



NTN Corporation

ESG Briefing FY2024

December 20, 2024

Event Summary

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[Fiscal Period]		
[Date]	December 20, 2024	
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[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	7	
	Eiichi Ukai	Director, Representative Executive Officer, President, Executive Officer, CEO
	Shumpei Kinoshita	Executive Officer, Corporate Strategy Dept., ESG Promotion Dept. and Carbon Neutrality Strategy Promotion Dept.
	Yuriya Komatsu	Outside Director, Chairperson of Board of Directors
	Yasuhiro Kawabata	Executive Officer, Human Resources Strategy Dept. and Personnel Dept.
	Yoshiyasu Nakano	Executive Officer, CTO (Chief Technology Officer) Research Division, Innovation & Business Development HQ., New Product and Business Strategy Planning Dept. and Intellectual Property Strategy Dept.
	Masayuki Yamazaki	Manager, Carbon Neutrality Strategy

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Manager, Corporate Communications
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UBS Securities
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Daiwa Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Nagao: It is now time to start the NTN Corporation's ESG briefing. Thank you very much for taking time out of your busy schedule today to attend our ESG briefing. First, let me introduce the attendees. This is Mr. Ukai, Representative Executive Officer, President, CEO.

Ukai: I am Ukai. Thank you.

Nagao: This is Mr. Kawabata, Executive Officer in charge of Human Resources Strategy Department and Personnel Department.

Kawabata: I am Kawabata. Thank you.

Nagao: This is Mr. Kinoshita, Executive Officer in charge of ESG Promotion Department and Carbon Neutrality Strategy Promotion Department.

Kinoshita: I am Kinoshita. Thank you.

Nagao: This is Mr. Nakano, Executive Officer, CTO.

Nakano: I am Nakano. Thank you.

Nagao: This is Mr. Yamazaki, Manager of Carbon Neutrality Strategy Promotion Department.

Yamazaki: I am Yamazaki. Thank you.

Nagao: Next, I would like to introduce a remote speaker. This is Ms. Komatsu, Outside Director and Chairperson of Board of Directors.

Komatsu: I am Komatsu. Thank you.

Nagao: My name is Nagao from the Corporate Communications Department, and I will be in charge of the secretariat. Thank you. The briefing will follow the briefing materials that we recently distributed via email to those who registered in advance. Today's materials are also available on our website, so if you do not have a copy, please check it.

Today, Mr. Ukai and Ms. Komatsu will explain the overall picture of ESG management and its specific activities. After that, there will be a Q&A session, and it is scheduled to finish at 14:15. Now, Mr. Ukai, please begin.

Ukai: My name is Ukai from NTN. Thank you very much for taking time out of your busy schedule today to attend our ESG briefing. We would also like to take this opportunity to thank our shareholders and analysts for their continued support.

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NTN Group Philosophy

Corporate Philosophy

We shall contribute to international society through creating new technologies and developing new products

What we aim to be

Realization of a “NAMERAKA Society”



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See page four. For more than 100 years, we have contributed to the development of all industries and society by providing technologies that reduce energy loss to the utmost limit. As technological innovation progresses towards the practical application of next-generation energy sources such as nuclear fusion and carbon neutrality, bearings will always be a technology that is essential for energy saving in our lives. We will continue to contribute to the international society through the creation of new technologies and the development of new products.

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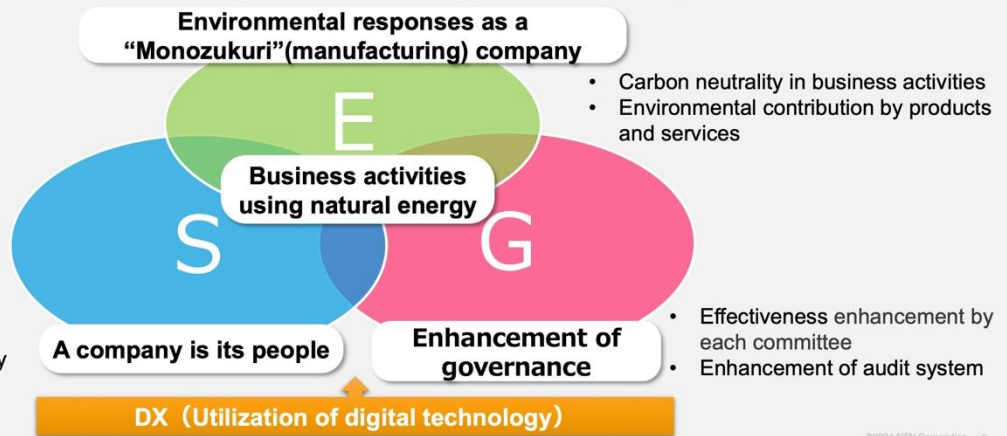
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Our Sustainability Activity

Through the NTN Group's business activities,
we pass on to future generations a beautiful planet on which humanity can live safely and securely.



See page five. This slide shows the Group's basic approach to sustainability activity. We believe that sustainability activities mean passing on to the next generation a beautiful planet on which human beings can live safely and securely. Therefore, as a Monozukuri (manufacturing) company, we promote carbon neutrality in our business activities and provide products and services that contribute to the global environment.

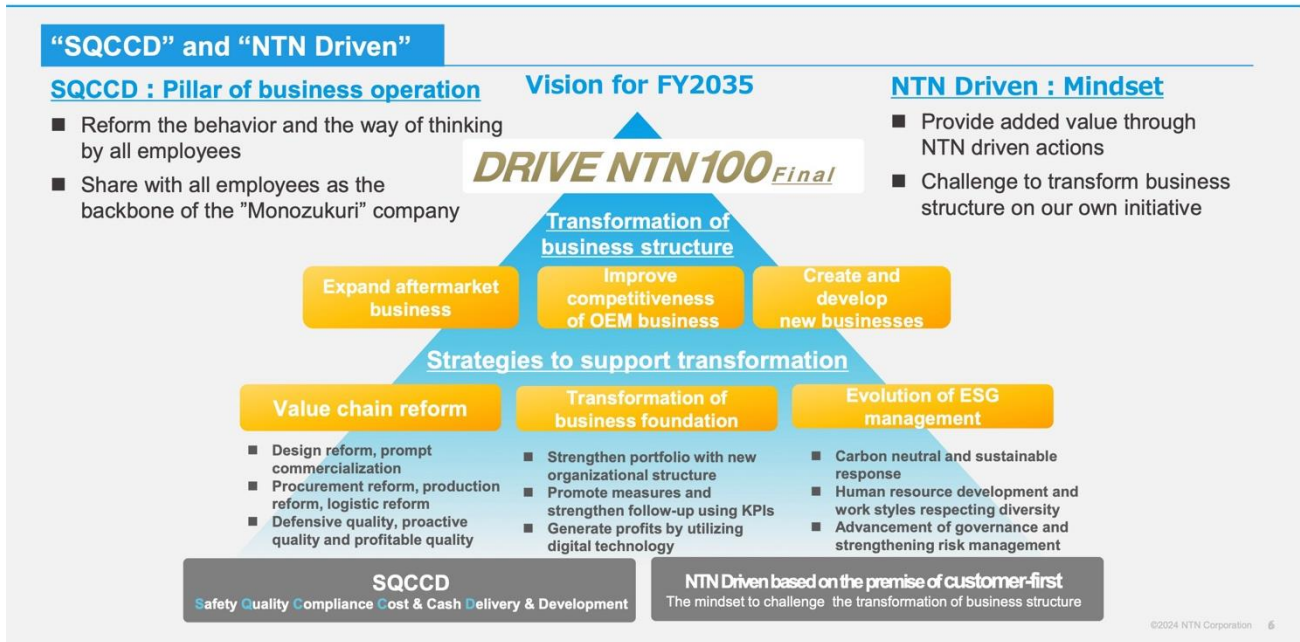
On the social front, based on the philosophy, a company is its people, we not only focus on human resource development and the creation of a comfortable working environment, but also work to enhance the effectiveness of these activities by enhancing governance. We are also utilizing digital technology to strengthen these initiatives.

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1-3 Foundational Action Guidelines



See page six. This year, we have launched our three-year medium-term management plan, DRIVE NTN100 Final, and have positioned the evolution of ESG management as one of the key measures. The two fundamental concepts that drive each of these measures are SQCCD and NTN Driven.

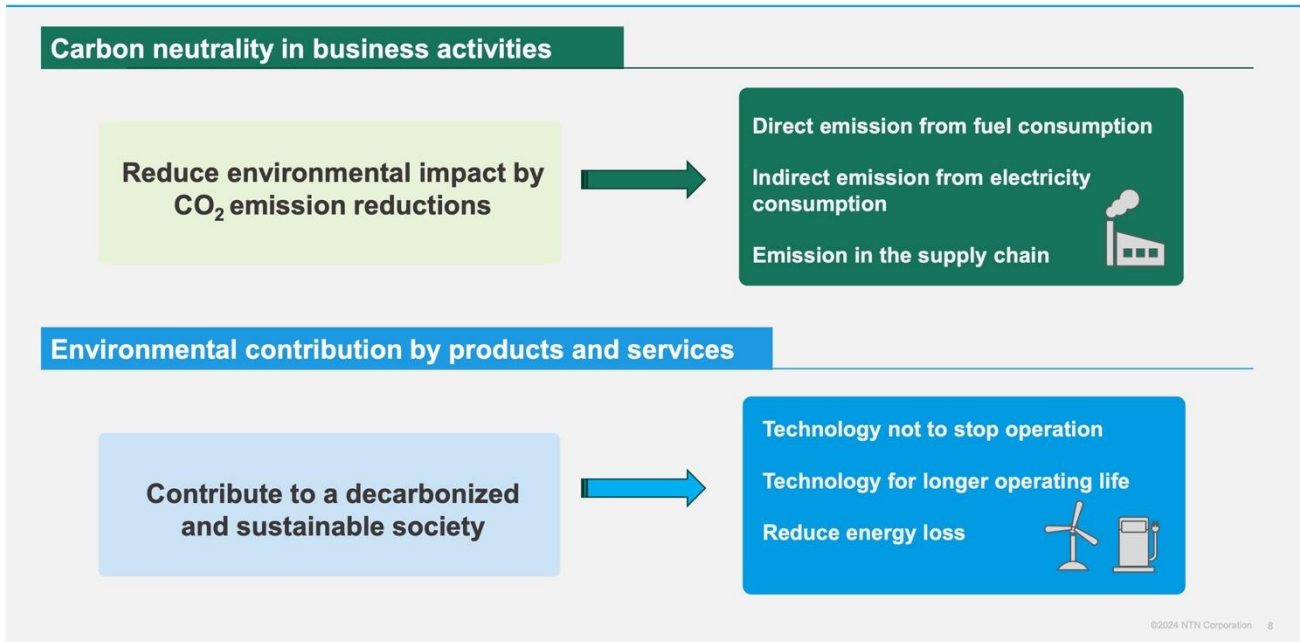
The first is the SQCCD as a pillar of our business operations. On a daily basis, all employees around the world are constantly aware of safety, quality, legal compliance, cost and cash, delivery times, and development, and are thoroughly implementing behavioral change.

The other is NTN Driven based on the premise of customer-first. In order to take on the challenge of transforming our business structure, we are working to enhance our competitiveness by bringing together our production, sales and technical departments to provide added value through NTN-driven action measures. Furthermore, we are working to raise awareness throughout our company of the importance of always considering things from the other person's perspective and approaching work as if it were your own. These ideas are explained directly to all employees by management, including myself, through town hall meetings and other means.

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Next, I will explain our environmental initiatives. See page eight. As a manufacturing company, we are committed to reducing our environmental impact by reducing CO₂ emissions in the processes of purchasing, manufacturing, and selling in our business activities.

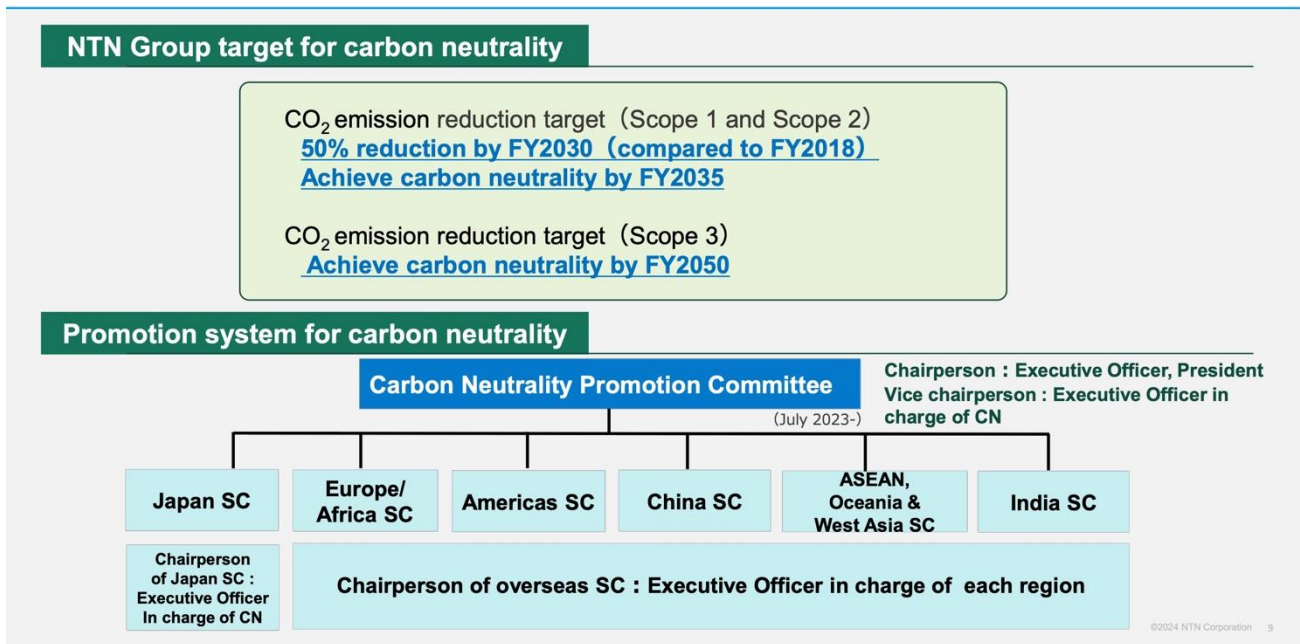
Furthermore, we contribute to a decarbonized and sustainable society by providing value for reducing environmental impact through our products and services. We are promoting environmental response from both of these perspectives, and I will explain carbon neutrality in our business activities.

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2-2 Target and Promotion System for Carbon Neutrality in Business Activities **NTN**



See page nine. Our group's goal is to achieve carbon neutrality by FY2035 and to achieve carbon neutrality, including the supply chain, by FY2050.

To achieve our goal, in April 2023, we established the Carbon Neutrality Strategy Promotion Department, and in July of the same year, we set up the Carbon Neutrality Promotion Committee and regional subcommittees to develop a global promotion system. I, as CEO of the Company, serve as the committee's chairperson, and we hold committee meetings once every six months by connecting the head office and various locations around the world online, in order to share information on good practices, expand them globally, and promote mutual inspiration.

In addition, we have established a system to report the content deliberated by the committee to the Board of Directors either independently or jointly with the Sustainability Committee as appropriate.

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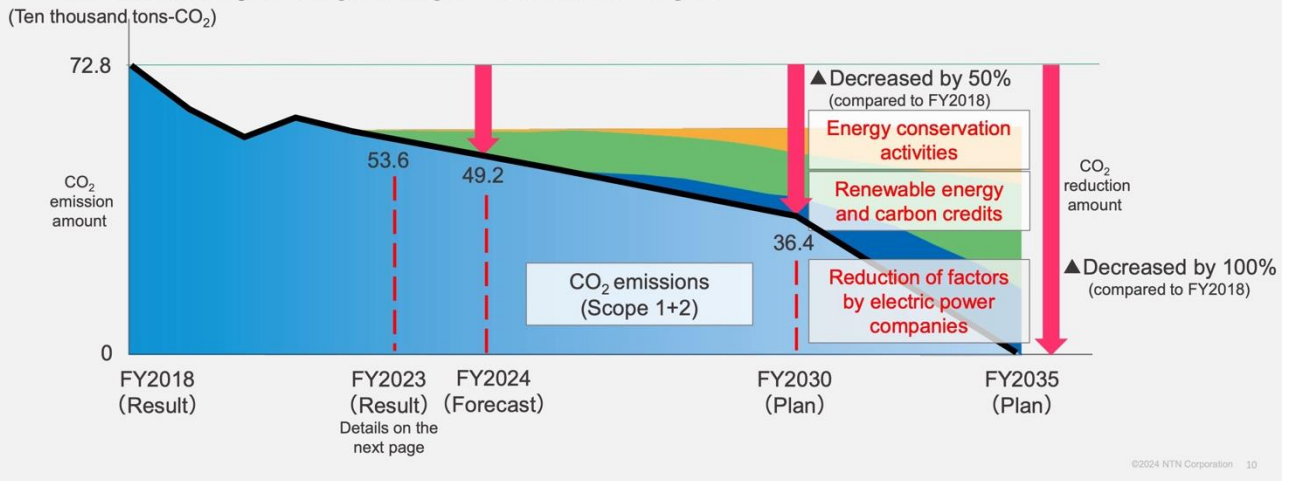
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2-3 Global Roadmap for Carbon Neutrality

Promote activities based on the carbon neutrality roadmap

- Global roadmap that aggregates roadmaps for each region was shared at the Carbon Neutrality Promotion Committee in January 2024
- We will achieve global target through activities in each region



See page 10. In January 2024, we created a global roadmap that consolidates roadmaps for each region and shared it company-wide. We will follow up the promotion of activities in each region to ensure that the 2035 goal is achieved.

What is shown on this page is the CO₂ emission reduction plan within our group for Scope 1 and Scope 2. Details of results through FY2023 are explained on the next page. In H1 of FY2024, the preliminary figure was 246,000 tons of CO₂ emissions, and if the actual results are doubled, the full-year figure is expected to be 492,000 tons, a level that will still meet the target for the current fiscal year.

Note that the majority of our Scope 3 are for steel products that fall under purchased products and services, so collaboration with suppliers and others is essential. Some customers are willing to bear the cost of procuring equipment and steel materials that help reduce CO₂ emissions in order to achieve carbon neutrality, and I can really feel that we are moving towards a society where environmental value is recognized as added value. We are already responding to inquiries about the carbon footprint of our products, mainly from European customers, and have established a new Scope 3 working group in Japan this fiscal year. We will continue to work on creating a roadmap for reducing the emissions in Scope 3.

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2-4 CO₂ Reductions in Business Activities

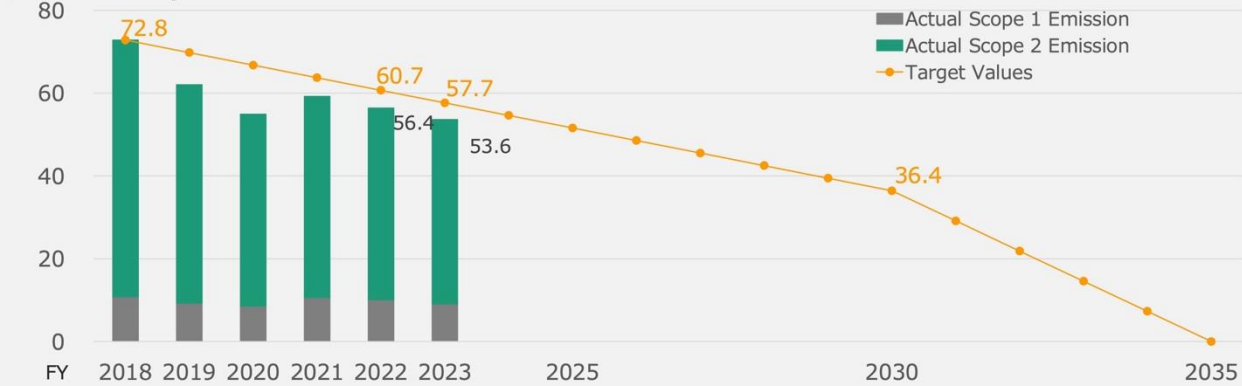
Remained at a level that meets annual targets

■ FY2023 Results

Scope 1 (Direct emission) 90,943 tons (Japan:50,591 tons, Overseas:40,352 tons)

Scope2 (Indirect emission) 445,425 tons (Japan: 219,669 tons , Overseas: 225,756 tons)

(Ten-thousand tons-CO₂)



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See page 11. Actual results through FY2023. The line graph shows the global carbon neutrality target announced in the mid-term management plan, and the bar graph shows actual CO₂ emissions.

In FY2023, despite the impact of Japan's larger electricity emission coefficient, the purchase of CO₂-free electricity, which began in June 2023, contributed to a reduction in emissions, and we achieved a reduction that exceeded our target.

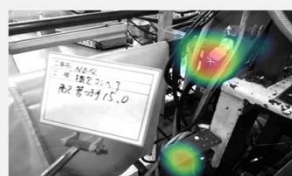
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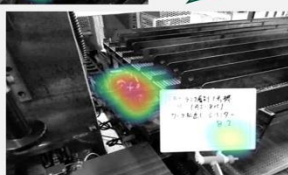
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Visualize energy wastage and reduce energy use

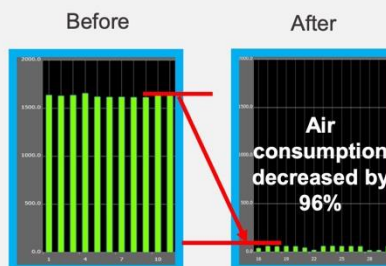
- Effective energy-saving measures are being databased and deployed to overseas
- Internal carbon pricing has been introduced as an investment decision indicator for new capital investment (from FY2023)



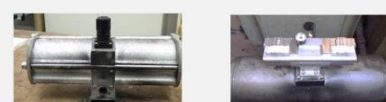
CO₂ reduction amount
17,051kg-CO₂/year
(Implementation area:275)



Example of identifying and repairing a target area using the "Air Leak Viewer," which visually displays the location of air leaks (Iwata Works)



CO₂ reduction amount
27,141kg-CO₂/year



Visualization of air consumption per process by installation of an air flow meter revealed an air leak in the pressure booster tank, and countermeasures were taken (Kuwana Works)

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From the next page, we will introduce our efforts towards carbon neutrality. See page 12. Our top priority is to promote energy conservation activities. As a manufacturing company, we operate many factories and use limited energy efficiently in the manufacturing process. For example, the energy loss of air-pressure necessary for equipment operation has been a long-standing issue. The Carbon Neutrality Strategy Promotion Department visits production sites in Japan to provide support and guidance for the introduction of tools for visualization, and each plant is working on countermeasures to prevent air leaks.

The slide shows specific initiatives at the Iwata and Kuwana Works. We are sharing such effective cases in our database, and plan to expand good examples globally in the future.

In addition, Internal Carbon Pricing (ICP) have been introduced in FY2023. When making capital investments, we use this as an indicator to select equipment that is economical and has low CO₂ emissions. The effects of the introduction of ICP have been seen in ancillary facilities such as air-conditioning equipment, which incur running costs, and we will continue to use ICP as an indicator for investment decisions in capital investment.

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Expand the use of solar power generation at domestic and overseas sites

■ On-site PPA model



Wakayama Works
(from October 2024)



■ Self-investment through tax incentives



Solar Panel System Installation
Ceremony at Manufacturing Site
in Thailand (August 2024)



→ In addition to promoting carbon neutrality, reducing electricity procurement costs will lead to cost reductions

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See page 13. In our business activities in various locations, we are utilizing natural energy and actively introducing solar power generation both domestically and internationally. As the most recent new example, Wakayama Works introduced an on-site PPA model and began generating and self-consuming electricity in October of this year.

Solar PPAs, which require no initial investment, have been the main source of solar power generation, but in Thailand we invested in ourselves by taking advantage of the government's incentive investment program, which provides tax benefits. We are prioritizing solar power generation because it not only promotes carbon neutrality but also helps to reduce electricity procurement costs.

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2-7 Environmental Contribution through Products and Services (NTN's added value)

Contribution to solving social issues

NTN's added value for realizing a "NAMERAKA Society"

- 1) Technology not to stop operation
- 2) Technology for longer operating life
- 3) Reduce energy loss



Realization of a
"NAMERAKA Society"

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See page 14. Here is a description of our products and services. As mentioned at the beginning, our company has been providing technology to reduce energy loss to the utmost limit for over 100 years. Until now, we have mainly sold off the hardware of bearings, but by adding systems and software and utilizing data, we will enhance our services and contribute to the global environment.

I believe that maintain leads to sustain. I will introduce our three added values for contributing to a sustainable society from the next page.

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2-8 Environmental Contribution through Products and Services (Technology not to stop operation)

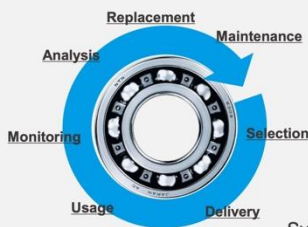


1) Technology not to stop operation

- Improve operating rate due to appropriate maintenance on a variety of services
- Contribute to reduce opportunity loss for customers whose equipment and machinery stops

[Examples of our services]

- Condition monitoring : Reduce equipment maintenance costs by detecting bearing abnormalities at an early stage
- Diagnostic Proposal : Provide report results after analyzing and diagnosing the monitored data
- Inspection and investigation : Inspection and damage condition investigation to determine bearing condition
- Bearing maintenance : Provide bearing maintenance services for stable operation



Condition Monitoring System "CMS" for Wind Turbines



NTN Portable Vibroscope



"Talking Bearing"



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See page 15. This is about technology not to stop operation. Through bearing life cycle management, we help our customers reduce downtime of their equipment and machinery and prevent breakdowns and shutdowns, thereby reducing opportunity losses and operation and maintenance costs. In addition, by expanding condition monitoring services, we will respond to demand for repair and replacement.

Condition Monitoring System (CMS) for wind turbines is equipped with built-in sensors and collects data 24 hours a day, enabling maintenance to be performed at the appropriate time. In addition, during periodic line maintenance, the palm-sized device can be used for simple measurement and analysis of operating conditions.

Talking Bearing, which generates its own electricity and transmits abnormalities, is a next-generation solution for AI applications as well. In this way, we will contribute to a sustainable society by maintaining our customers' machinery in a manner that meets their needs.

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Build a foundation for wind turbine through the introduction of our CMS

■ Condition Monitoring System "CMS" for Wind Turbines

Monitoring wind power conditions → Anomaly detection → Appropriate maintenance → Not to stop operation of wind turbines → Creating a sustainable society

■ Expansion of sales opportunities

Installation of wind power PPA with our Condition Monitoring System "CMS" for Wind Turbines



Condition Monitoring System "CMS" for Wind Turbines



Nacelle



Wind turbines (image)

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See page 16. Here are a few more details about our CMS for wind turbines and wind power PPA. Monitoring the condition of wind turbines enables appropriate maintenance, and the widespread use of CMS will help build a sustainable society where machines are not stopped and energy is used efficiently. Regarding the promising wind power PPAs, a contract to purchase electricity generated by wind power over the long term, we are giving priority to wind power operators equipped with our CMS and have already begun discussions with several of them. We will propose our CMS to other wind power generators, which will lead to more sales opportunities for CMS and help build a foundation for wind power generation.

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2) Technology for longer operating life

- Provide bearings with superior technology and quality, contributing to improved production efficiency and energy saving
- Contribute to energy saving by extending the operating life of bearings and making them to be used longer

[Examples of products]

- High Speed and Long Operating Life Grease for Grease Lubricated Bearings for Machine Tool Spindles
- Lubricating Unit for Grease Lubricated Bearings
- Special Heat Treatment Technology "HA-C"



"Lubricating Unit for Grease Lubricated Bearings" for Machine Tools Spindles



"High Speed and Long Operating Life Grease" for Grease Lubricated Bearings for Machine Tool Spindles



Special Heat Treatment Technology "HA-C"

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See page 17. we will explain our technology for longer operating life. This technology contributes to improving the production efficiency and energy savings of our customers' equipment and machinery by allowing them to use our products longer. For example, machine tools, often referred to as mother machines as they process the parts that form the basis of all machines, are increasingly replacing air-oil lubrication with grease lubrication as an environmental response.

Air-oil lubrication provides stable lubrication over a long period of time but requires ancillary equipment such as compressed air and air-oil supply equipment and consumes a lot of energy by constantly supplying air. On the other hand, grease lubrication lubricates the bearing with grease sealed in the bearing, eliminating the need for air supply energy, but the grease tends to deteriorate due to heat generated by the bearing, resulting in a shorter lubrication life than the air-oil method for high-speed rotation applications. We have developed a technology to suppress grease deterioration and ensure longer service life.

We have also developed a special heat treatment technology called HA-C, which improves wear and seizure resistance, and contributes to bearing miniaturization and longer service life by enhancing functionality. Amid accelerating efforts toward carbon neutrality in various industries, we will continue to develop technologies for longer life to ensure that all machines and equipment can be used for a longer period of time.

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2-11 Environmental Contribution through Products and Services (Reduce Energy Loss)



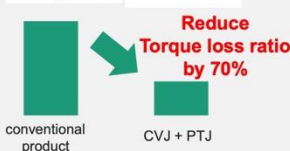
3) Reduce energy loss

- Provide products with excellent rigidity and durability required for EV/HEV
- Expand development and sales of products that pursue environmental contribution

[Examples of products]

- High Efficiency/Shudderless Driveshaft for EVs
- Low Friction Hub Bearing series
- Large Diameter Deep Groove Ball Bearings for Coaxial e-Axles

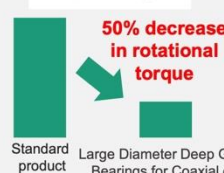
High Efficiency/Shudderless Driveshaft for EVs



Low Friction Hub Bearing V



Large Diameter Deep Groove Ball Bearings for Coaxial e-Axles



[Definition of environment-contributing product]

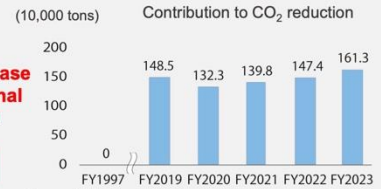
Using products with a performance level around the level in 1997 as our benchmark, NTN classifies environment-contributing products in five grades from S- to D-eco, based on environmental factor standards that are prescribed for each product

Grade	Definition
S-eco	Products are classified according to environmental factor standards for different products in line with technology standards across the world
A-eco	
B-eco	
C-eco	
D-eco	Products that help to reduce energy loss of finished products at the same performance level as that of around 1997

Trend in composition of environment-contributing products by grade



Contribution to CO₂ reduction



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See page 18. The final part of our environmental contribution through products and services is the reduction of energy loss. With the ongoing electrification of automobiles, including EVs and HEVs, we see the EV shift as an opportunity for our company. Although the total number of bearings used in EVs will be reduced compared to internal combustion engine vehicles, the number of bearings used in the drivetrain, in which our company has a large market share, will not decrease, and high-performance products will be required. In addition, EVs will have a higher percentage of four-wheel drive, and demand will expand from the usual two CVJs per vehicle to four.

As an example of the products we offer, our high-efficiency, low-vibration driveshafts with a torque loss rate reduced by 70% are already in mass production, and we are currently receiving numerous inquiries for use in electric vehicles.

The graph on the right shows the percentage of products that are designed to contribute to the environment. The graph covers our main products: driveshafts, hub bearings, and products related to green energy. The amount of CO₂ reduction contribution in FY2023 was 1,613,000 tons, and the sales ratio of environmental-contributing products in the S-eco to B-eco grades, which can be regarded as the result of recent development, was 55.7%, up 3.1 percentage points from the previous fiscal year. We will continue to contribute to the realization of a sustainable society by providing products that pursue the reduction of energy loss.

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Renewal of the integrated report “NTN Report

- **Positioned domestic and overseas investors as the main readers**
 Enhanced disclosures that lead to medium- and long-term improvements in corporate value, including financial and non-financial information
- **Eliminated distribution of booklets, specializing in electronic versions**
 Improved searchability and support for AI analysis, which are highly demanded in capital markets, and contribution to global environmental protection



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Next, I will explain our social initiatives. See page 20. First, I would like to introduce the renewal of the NTN Report, our integrated report, as a measure to enhance communication with the capital market participants who are joining us today.

We have enhanced information that will lead to medium- and long-term improvements in corporate value, including non-financial information, with a particular focus on the measures and strategies of our medium-term management plan, which we wish to communicate to the capital market. In addition, the publication format has been interactive PDF starting this fiscal year to improve the searchability of the published data and to support AI analysis, as well as to contribute to the protection of the global environment by eliminating the printed version.

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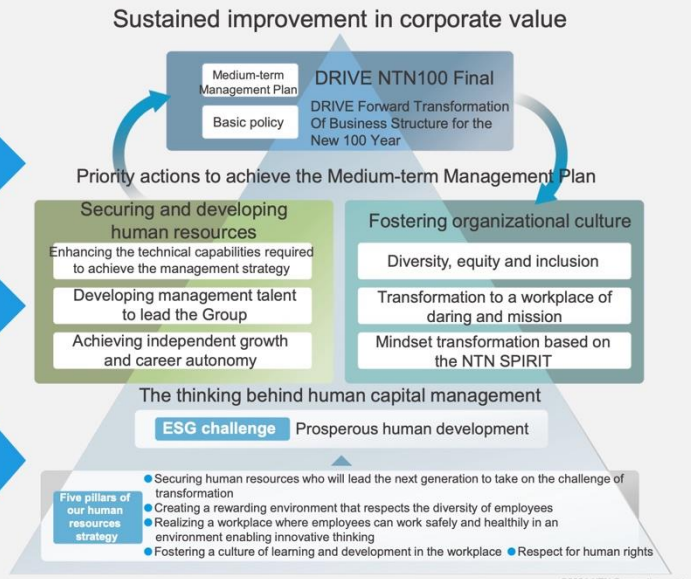


3-2 NTN's Human Resources Strategy



■ Employee growth leads to company growth:
“the company is its people”

- Strengthen technological competitiveness as a machine manufacturer
- Develop business using AI, data scientists, and other digital technologies
- Create an environment in which diverse employees can fully exercise their abilities autonomously



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See page 21. An essential part of the social aspect is the initiative on human capital. One of our ESG issues is the prosperous human development. It is the power of each and every employee that drives corporate activities. We believe that a company is its people. As a machinery manufacturer focusing on bearings, we have been and will continue to enhance our technological competitiveness.

On the other hand, it is also important to utilize new technologies, represented by AI and other digital technologies, to further develop business. We are also developing various measures to create an environment in which a diverse range of employees can fully demonstrate their abilities in an autonomous manner.

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3-3 Human Resources Strategy (Human Resource Development to Support Competitiveness and Business Development)



Strengthen technological competitiveness as a machine manufacturer

[Global QC Circle Convention]



[Specialty-based and rank-based training, etc.]



[Trends in Training Implementation]



Develop business using digital technologies

[Number of employees enrolled in data literacy and AI literacy courses]



See page 22. Specifically, more than 100 internal conventions and training programs are conducted annually based on a human resource development plan prepared every year. In addition to these training programs, we are working to expand the base of digital technology use by providing data literacy and AI literacy courses for employees and hosting workshops to improve operational efficiency through the use of AI. Through these training and education programs, we will continue to create and support opportunities for each employee to improve their abilities.

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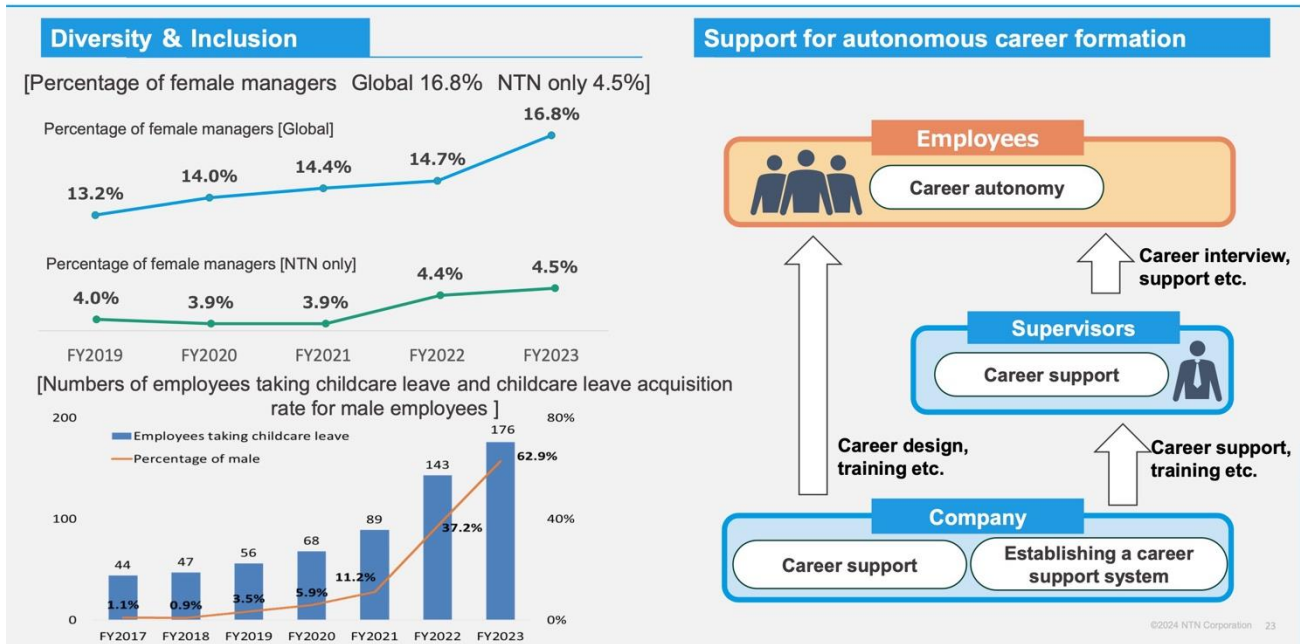
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3-4 Human Resources Strategy (Creating Environment)



See page 23. We are committed to creating a work environment where diverse human resources can maximize their abilities regardless of nationality, culture, gender, age, or disability. The ratio of women in management positions is gradually increasing globally, and we will continue to implement measures to encourage women to take on challenges, such as systematic step-up training. The rate of male employees taking childcare leave has increased significantly in recent years, and we will continue our efforts to raise awareness of this issue. In addition, we have established a career support system to provide employees with opportunities to autonomously consider their mid- to long-term careers.

By providing training for career development in a wide range of age groups and promoting higher employee engagement and motivation, we will revitalize the organization, retain talented workers, and improve business performance, leading to sustainable growth of the Company. Through these approaches, we are creating an environment in which the autonomous growth of our employees leads to the growth of our company, and we are embodying the philosophy that a company is its people.

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3-5 Contributing to People's Safe and Secure Lives



Preparation for natural disasters by disaster prevention and mitigation

■ Transportable Independent Power Supply "N³ N-CUBE"



Adopted as independent power supply for flood prevention center in Yoshida Town, Shizuoka Prefecture (from 2022)



Demonstration test held at the roadside station "Itano" which is one of the "disaster prevention roadside stations" selected by the Ministry of Land, Infrastructure, Transport and Tourism (September 2024)

Building an environmentally friendly living infrastructure

■ Bike station in Europe



Bike station unveiling ceremony held outside Geneva (November 2024)

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See page 24. As a company that contributes to a sustainable planet, we also contribute to the safe and secure lives of people living on the earth. In response to the increasing number of natural disasters caused by climate change, we have developed N³ N-CUBE, a transportable independent power supply.

N³ N-CUBE is a transportable independent power source that features a small wind turbine, solar panel and storage battery within a single container, and it can provide 100% renewable energy even in times of disaster. In Yoshida-cho, Shizuoka Prefecture, N³ N-CUBE has been adopted as the base for disaster response activities at the flood prevention center, and in September of this year, the demonstration experiment based on the guidelines of the Ministry of Land, Infrastructure, Transport and Tourism was conducted in Tokushima Prefecture. N³ N-CUBE is continuing to be used in various locations throughout Japan. After the Noto Peninsula earthquake in January of this year, there was a case in which eco-toilets using this product were used in the affected area.

In France, where cycling to work is encouraged, we are participating in the development of bike stations that serve as safe bicycle parking areas, and in November of this year we held a launch ceremony in the suburbs of Geneva. We will continue to develop this new product based on user-friendliness and market evaluation.

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3-6 Responding to Threats from Population Decline and Climate Change **NTN**


Contribution to robotization




Automatic appearance inspection




Wrist Joint Module i-WRIST™



Robot




High precision angle detection "Multi Track Magnetic Ring"




Enable downsizing and higher power output of servo motors "Low Dust Generation Bearing for Servo Motors"


Life Science Field



Microscopic Coating Applicator



(Ex) iPS-derived Cardiomyocyte



(Ex) Portable medical test kit

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See page 25. In the future, as labor shortages and rising personnel costs are anticipated due to an aging population and declining birthrate, we will contribute to streamlining and automating manufacturing processes as a countermeasure. i-WRIST, which is based on our driveshaft technology, is used for appearance inspection applications with a camera mounted on the tip and high-speed positioning technology. In addition to cameras, a variety of other combinations enable the replacement of tasks that previously relied on manual labor.

In robot joints, products combined with magnetic sensors support precise control of robot movements. We also provide bearings that enable the downsizing and higher output of servo motors built into robots, contributing to improved robot productivity.

In addition, with concerns about the health hazards associated with climate change, the efforts in the life science field will be needed to ensure a better life for humankind in the future. In the development of cell chips coated with iPS-derived cell on plates, our proprietary Microscopic Coating Applicator can form 3D cellular tissue. In the future, we hope to contribute to improving efficiency and speeding up the development of next-generation drug discovery. That is all from me.

Nagao: Thank you, Mr. Ukai. Now, Ms. Komatsu, please continue.

Komatsu: I am Komatsu, the Outside Director. I would like to explain our governance initiatives.

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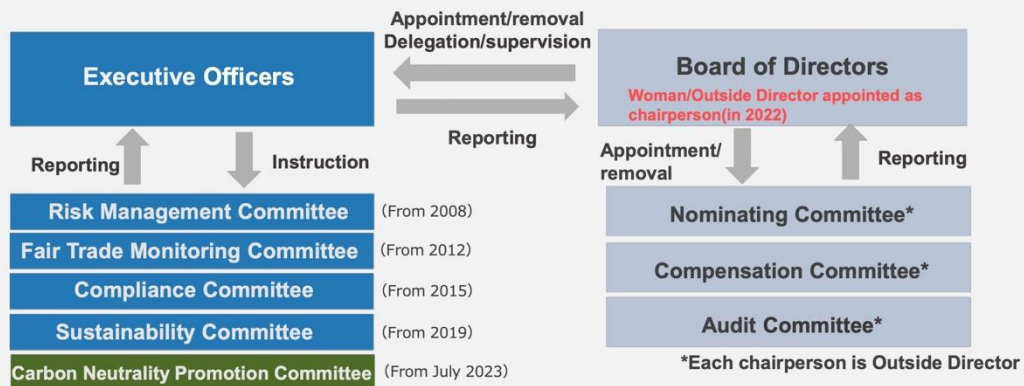
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4-1 Corporate Governance Structure

Strengthen governance structure

Established “Carbon Neutrality Promotion Committee” to improve the effectiveness of carbon neutrality



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Now, please look at page 27. First, I would like to discuss our governance structure. As a company that contributes to the global environment, we established the Carbon Neutrality Promotion Committee in FY2023. We have established a system to enhance the effectiveness of carbon neutrality.

Like other executive committees, we have established a mechanism whereby the discussions of the Carbon Neutrality Committee are regularly reported to the Board of Directors. Through this mechanism, we have strengthened our governance structure toward carbon neutrality and are promoting it strongly and globally.

In terms of institutional design, NTN transitioned to a company with the Nominating Committee in 2019. I was appointed as the Outside Director in June 2020 and have served as chairperson of the Board of Directors since June 2022. From this position, I would like to explain our issues.

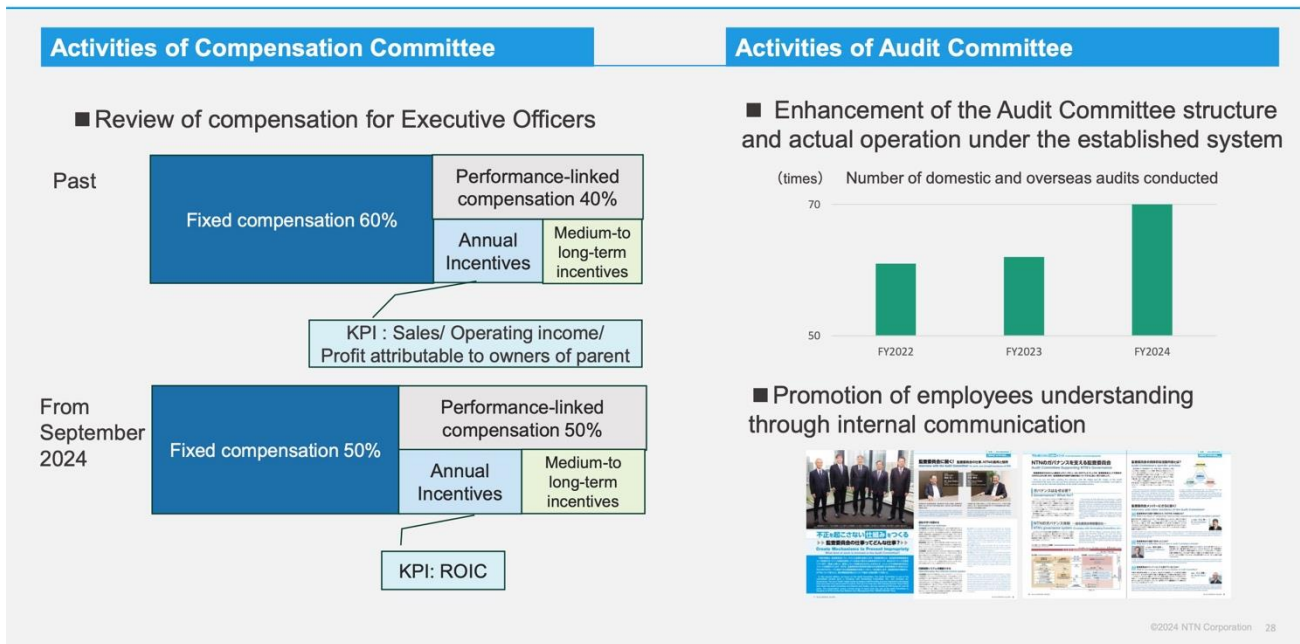
Shortly after my appointment, before the launch the previous medium-term management plan, DRIVE NTN100 Phase 2, I raised three key points at a Board of Directors’ meeting. The first is that profit margins, asset efficiency, etc. are extremely low compared to competitors. The second is that the financial structure needs to be strengthened. Finally, the strategy for the business portfolio is not clear.

More than three years have passed since then. Compared to then, NTN today has improved its operating income margin and ROE, and its financial position, including its D/E ratio, has also improved. Regarding the portfolio, I appreciate that the direction to expand the aftermarket is correct, but on the other hand, I feel that the speed of progress remains an issue.

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On the next page, we report on activities designed to accelerate the pace of change. See page 28. First, as part of the Compensation Committee's activities, we have reviewed the compensation of the Executive Officers since September of this year. The ratio of fixed compensation to performance-linked one, previously 6:4, has been changed to 5:5 and the ratio of performance-linked compensation has been increased.

In addition, the indicators used to calculate bonuses, which are annual incentives, were previously based on consolidated results of sales, operating income, and profit attributable to owners of parent. In conjunction with the revision of the ratio, we have also revised the bonus indicator to ROIC from the perspective of placing more emphasis on the achievement of profit growth in consideration of capital efficiency. By strengthening management's commitment to capital efficiency, we hope to complete NTN's revitalization. This revision is expected to accelerate the speed of business execution.

On the other hand, governance is an essential element for achieving sustainable and sound management. The activities of the Audit Committee have also been strengthened, with members actually visiting and auditing more than 60 domestic and overseas business locations per year to raise management issues.

As for the structure, in June 2024, the number of members of the Audit Committee was increased from four to five. Regular opportunities have been created for dialogue not only between the Audit Committee members and the CEO, but also with each and every executive officer, and a system has been established to ensure that the executive side listens to the opinions of the Audit Committee members and promptly implements necessary actions. We also promote understanding of the Audit Committee's activities among its employees through the use of internal newsletters and other means. Through the creation and operation of such a system, we will work to enhance our corporate value over the medium to long term.

We are aware of the need to bring our operating margin and ROE to double digits as soon as possible, and we will continue to supervise the execution of our operations to enhance our corporate value, including pointing out sometimes harsh issues. That is all from me.

Nagao: Thank you very much, Ms. Komatsu.

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Question & Answer

Nagao [M]: Okay, we will now move on to the question and answer session. Thank you very much. First of all, Mr. Sasaki of UBS Securities, please ask your questions.

Sasaki [Q]: This is Sasaki from UBS Securities. I have changed company, but I look forward to continuing to work with you. First of all, I would like to say thank you for speaking at these briefings every year, Ms. Komatsu. I would like to ask you about the current status of management from your point of view.

I believe that what you have just explained represents the current situation of the Company. I understand that in the past two years, the speed of management has greatly improved at the top management level in the current structure. On the other hand, you pointed out that two years ago and last year, there was a delay in the penetration and speed at the field level. Regarding the improvement of management speed at the company-wide level and its penetration into the field, what do you actually feel about the current management situation at NTN from your perspective, Ms. Komatsu, if you don't mind sharing your views on this? This is the first question.

Komatsu [A]: Let me answer your first question. Regarding the speed, I have repeatedly told both internally and to all of you that the speed is slow, but the speed is certainly increasing. However, as a former member of the financial industry, I have also pointed out that the speed has not yet reached the speed that you expect or that society demands. That being said, I feel that the speed is gradually increasing even at the field level.

Furthermore, as I mentioned earlier, with the incorporation of ROIC as an evaluation indicator for executive officers and directors, we are also incorporating ROIC as part of the indicator for those at lower levels. We believe that this will create incentives and motivation to promote speed-up at the field level as a system and will further accelerate the speed of operations in the future.

Additionally, during the recent Global Management Meeting, in the panel discussion with the CEO, I issued an alert to all participants regarding NTN's financial and profit status, and told them, "please be aware of the urgency." Afterwards, people from various countries came to see me and commented that they understood the situation well and would do their best in the future. I expect that the speed of the process will be increased throughout the entire company, including the field. I hope that answers your question.

Sasaki [Q]: Thank you very much. My second question is related to what you just said, and I would like to ask one more follow-up question to Ms. Komatsu. As you pointed out in the NTN report, one of NTN's issues is the low inventory turnover ratio. I know that the inventory buildup is a factor that lowers ROIC, so I feel from an external perspective that this is a very important management issue.

Frankly speaking, while various issues are gradually being improved from an internal perspective, what is behind the slow improvement of this inventory improvement issue? And what do you think should be done to improve it in the future? I would be grateful if you could follow up on this point as well.

Komatsu [A]: As you have pointed out, various indicators are improving, and the inventory turnover ratio is also improving compared to past levels, but I am aware, as are the president and the outside directors, that the inventory ratio remains high considering the size of the Company.

We are sorry about the current situation in which improvement is not progressing well. I believe that one of the various reasons is that the on-site staff is responding to client orders in a timely manner and that orders are not being fulfilled as expected. However, in my opinion, the main reason is that awareness of inventory costs has not fully penetrated the on-site staff. I have repeatedly told them that it is important, especially for

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staff in the sales department and on the production sites, to introduce evaluation indicators taking inventory costs into account.

The head office is seriously considering this point, and we believe that an evaluation system that takes inventory costs into account will become more widespread in the future. In addition, inventory turnover has been clearly set as a KPI in the personnel evaluation of executive officers and managers, and I am confident that it will be brought up to speed in the future.

Sasaki [Q]: Thank you very much. Finally, I would like to ask you one more question. Looking back over the past three years since 2021, is there anything that you feel has improved or changed significantly at NTN? We would appreciate it if you would share them with us.

Komatsu [A]: To be clear, the financial discipline has already been strengthened considerably, and I also feel that, except for inventory, there has been a significant increase in awareness of profit margins and other issues. This awareness is spreading not only to the top management but also to the lower levels of the organization. In addition, there has also been a considerable increase in awareness of compliance, and I believe that governance as a whole has made significant progress and is moving in the right direction.

Although the speed of awareness reform may not meet your expectations, it is gradually spreading. The CEO has repeatedly conveyed the message that we must change, and I feel that this message is gradually penetrating the Company. As a result, following the dramatic V-shaped recovery achieved in the first year, we believe that the speed of improvement will further accelerate in subsequent years. If we can steadily execute the current medium-term management plan and achieve the goals we have committed to, I believe that we will reach a major turning point to advance to the next stage of growth.

Sasaki [M]: Understood very well. Thank you very much.

Komatsu [M]: Thank you.

Nagao [M]: Thank you very much, Mr. Sasaki. Now, Ms. Wang from Nomura Securities, please ask your questions.

Wang [M]: Thank you for your continued supports. I am Wang of Nomura Securities.

Nagao [M]: Thank you, Ms. Wang.

Wang [Q]: I would like to ask Ms. Komatsu. The segments have been changed this period. What positive effect do you think this will have on the consideration and promotion of your business? I would like to ask you about this point.

Komatsu [A]: I would like to answer your question about the change of segments, if my opinion is acceptable. The biggest positive effect of the change from segments such as automobile, industrial machinery, and aftermarket to product-based segments such as bearing and axle bearings is that bearing products manufactured at the same plant are now more efficient and clearer, with some of them allocated to the automotive industry and some to the industrial machinery industry.

In addition, with regard to the inventory issues discussed earlier and the need to improve production efficiency, there is a shared understanding within the Company that the conventional segmentation by application, such as automobile and industrial machinery, remains a problem, and I agree with this viewpoint.

This change to segments by product is expected to allow us to establish optimal inventory management, production and supply systems, as well as to gain a clearer understanding of profit margins and costs for each

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product. Thus, we believe that this change in segments will greatly contribute to the promotion of reform and the improvement of visualization. Does this explanation answer your question?

Wang [Q]: Yes, thank you very much. I understood very well. May I ask a second question? You have introduced various new businesses, such as robotics and i-WRIST initiatives, I would like to ask you about the current introduction progress of these new products.

Nakano [A]: This is Nakano. I will answer your question. i-WRIST is especially used in the field of visual inspection. Recently, demand for aluminum cases has been increasing with the shift to electric-powered vehicles. However, aluminum has the problem of having small holes inside, called porosity. In the past, such areas were manually checked by human operators to assure quality. i-WRIST can perform appearance inspections quickly and automatically, so it is particularly applicable to detecting porosity in aluminum cases and castings.

Wang [M]: Thank you for your explanation. That's all from me.

Nagao [M]: Thank you very much, Ms. Wang. Now, Mr. Tai of Daiwa Securities, please ask your question.

Tai [Q]: This is Tai. I would like to ask you one question, Ms. Komatsu. I would like to know how many times or how many of NTN's domestic and overseas offices you have visited this year and how many people you have met. An approximate number would be fine. If possible, could you tell us how that has changed compared to last year?

Komatsu [A]: Do you mean overseas visits as an outside director? It is the members of the Audit Committee who actually visit the overseas offices, not myself directly visiting the overseas offices. Therefore, would the secretariat be able to answer the detailed number of visits?

Tai [Q]: I'm sorry, Ms. Komatsu, may I continue? In the current mid-term plan, I believe there is a story underway to review and compress assets this year and next, and to significantly improve ROE in three years. In this context, I believe that it is one of the important roles of directors to visit the main target locations of assets and check their status, which is a very important phase of the process. I wonder if you have such recognition and awareness.

Komatsu [A]: As for overseas visits, due to geographical distance limitations, members of the Audit Committee visit each of overseas offices to conduct operational audits. Therefore, while I myself visit mainly domestic offices as the outside director, the members of the Audit Committee and Mr. Yamamoto frequently visit overseas offices, mainly in Europe and the US. I am aware that visiting overseas offices is important, and I consider it very important. However, currently, I do not visit them directly.

Tai [M]: Understood. Thank you very much.

Nagao [M]: Thank you very much, Mr. Tai. Since there seems to be no one else with questions, I would like to discontinue the ESG presentation of NTN Corporation, although it is still before the scheduled end time. Thank you very much for your participation today.

Ukai [M]: Thank you very much.

[END]

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