

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.