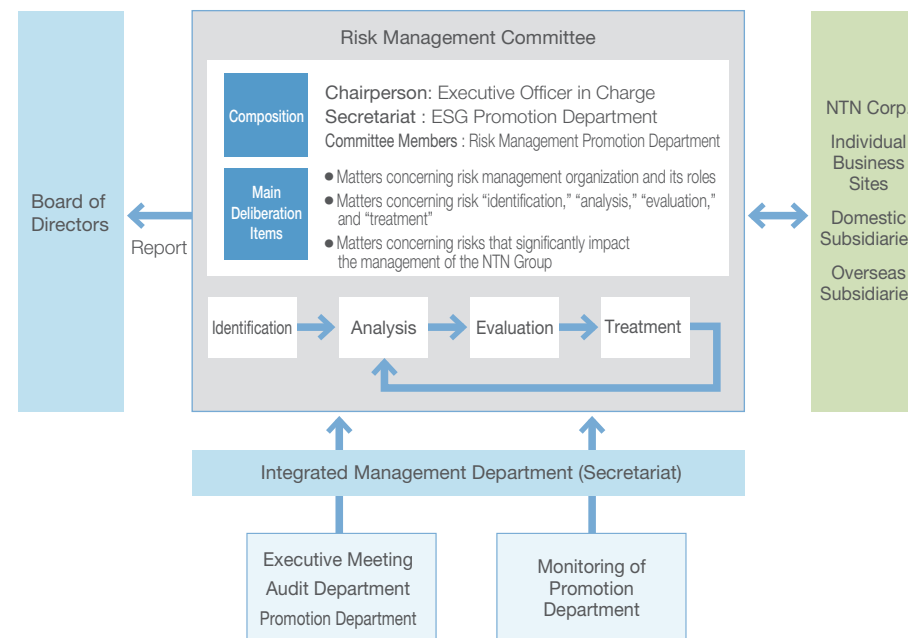
Relevant risks

- | | | |
|--|-----------------------------|------------------------------------|
| 1 Natural disasters | 8 Technology and R&D | 15 Health and safety |
| 2 Geopolitical risk | 9 Procurement | 16 Environment |
| 3 Changing political and economic conditions | 10 Logistics | 17 Information Information systems |
| 4 Changing market conditions | 11 Production and inventory | 18 Finance and accounting |
| 5 Changing working environment | 12 Quality | 19 Legal affairs and compliance |
| 6 Carbon neutrality | 13 Marketing and sales | 20 Others |
| 7 Changing legislation and regulation | 14 Personnel and labor | |

Organization Chart

The risk management structure consists of a General Manager (the Executive Officer in charge of risk management), the Integrated Management Department, the Promotion Department, and the Implementation Department (working departments). The Integrated Management Department serves as the Secretariat of the Risk Management Committee and is responsible for overseeing the identification, analysis, assessment, and response to risks across the entire NTN Group. The Promotion Department, as a department responsible for each risk in their respective operations, is responsible for conducting risk assessments, reporting to the Integrated Management Department, formulating regulations and other measures related to their assigned risks, establishing management systems, providing education and awareness regarding risk management for their assigned risks, and providing guidance and advice to subsidiaries.

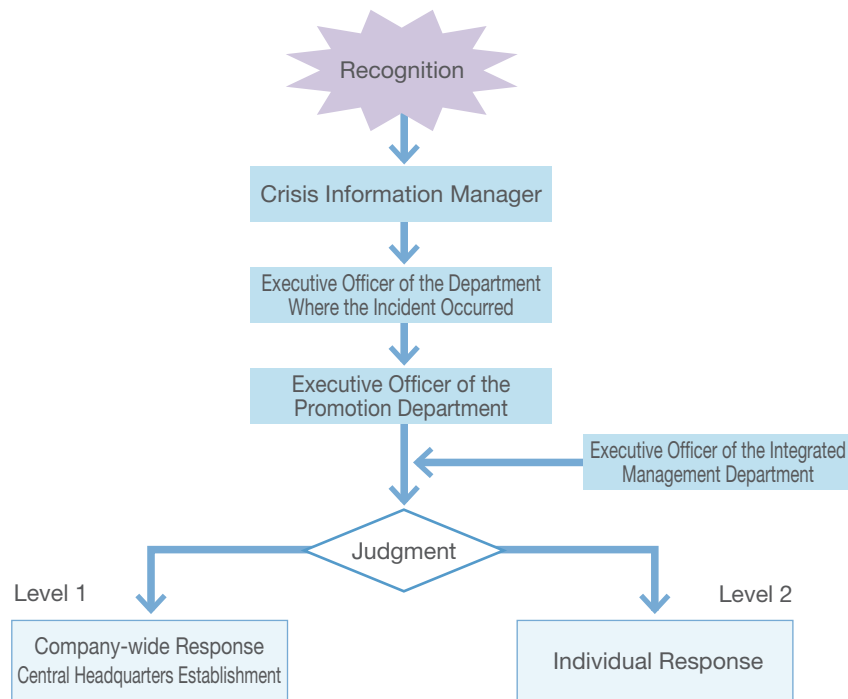
Structure



Risk Management

Crisis management structure

When an emergency situation involving life safety or incidents/accidents affecting management occurs, the crisis information manager of the department where the incident occurred reports to the Executive Officer in charge of that department. The Executive Officer who receives the report consults with the Executive Officer in charge of the relevant risk promotion department and the Executive Officer in charge of risk management oversight to determine the crisis response level for the emergency situation. Crisis response levels are classified into the following two levels according to the degree of impact on management. Level 1 refers to cases where the impact on management is deemed extremely significant, and when a judgment meeting determines it to be Level 1, the Central Headquarters established at the Head Office will implement comprehensive response measures. Level 2 refers to cases where the degree of impact on management is judged to not reach Level 1-these cases are handled by the department where the emergency occurred with the cooperation of the relevant promotion department as necessary.



Promotion of BCP/BCM

We have been developing a BCP/BCM structure designed to respond to major earthquakes in Japan and are working to strengthen our disaster response systems, including those of our group companies. We have completed the formulation of BCPs to enable rapid recovery at all production sites across Japan. Based on our experience from the Noto Peninsula Earthquake in 2024, we are carrying out BCP training and developing systems for rapid recovery in case of emergencies. In addition, we have compiled materials documenting our response from earthquake occurrence through recovery, which are utilized in our BCM activities.

Strengthening the computer security incident response team

Strengthening CSIRT structure

In response to increasing risks of cyberattack and data breaches and in view of the importance of information security today, we have established a Basic Policy of Information Security alongside our Environment Policy, Human Rights Policy, Safety and Health Basic Policy and Procurement Policy as one of the NTN Group's basic policies set forth under our Management Policy.

Cyberattacks are becoming increasingly complex and sophisticated daily, with numerous similar incidents and information breaches occurring at other companies. When information security incidents occur, it is essential to respond swiftly from detection through reporting to handling of information security risks. We have established a cross-departmental emergency response system for handling information security risks (NTN-CSIRT: NTN Computer Security Incident Response Team), and have begun operations in conjunction with a dedicated security organization (SOC: Security Operation Center) that monitors cyberattacks 24 hours a day, 365 days a year for early detection of cyberattacks.

Furthermore, as part of personnel security measures, we regularly conduct incident response trainings that assume the occurrence of information security incidents, training for dealing with spoofed mails, and e-learning programs to deepen understanding of information security-related regulations and how to deal with information security threats.

[Objectives of establishing the Computer Security Incident Response Team (NTN-CSIRT)]

- (1) Detect information security risks and accelerate communication, reporting, handling, and recovery in case of risk occurrence
- (2) Reduce the risk of information security incidents and prevent them from occurring
- (3) Strengthen governance to improve overall information security standards

[Related information on the website](#)

NTN Basic Policy



Compliance

Basic approach to compliance

NTN believes that earning the trust of society is essential in order for the Company to contribute to the realization of a sustainable society and to continue to be a company that is needed by society. Accordingly, we place importance on compliance in our Management Policy.

We perceive compliance to include not only abiding with the laws and regulations of each country, but also observing internal regulations and social norms.

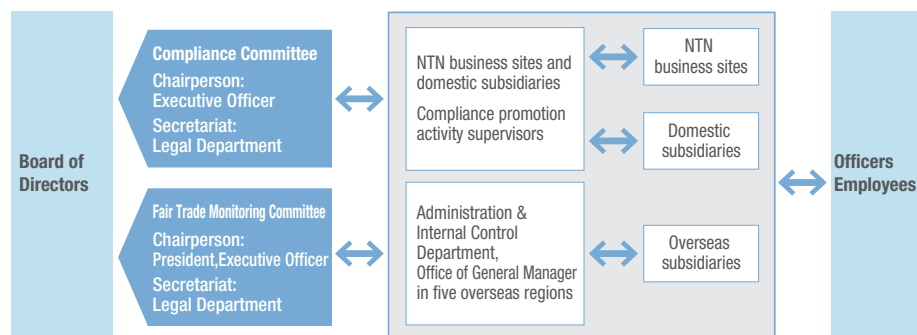
In light of that, we have established the Business Code of Conduct to serve as a behavioral guideline that officers and employees should adhere to.

Promotion structure

NTN has established Group-wide rules and regulations regarding compliance, and has set up and operates the Compliance Committee and the Fair Trade Monitoring Committee to build a system for promoting compliance centered on the activities of these two committees.

In Japan, a Compliance Promotion Activity Supervisor is appointed at each business site and subsidiary to facilitate the implementation of compliance promotion activities. With regard to antimonopoly laws, the Legal Department is responsible for overseeing legal compliance activities in Japan, including at subsidiaries. Overseas, the action plans deliberated by each committee are implemented mainly by the Administration & Internal Control Department established in the Office of the General Manager in each region. We are working to enhance compliance activities across the Group by holding regular training sessions and sharing information and exchanging opinions on important issues.

Structure



Implementation of surveys on corporate culture

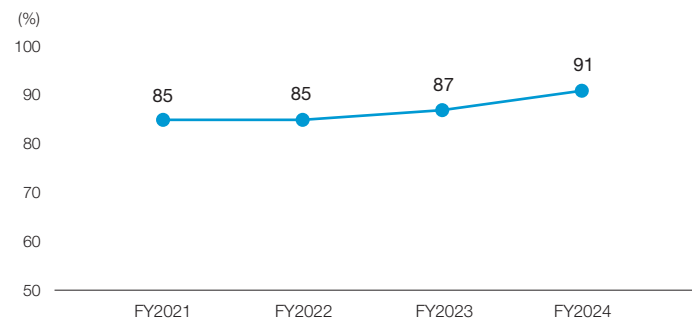
As part of our fraud prevention activities, since fiscal year 2017, the Group has been conducting surveys on employee evaluations to find out more about the attitudes of the presidents of affiliated companies and corporate culture of these companies, in relation to compliance.

It is said that there is a high probability of occurrence of fraudulent acts in a company when the Fraud Triangle of motives/pressures, opportunities, and rationalization, is established. While advancing the development of regulations, rules, and penalties, it is also important to improve the corporate culture and environment. Therefore, NTN regularly checks for changes in the organizational culture of affiliated companies through employee evaluations.

By disclosing the results of this survey to the presidents of affiliated companies, we are utilizing these results to develop a culture of “not being motivated to engage in fraudulent acts” by fostering awareness that they are always being observed by the Company and the Head Office. At the same time, the results of this survey are also used to build good relationships with employees.

Since fiscal year 2021, we have been conducting the survey on affiliated companies with changes of presidents or other significant events, with a view to improving the effectiveness and efficiency of the survey. In fiscal year 2024, the survey was conducted on approximately 1,900 employees from 16 companies (seven in Japan, and nine overseas).

■ (Average) Percentage of employees who evaluated the attitudes of the president of the affiliated companies as “Good”



Compliance

Corruption prevention initiatives

With regard to bribery, we have collaborated with the Administration & Internal Control Departments of each overseas region to prepare local versions of the internal regulations, taking into account the bribery-related laws and regulations as well as social norms in Japan and each country. Based on these, training and activities to raise awareness are conducted.

NTN's internal regulations not only prohibit bribery of domestic and foreign public officials and business partners, but also prescribe rules and procedures related to the provision of property and benefits by officers and employees, as well as rules and procedures to prevent bribery through business partners. In view that there are countries which regulate the exchange of property and benefits between private companies, we have also established rules and procedures regarding the receipt of property and benefits, in order to prevent the acceptance of bribery by our officers and employees, ensure fair transactions, and prevent conflicts of interest among officers and employees. In principle, NTN's officers and employees do not accept entertainment or gifts from business partners.

In addition to regular training, we share information and exchange opinions about initiatives in Japan and each country, and conduct self-audits and internal audits every year to maintain and manage our Group-wide anti-bribery system.

Over the past decade, our Group has not been charged by authorities in any country for violating bribery-related laws, nor incurred any expenses related to such violations. Furthermore, no employee has been subjected to disciplinary action or been dismissed as a result of violating regulations related to bribery prevention.

Antimonopoly law compliance initiatives

We perceive violations of antimonopoly laws as a risk to the entire Group. Therefore, to ensure thorough compliance with such laws, the Legal Department and the Administration & Internal Control Departments of each overseas region conduct training and awareness-raising activities on antimonopoly law compliance while ensuring that such activities are consistent with the laws and environments of each country.

In addition, officers and employees are obligated to submit advance applications and post-event reports in cases of any possible contact with competitors at exhibitions, conferences, or other events, thereby we have developed a system that allows us to grasp the circumstances of such contact. Furthermore, we strive to strengthen our compliance system by conducting self-audits and internal audits every year and requesting each department to proactively plan and implement improvement measures based on the audit results.

Going forward, we will continue to enhance the contents of training and other activities, and to realize fair and free competition by educating officers and employees.

Helpline (whistle-blower system)

We have established a "Helpline (Whistle-blower system)" both inside and outside the company as a contact point for handling consultations regarding actual or potential violations of laws, the Business Code of Conduct, and internal regulations, whether named or anonymous. In accordance with the rules stipulated in the "Helpline Management Rules" which includes confidentiality obligations and prohibiting disadvantageous treatment of whistle-blowers and investigation cooperators-the Helpline handles various types of cases such as harassment. The Helpline is used not only as a means of reporting violations and misconducts, but also as a means of expressing questions and opinions regarding compliance with the Business Code of Conduct, maintaining good relationships between the company and its officers, employees, and business partners. In Japan, the Helpline Management rules was revised in 2022 in accordance with the enforcement of the amended Whistleblower Protection Act. We operate the Helpline in accordance with the spirit of the law, including measures such as expanding the scope of protected persons and ensuring broader protection. In FY 2024, there were 26 internal whistle blowing cases, with a 100% consultation response rate. Overseas as well, we are sequentially developing and operating Whistle-blower system for each region according to the needs and circumstances of each region.

We are working on raising-awareness activities about the Helpline among employees through various compliance training and inclusion in the Business Code of Conduct Guidebook, and Helpline awareness rate was 95% (FY2024 "Compliance Awareness Survey" results). We will continue to conduct awareness activities and to provide consultation services, and we aim to create a workplace where employees can work with peace of mind by detecting misconduct early and protecting employees.

Structure



Please see the NTN Group sustainability website for more information on our compliance initiatives.



<https://www.ntnglobal.com/en/csr/governance/compliance.html>



Consolidated Financial Indicators (Past 11 Years)*¹ (Fiscal Year: April 1 – March 31)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Profit and Loss Statement												
Net sales* ²	(Millions of yen)	701,900	716,996	683,636	744,699	733,846	651,956	562,847	642,023	773,960	836,285	825,587
Operating income	(Millions of yen)	43,850	47,770	35,929	39,935	27,222	7,517	(3,138)	6,880	17,145	28,149	22,959
Operating margin	%	6.2	6.7	5.3	5.4	3.7	1.2	(0.6)	1.1	2.2	3.4	2.8
Income (loss) before income taxes	(Millions of yen)	37,062	26,942	14,889	26,905	2,938	(33,949)	(1,256)	17,619	10,807	16,551	(8,593)
Net income (loss) attributable to owner of patent	(Millions of yen)	23,352	15,037	2,830	20,373	(6,958)	(43,992)	(11,641)	7,341	10,367	10,568	(23,801)
Capital expenditures	(Millions of yen)	31,266	36,300	35,398	37,589	45,172	57,675	23,817	19,809	22,253	26,589	32,162
Depreciation and amortization	(Millions of yen)	40,391	38,277	36,629	37,505	38,926	37,306	35,478	37,898	42,048	41,803	42,379
R&D expenditures	(Millions of yen)	18,088	18,480	19,196	21,007	21,661	19,961	17,485	17,444	18,678	18,234	19,656
Balance Sheet												
Total assets	(Millions of yen)	856,121	794,000	797,038	839,427	840,750	757,822	836,563	855,483	869,827	910,252	856,425
Net assets	(Millions of yen)	262,559	248,504	245,050	269,759	246,404	168,378	183,751	216,425	237,425	280,822	248,699
Inventories	(Millions of yen)	184,128	178,220	171,481	179,738	194,505	182,923	176,847	214,843	239,385	264,794	244,367
Interest-bearing debt	(Millions of yen)	359,105	325,173	320,169	320,833	350,344	362,416	422,803	394,031	371,292	362,064	353,993
Various Indicators												
Inventory turnover ratio (Times)	(Times)	3.8	4.0	4.0	4.1	3.8	3.6	3.2	3.0	3.2	3.2	3.4
Net D/E ratio (Times)	(Times)	1.1	1.1	1.1	0.9	1.2	1.9	1.6	1.4	1.2	0.9	1.0
Net income (loss)/Average total assets (ROA)	(%)	2.7	1.8	0.4	2.5	(0.8)	(5.5)	(1.5)	0.9	1.2	1.2	(2.8)
Net income (loss)/Average shareholders' equity (ROE)	(%)	10.5	6.3	1.2	8.4	(2.9)	(22.8)	(7.1)	4.0	5.0	4.4	(9.6)
Equity to capital ratio	(%)	28.6	29.3	28.8	30.2	27.4	20.6	20.4	23.1	25.4	29.0	27.2
Return on invested capital (ROIC)	(%)	5.2	5.8	4.5	5.0	3.3	1.0	(0.4)	0.8	2.0	3.2	2.6
Cash Flows												
Net cash provided by (used in) operating activities	(Millions of yen)	25,120	46,247	62,387	61,799	43,224	43,749	36,473	8,956	34,219	65,103	45,623
Net cash provided by (used in) investing activities	(Millions of yen)	(31,293)	(33,770)	(41,218)	(48,358)	(65,614)	(61,807)	(17,938)	2,512	(13,858)	(24,970)	(25,960)
Net cash provided by (used in) financing activities	(Millions of yen)	(37,492)	(27,958)	(8,218)	(7,520)	20,745	7,413	54,671	(41,300)	(33,258)	(30,212)	(18,708)
Free cash flow	(Millions of yen)	(6,173)	12,477	21,169	13,441	(22,390)	(18,058)	18,535	11,468	20,361	40,133	19,663
Per-share Data												
Net assets (Yen)	(yen)	461.21	436.97	431.66	477.17	433.32	294.00	321.04	372.70	415.64	497.83	439.89
Net income (loss)												
Net income (loss) (Yen)	(yen)	43.91	28.28	5.33	38.36	(13.10)	(82.83)	(21.92)	13.83	19.53	19.91	(44.90)
Diluted net income (loss) (Yen)	(yen)	—	—	—	—	—	—	—	—	—	18.65	—
Dividends	(yen)	6.00	10.00	10.00	15.00	15.00	5.00	0.00	0.00	5.00	10.00	11.00

*¹ The Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. from FY2018, and as such the figures for the period from FY2014 to FY2017 are shown after being reclassified to reflect the above accounting standards. In addition, from NTN Report 2022, financial data listed in the Annual Securities Report is used.

*² From FY2020, "Royalty," which was previously recorded under "Non-Operating Income" are now recorded as part of "Net Sales," and as such the figures for the period from FY2016 to FY2019 are shown after being reclassified to reflect the change in presentation method.

ESG Data (Fiscal Year : April 1 - March 31)

Environment (E)

	Unit	2020	2021	2022	2023	2024	Scope of calculations
Energy consumption	TJ	5,783	6,623	6,456	6,083	5,701	Global
Energy consumption intensity (Energy consumption/Net sales)	GJ/million yen	10.275	10.316	8.342	7.274	6.905	Global
CO ₂ emissions (Scope 1 and 2)	ten thousand tons	54.9	59.2	56.4	53.6	46.7	Global
CO ₂ emissions (Scope 1)	ten thousand tons	8.6	10.6	10.1	9.1	8.3	Global
CO ₂ emissions (Scope 2)	ten thousand tons	46.3	48.6	46.3	44.5	38.5	Global
CO ₂ emissions intensity (CO ₂ emissions/Net sales)	tons/million yen	0.98	0.92	0.73	0.64	0.57	Global
Fuel consumption							
Gasoline	thousand liters	71.8	58.1	55.6	46.2	32.6	Global
Kerosene	thousand liters	527.4	644.3	521.4	544.0	464.4	Global
Diesel oil	thousand liters	301.5	400.0	389.9	342.5	343.1	Global
Heavy oil A	thousand liters	189.2	157.9	139.2	88.9	169.1	Global
LPG	tons	8,753.7	12,754.4	12,011.5	11,174.8	10,229.8	Global
City gas (Japan)	thousand m ³	7,723.5	8,673.8	8,460.2	8,767.2	8,546.8	Japan
Natural gas (Overseas)	thousand m ³	17,409.4	20,093.6	19,223.0	17,767.9	16,133.0	Overseas
Electricity purchased	GWh	1,144.7	1,271.6	1,253.2	1,116.5	1,037.9	Global
Electricity purchased (Renewable energy)	GWh	0	0	0.1	106.2	108.9	Global
Natural energy generation	GWh	11.7	14.3	13.0	14.2	17.1	Global
Renewable and natural energy usage rate	%	1.0	1.1	1.0	9.7	10.8	Global
Water consumption	ten thousand m ³	243.0	271.5	284.1	282.8	280.2	Global
Waste generated	ten thousand tons	13.1	15.4	16.3	16.4	14.6	Global
Recycling rate	%	96.9	95.8	97.2	97.0	96.8	Global

Governance (G)

	Unit	2020	2021	2022	2023	2024
Number of Directors	people	11	11	12	11	12
Number of Outside Directors	people	5	5	6	5	6
Number of female Directors	people	1	1	1	1	1
Number of Executive Officers	people	11	11	13	11	12
Number of Sustainability Committee held per year	times	4	3	3	2	2
Number of Carbon Neutrality Promotion Committee held per year ^{*1}	times	—	—	—	2	2
Number of Risk Management Committee held per year	times	4	2	2	3	2
Number of Compliance Committee held per year	times	2	2	2	2	2
Number of Fair Trade Monitoring Committee held per year	times	1	2	2	2	2
Awareness of Helpline shown in Compliance Awareness Survey	%	87	90	88	94	95

*1 As the Carbon Neutrality Promotion Committee was launched in FY2023, there are no results for the periods before that.

Social (S)

	Unit	2020	2021	2022	2023	2024	Scope of calculations
Number of employees	people	23,292	23,383	23,027	22,617	21,996	Global
Japan	people	8,735	8,579	8,419	8,285	8,279	
Americas	people	4,921	5,516	5,583	5,353	5,080	
Europe	people	5,470	5,200	5,086	5,126	4,982	
Asia and others	people	4,166	4,088	3,939	3,853	3,655	
Percentage of overseas employees	%	62.5	63.3	63.4	63.4	62.4	Global
Percentage of female employees	%	21.9	22.0	22.0	22.2	21.8	Global
Percentage of female managers							
Global	%	14.0	14.4	14.7	16.8	16.2	Global
NTN only + Domestic subsidiaries	%	3.3	3.4	4.0	4.0	4.0	Japan
NTN only	%	3.9	3.9	4.4	4.5	4.2	NTN only
Childcare leave acquisition rate for male employees	%	5.9	11.2	37.2	62.8	73.0	NTN only
Percentage of mid-career hires	%	8.5	6.7	19.0	21.3	17.3	NTN only
Employment rate of persons with disabilities	%	2.34	2.55	2.57	2.57	2.50	NTN only
Number of expert course participants ^{*1}	people	—	—	—	6	8	NTN only
Number of succession plan candidates	people	8	19	19	24	25	Global
Training hours per employee	hours	10.6	11.6	16.2	11.9	21.0	NTN only
Training expenditure per employee ^{*2}	yen	—	—	—	19,180	32,671	NTN only
Scores related to "challenge" and "transformation" in Employee Engagement Surveys (positive response rate) ^{*3}							
Organization allows for learning from failures	%	—	58	—	50	—	NTN only
The workplace environment encourages new proposal methods	%	—	45	—	42	—	
I try to perform beyond expectations	%	—	76	—	65	—	
Scores related to "corporate philosophy" and "collaboration" in Employee Engagement Surveys (positive response rate) ^{*3}							
The NTN SPIRIT is practiced	%	—	62	—	51	—	NTN only
I know the meaning of my work	%	—	74	—	55	—	
There is mutual respect and collaboration among departments	%	—	32	—	29	—	
Number of participants in human rights education (total number)	people	1,097	1,213	1,354	1,443	1,812	NTN only
Percentage of people in the healthy weight range (BMI between 18.5 and 25)	%	66.1	66.0	65.4	66.0	65.5	NTN only
Percentage of high-stress employees	%	7.1	8.3	8.6	9.0	8.7	NTN only
Number of occupational accidents (resulting in lost work time) ^{*4}	incidents	1	3	4	2	0	NTN only
R&D expenditure	hundred million yen	175	174	187	182	197	Global
Percentage of R&D expenditure to net sales	%	3.1	2.7	2.4	2.2	2.4	Global

*1 As this is a new system established in FY2023, there were no participants before that.

*2 Performance survey commenced from FY2023.

*3 The Employee Engagement Survey began in FY2021 and is conducted biennially. Therefore, the survey was not conducted in FY2022 and FY2024, and the next survey is scheduled for FY2025. The Employee Engagement Surveys conducted in FY2021 and FY2023 were conducted only on some employees.

*4 The calculation period for FY2024 was from December 16, 2023 to December 15, 2024, and calculation periods prior to FY2023 were also based on this.

Global Network (As of March 31, 2025)

● Sales ■ Production ■ Production and sales ◆ R&D base ● Others

Europe

- 29 NTN Europe S.A.
- 30 NTN TRANSMISSIONS EUROPE
- 31 NTN TRANSMISSIONS EUROPE CREZANCY
- 32 NTN Wälzlager (Deutschland) GmbH
- 33 NTN Kugellagerfabrik (Deutschland) GmbH
- 34 NTN Mettmann (Deutschland) GmbH
- 35 NTN Antriebstechnik GmbH
- 36 NTN BEARINGS (UK) LTD.
- ◆ NTN Europe R&D Center

Six consolidated subsidiaries in addition to the Group companies above

Asia and Others

- 37 NTN BEARING-SINGAPORE (PTE) LTD.
- 38 NTN BEARING VIETNAM CO.,LTD.
- 39 NTN BEARING-MALAYSIA SDN.BHD.
- 40 NTN BEARING-THAILAND CO.,LTD.
- 41 NTN MANUFACTURING (THAILAND) CO.,LTD.
- 42 NTPT CO.,LTD.
- 43 PT. NTN BEARING INDONESIA
- 44 NTN BEARING INDIA PRIVATE LTD.
- 45 NTN NEI Manufacturing India Private LTD.
- 46 NTN KOREA CO.,LTD.
- 47 NTN (CHINA) Investment Corporation
- 48 NANJING NTN CORP.
- 49 SHANGHAI NTN CORP
- 50 Guangzhou NTN-Yulon Drivetrain Co., Ltd.
- 51 Xiangyang NTN-Yulon Drivetrain Co., Ltd.
- 52 NTN-RAB (CHANGZHOU) CORP.
- 53 NTN CHINA LTD.
- 54 TUNG PEI INDUSTRIAL CO., LTD.
- 55 TAIWAY LTD.
- 56 NTN-DONGPAI (Shanghai) Bearing Sales Co., Ltd.
- 57 Shanghai Tung Pei Enterprise Co., Ltd.
- 58 PT. TPI MANUFACTURING INDONESIA
- 59 PT.Astra NTN Driveshaft Indonesia
- ◆ NTN China Technical Center

One consolidated subsidiary in addition to the Group companies above

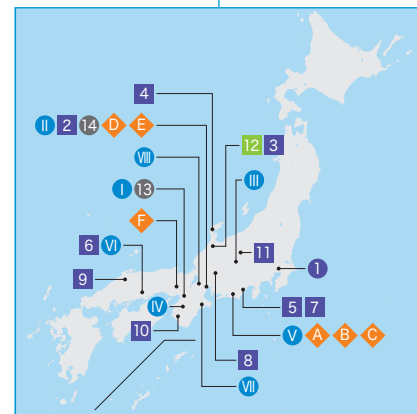
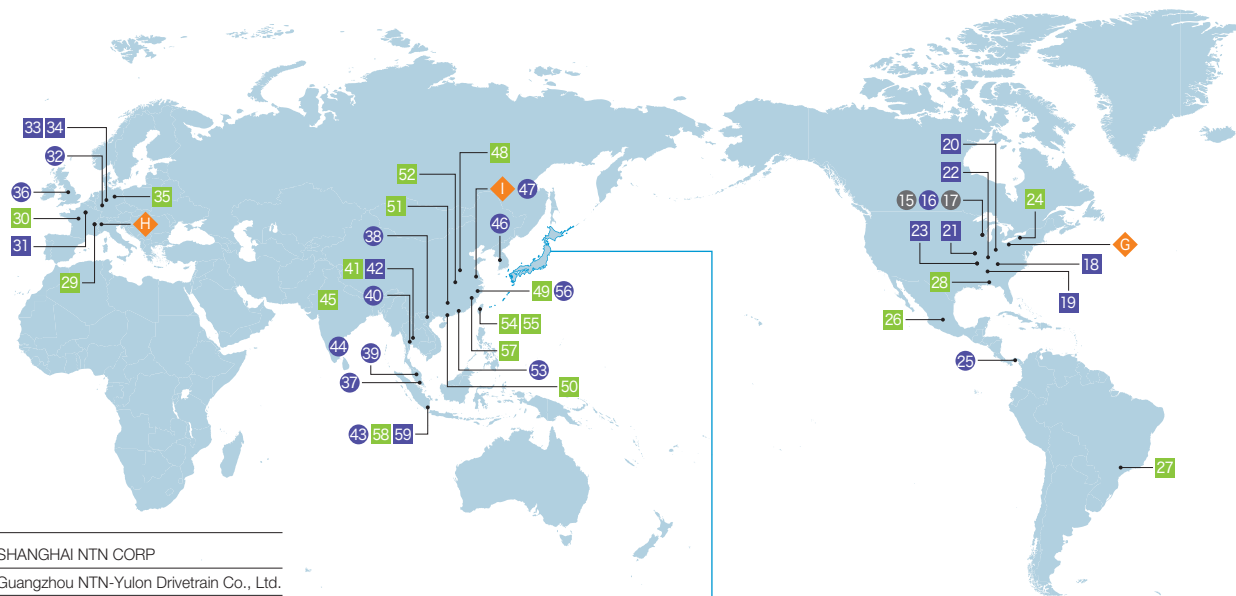
Americas

- 15 NTN USA CORP.
- 16 NTN BEARING CORP.OF AMERICA
- 17 NBCA Asset Finance LLC.
- 18 NTN DRIVESHAFT,INC.
- 19 NTN DRIVESHAFT ANDERSON,INC.
- 20 AMERICAN NTN BEARING MFG.CORP.
- 21 NTN-BOWER CORP.
- 22 NTK PRECISION AXLE CORP.
- 23 NTA PRECISION AXLE CORP.
- 24 NTN BEARING CORP.OF CANADA LTD.
- 25 NTN-SUDAMERICANA,S.A.
- 26 NTN MANUFACTURING DE MEXICO,S.A.DE C.V.
- 27 NTN do Brasil Produção de Semi-Eixos Ltda.
- 28 Seohan-NTN Driveshaft USA CORP.
- ◆ NTN Automotive Center

One consolidated subsidiary in addition to the Group companies above

Japan

- I NTN Corporation (parent company)
- II Bearing Business HQ. Kuwana Works
- III Bearing Business HQ. Nagano Works
- IV Bearing Business HQ. Wakayama Works
- V CVJ & Axle Bearing Business HQ. Iwata Works
- VI CVJ & Axle Bearing Business HQ. Okayama Works
- VII CVJ & Axle Bearing Business HQ. Mikumo Works
- VIII Composite Material Product Division Engineering Plastics Works
- 1 NTN SALES JAPAN CORP.
- 2 NTN MIE CORP.
- 3 NTN HOUDATSU SHIMIZU CORP.
- 4 NTN NOTO CORP.
- 5 NTN FUKUROI CORP.
- 6 NTN AKAIWA CORP.
- 7 NTN OMAEZAKI CORP.
- 8 NTN Advanced Materials Corp.
- 9 NTN CASTING CORP.
- 10 NTN KINAN CORP.
- 11 NTN KAMIINA CORP.
- 12 Taira Forging Co.,Ltd.
- 13 NTN TECHNICAL SERVICE CORP.
- 14 NTN LOGISTICS CO., LTD.
- ◆ Iwata Engineering Center
- ◆ Production Engineering HQ.
- ◆ CVJ & Axle Bearing Engineering Center
- ◆ Kuwana Engineering Center
- ◆ Advanced Technology R&D Center
- ◆ NTN Next Generation Research Alliance Laboratories



Please see the securities report for information on capital and voting rights ratio.
<https://www.ntn.co.jp/japan/investors/pdf/securities/fsj126.pdf>

NOTES 1. The scope of consolidation consists of NTN Corporation and 60 consolidated subsidiaries (14 domestic and 46 overseas subsidiaries). A total of 10 affiliates (7 overseas affiliates) were accounted for by the equity method. The following changes to the scope of consolidation and application of the equity method were made during the fiscal year under review.

◆ Consolidated subsidiaries: No additions/No removal

◆ Affiliates: No additions/1 removal

2. Of the above subsidiaries, the following companies are specified subsidiaries: NTN USA CORP., NTN DRIVESHAFT,INC., NTN DRIVESHAFT ANDERSON,INC., AMERICAN NTN BEARING MFG.CORP., NTN-BOWER CORP., NTN do Brasil Produção de Semi-Eixos Ltda., NTN Europe S.A.(“NTN-EU”), NTN TRANSMISSIONS EUROPE, NTN NEI Manufacturing India Private LTD., NTN (CHINA) INVESTMENT Corporation, NANJING NTN CORP., and SHANGHAI NTN CORP.

3. None of the companies has submitted a securities registration statement or securities report.

4. Of the above subsidiaries, NTN BOWER CORP. and NTN DRIVESHAFT,INC. are companies with excess of debts and the amount of excess of debt is 23,550 million yen and 18,300 million yen respectively as of the end of March 2025.

5. Of the above subsidiaries, NTN BEARING CORP.OF AMERICA and NTN-EU have sales (excluding internal sales between consolidated companies) accounting for more than 10% of consolidated sales. Figures for NTN-EU are consolidated figures encompassing nine NTN-EU subsidiaries.

6. Of the above subsidiaries, 1 to 27 and 29 to 53 (in symbols ●●●■ are consolidated subsidiaries, and 28, 29, and 54 to 59 (in symbols ●■ are affiliates subject to the equity method.

INTRODUCTION
PROGRESS OF PROMISES
OUR STORY
CO-CREATION WITH STAKEHOLDERS
CREATION OF A SOLID GOVERNANCE STRUCTURE
DATA
NTN GROUP INFORMATION

Third-Party Opinion

Third-party opinion on the NTN Report 2025



Dean, Professor, School of Business Administration, Kwansei Gakuin University

Chika Saka

Profile: Currently serving as a member of the Sustainability Standards Board of Japan (SSBJ), expert member of the Financial System Council of Financial Services Agency (Working Group on Disclosure and Assurance of Sustainability Information, specialist group member for Assurance of Sustainability Information), member of the Business Accounting Council of Financial Services Agency, associated member of the Science Council of Japan, the Executive Director of the Accounting and Economic Association of Japan, the Executive Director of the Japan Association for International Accounting Studies, councilor of the Japan Accounting Association, member of the Japanese Institute of Certified Public Accountants, expert member of the IES Review Committee of the Continuing Professional Development Training Council under the Japanese Institute of Certified Public Accountants, member of the International Federation of Accountants (IFAC) International Panel on Accountancy Education (IPAE), among others. Co-author of "Understanding Sustainability Standards" (Nikkei Bunko), among other publications. Recipient of the Japan Accounting Association Award, among others.

Noteworthy points in NTN Report 2025

In March 2025, the SSBJ published sustainability disclosure standards. These standards share the same perspective as NTN Report 2025 (hereinafter, "NTN Report"), which targets capital markets. Therefore, based on the SSBJ standards, the three notable points of the NTN Report are as follows.

(1) Analysis of risks and opportunities

Under the SSBJ standards, material sustainability-related risks and opportunities are subject to disclosure. In the NTN Report, risks and opportunities are classified by business environment, with disclosure of their timing of occurrence, degree of impact, and countermeasures for each. Additionally, materiality and the Medium-term Management Plan are presented in an integrated manner, including human capital management (P.18-19). This makes visible the connections to core content, which are specific disclosure items related to risks and opportunities.

(2) Story-based core content

The NTN Report centers on a story toward value creation, with disclosure of four "core contents" developed around this narrative. Regarding "governance" and "risk management," the report discloses company-wide integrated governance and risk management systems that include sustainability responses. Going forward, I believe the overall story of the report will be further

deepened by demonstrating the relationship with ongoing structural reforms and the attitude of actively utilizing "opportunities" to enhance corporate value, in addition to risk response.

The disclosure content corresponding to "strategy" spans a wide range of areas, including the long-term vision in "Our Story" (P.21), strategies supporting transformation (P.22), business strategies (P.32, 36), the roadmap in "Co-creation with Stakeholders" (P.45), and human resource strategy (P.53). In particular, by considering the impact of risks and opportunities (P.18-19) on business models and value chains, their impact on strategy and decision-making, and even resilience perspectives, this is expected to lead to supply chain strengthening in response to sustainability challenges, as well as business structure transformation and business model reinforcement.

From the "metrics and targets" and their results (P.20, 54, 78), it can be seen that FY2024 targets have been steadily achieved. Additionally, future directions are specifically indicated, including roadmaps for measures toward CO₂ emissions reduction.

(3) Initiatives for water resources and biodiversity

In the NTN Report, initiatives for water resource management and biodiversity conservation, which are attracting attention as the next themes of sustainability disclosure standards, have been newly disclosed (p.51). The report introduces initiatives such as water risk management based on water stress analysis and the construction of reuse systems in areas with high water stress. Additionally, the identification of business sites with high risk from a biodiversity perspective and the advancement of specific countermeasures can be said to contribute to the transformation to sustainable and resilient business models.

Management changes brought about by sustainability standards

Disclosure has the power to change corporate behavior. For example, information disclosure related to value chains, such as Scope 3 CO₂ emissions, leads to supply chain reviews. This simultaneously becomes an opportunity to discover new business opportunities. Collaboration beyond the framework of corporate groups is essential for achieving carbon neutrality, and sustainability disclosure standards provide an opportunity to review business approaches across the entire value chain.

What these standards require is the reconstruction of strategies and business models that maximize revenue opportunities while controlling sustainability-related risks. By enhancing both economic value and sustainability value, I expect NTN will further strengthen its competitiveness and contribute significantly to the realization of a sustainable economic society.

Response to third-party opinion

Executive Officer
ESG Promotion
Department

Tsuyoshi Kikuta



We express our sincere gratitude to Professor Saka for providing us with valuable insights.

As the momentum for expanding sustainability information disclosure accelerates both domestically and internationally, our company is also preparing future-oriented information disclosures. Under these circumstances, we are greatly honored that you evaluated the relevance between the four core contents of SSBJ's Sustainability Disclosure Standards and our company's disclosure information. Furthermore, your comments on water resource management and biodiversity conservation serve as encouragement for our progress toward realizing a "NAMERAKA Society" that our company aims for, providing us with great motivation. Moreover, your words that "disclosure has the power to change corporate behavior" resonate deeply with us. Your advice that information disclosure will lead to supply chain reviews while simultaneously creating opportunities to discover new business chances greatly enhances the motivation of each and every employee involved in producing the NTN Report.

We shall continue to engage in information disclosure that combines transparency and effectiveness, and strive for medium- to long-term improvement of corporate value.

IR Activities

We will strive to develop the company and proactively engage in dialogue with shareholders/investors and disclose information. When disclosing information, we will strive to promptly and fairly disclose information that we believe would be useful to shareholders/investors, even if the information does not fall under any laws or regulations.

Dialogue with shareholders and investors

General Meetings of Shareholders, quarterly financial results, and Medium-term Management Plan briefings provide valuable opportunities for dialogue with shareholders/investors, and the CEO and other top management actively participate in these opportunities. In addition, at ESG briefings to explain our ESG initiatives, not only top executives, but also the Chair of the Board of Directors, who is our top supervisory figure, and Outside Director also participate and engage in direct dialogue.

Going forward, we will continue to create opportunities to carefully communicate with shareholders/investors about our business and corporate value through explanations of our management policies and business strategies, etc., so that they can evaluate and understand our business and corporate value.

Activity details	Number of times held	Number of people interacted
General Meeting of Shareholders	1 time	66 people (held in June 2025)

April 1, 2024 to March 31, 2025

Activity details	Number of times held	Total number of people interacted
Financial results briefings	4 times	189 people
Small meetings and individual interviews	143 times	259 people
IR conferences hosted by securities companies	1 time	5 people
ESG briefings	1 time	25 people
Business briefings and factory tours	1 time	9 people

Response based on opinions from shareholders and investors

Holding business briefings/factory tours	Opinion	Please explain the future prospects of businesses NTN will focus on as well as existing businesses
	Response	We held business briefings and factory tours for securities analysts and domestic institutional investors
Disclosure of cash allocation	Opinion	Please disclose medium to long-term funding plans including investment and shareholder returns
	Response	In the Medium-term Management Plan (FY2024-2026), we disclosed cash allocation for three years
Disclosure of capital cost and ROE targets	Opinion	Please clarify when ROE exceeding capital cost will be achieved
	Response	In the Medium-term Management Plan (FY2024-2026), we disclosed the current status and future targets of capital cost and ROE
Enhancement of information disclosure	Opinion	Please disclose financial results briefing materials in advance
	Response	We now disclose materials in advance, which were previously disclosed at the same time as the start of financial results briefings

Inclusion in Indexes*¹

We are recognized in the stock market as a company that proactively addresses ESG issues and are included in multiple SRI (Socially Responsible Investment)/ESG indexes, and we will continue to proactively address and disclose information on ESG issues.

MSCI Japan ESG Select Leaders Index*²

2025 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index*²

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women (WIN) Select Index*²

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

SOMPO Sustainability Index



Morningstar Japan ex-REIT Gender Diversity Tilt Index

S&P/JPX Carbon Efficient Index



FTSE Blossom Japan Index*³



FTSE Blossom
Japan Index

FTSE Blossom Japan Sector Relative Index*⁴



FTSE Blossom
Japan Sector
Relative Index

*¹ Inclusion status as of the end of July 2025

*² Inclusion in MSCI and the use of MSCI logos, trademarks, service marks, or index names do not imply sponsorship, endorsement, or promotion of NTN by MSCI or its affiliates. MSCI indexes are the exclusive property of MSCI. MSCI and the names and logos of MSCI indexes are trademarks or service marks of MSCI or its affiliates.

*³ FTSE Russell confirms that NTN Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

*⁴ FTSE Russell confirms that NTN Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

External Evaluations

Organizational evaluations

- Three-star rating in the 8th Nikkei Smart Work Management Survey 3 stars (6th consecutive year)



- Bronze certification for Sports Yell Company 2025



- Certified as a "Health and Productivity Management Organization 2025 Large enterprise category (White 500)" (5th consecutive year)



- Platinum Kurumin certification



NTN Receives Letter of Appreciation from JAXA for Contributing to the Successful Launch of "H3 Launch Vehicle" Test Flight No. 2

NTN supplied all bearings for turbo pumps in the H3 Launch Vehicle engines and contributed to rocket development and the successful launch of test flight No. 2, for which we received a letter of appreciation from the Japan Aerospace Exploration Agency (JAXA).

The bearings used in impellers within turbo pumps are at risk of freezing due to extremely low fuel temperatures. Additionally, since impellers rotate at high speeds, the bearings are required to have excellent high-speed rotation performance. The NTN bearings were lauded for their reliable performance even under extremely low temperatures and high-speed rotation.



Letter of appreciation awarded by JAXA

Developer of Highly Efficient Fixed Constant Velocity Joint "CFJ" Receives Technology Development Award at 74th Society of Automotive Engineers of Japan (JSAE) Awards

NTN received the Technology Development Award at the 74th JSAE Awards (FY2024) hosted by the Society of Automotive Engineers of Japan. The development of the Highly Efficient Fixed Constant Velocity Joint "CFJ" was recognized for achieving world-class efficiency by reducing the torque loss rate by more than 50% compared to existing products without compromising the lightweight and compact design through our unique "Spherical Cross Groove Structure ." The CFJ was also hailed as a useful technology for decarbonization.



Award ceremony

NTN Receives Encouragement Award of 'CHO' MONODZUKURI Innovative Parts and Components Awards 2024

NTN Technical Service Corporation received the Encouragement Award at the 'CHO' MONODZUKURI Innovative Parts and Components Awards 2024, an event sponsored by Monodzukuri Nippon Conference and Nikkan Kogyo Shimbun.

The award-winning product is the elliptical vibration linear feeder "Crossdrive Linear Feeder," a vibrating parts feeder that transports workpieces to the next process while maintaining the posture of the arranged workpieces. Through its unique structure, the linear feeder achieves high-speed transport without relying on air from compressors. This technology contributes to reducing compressor power consumption and is expected to find applications in a wide range of fields, its anticipated spillover effects leading to this award.



Crossdrive Linear Feeder

Corporate and Stock Information (as of March 31, 2025)

Head office

NTN Corporation

Daibiru-Honkan Bldg., 3-6-32, Nakanoshima,
Kita-ku, Osaka 530-0005, Japan

Common stock

Authorized : 1,800,000,000
Issued and outstanding : 532,463,527

Number of shareholders

85,205

Transfer agent for common stock

Mitsubishi UFJ Trust and Banking
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
100-8212, Japan

Stock exchange listings

Tokyo Stock Exchange

Independent audit firm

Ernst & Young ShinNihon LLC

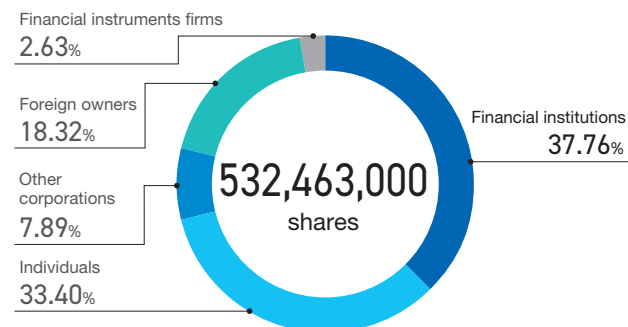
General meeting of shareholders

The General Meeting of Shareholders was held on
June 25, 2025 in Osaka

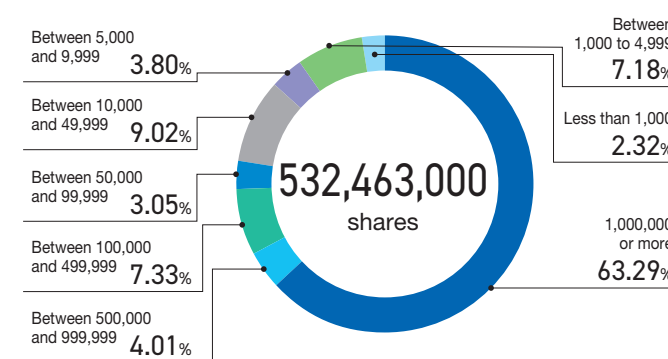
Stock price range in FY 2024

High: 338.4 yen
Low: 230.1 yen

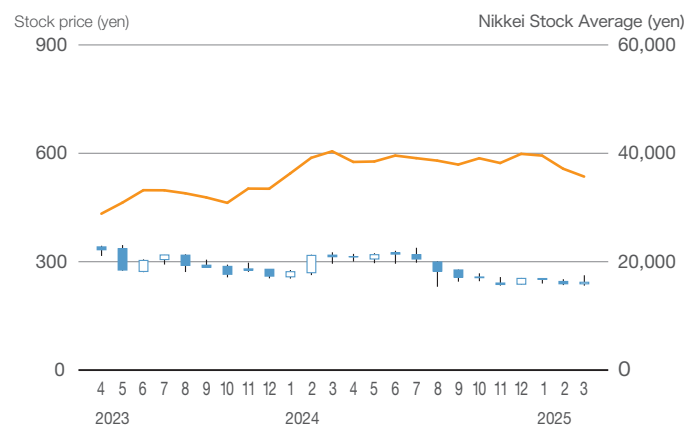
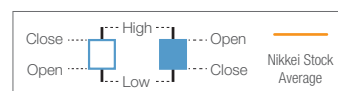
Recent stock price range



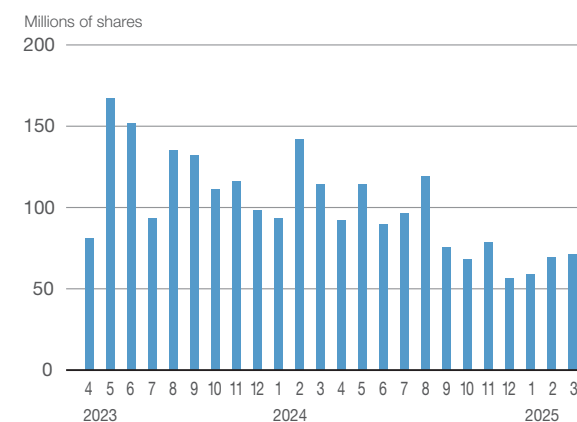
Breakdown of number of shares held



Breakdown of shareholders



Monthly volume traded



Editorial Policy

Editorial policy

The NTN Group believes that building relationships of trust with shareholders and investors, customers, business partners, the international community, local communities, and employees, as well as contributing to the global environment, will lead to enhance our corporate value. In order to inform stakeholders of the NTN Group’s business activities and sustainability activities, we have been issuing the NTN Report (integrated report) since FY2009. We utilize this report as a dialogue tool with stakeholders to deepen their understanding of the Company, thereby contributing to realizing a “NAMERAKA Society.”

Period and scope of coverage

Period of coverage FY2024 (April 1, 2024 to March 31, 2025)
Includes some activities from FY2025

Scope of coverage NTN Group
Includes some non-consolidated reporting on NTN

Reference guidelines

We are working to enhance our information disclosures by referring to the following guidelines.

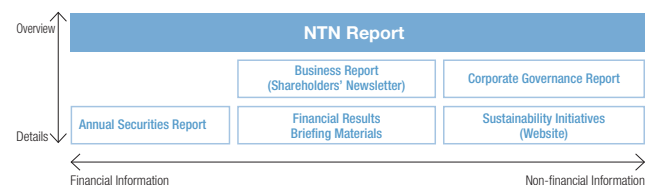
- IFRS Foundation “International Integrated Reporting Framework”
- Ministry of Economy, Trade and Industry “Guidance on Integrated Disclosure and Dialogue for Value Creation”.
- SASB (U.S. Sustainability Accounting Standards Board) Standards
- FGRI (Global Reporting Initiative)

Sustainability Reporting Standards
<https://www.ntnglobal.com/en/csr/gri.html>

Disclaimer

This report contains forecasts and projections regarding NTN’s future plans, strategies, and business performance. Note that actual business performance may materially differ from the forecasts discussed in this report.

NTN communication



This report focuses on the most important financial and non-financial information. For more detailed financial information, refer to NTN’s annual securities reports and financial results presentation materials. Additionally, more detailed information about NTN’s sustainability activities is provided on the NTN website.

Inquiries

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Group Management HQ.
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NTN’s website

NTN’s website provides a variety of information, including the latest NTN Report and NTN’s financial results.
<https://www.ntnglobal.com>

Editor’s Note



Executive Officer
Deputy Corporate
General Manager,
Group Management HQ.
Corporate
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Department

Koji Takahashi

Thank you for reading NTN Report 2025.

This report focuses on the management team’s resolve and passion toward completing the Medium-term Management Plan “DRIVE NTN100” Final launched last year, key initiatives and their progress, and our efforts to enhance economic value as well as environmental and social value as NTN pursues the vision of a “NAMERAKA Society”. We have endeavored to communicate these initiatives to you in an easy-to-understand manner driven by storytelling.

We would be pleased if all stakeholders could make full use of this report as a communication tool to understand the NTN Group.

Going forward, we will continue to seek ways to improve this report and pursue increased corporate value through proactive communication with you. We sincerely appreciate your feedback and support.



“NTN Report 2025” production team members



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