NTN Corporation

Financial Results Briefing for the Fiscal Year Ended March 2026

May 15, 2026

Event Summary

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[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2026	
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[Venue]	Webcast	
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[Participants]		
[Number of Speakers]	6	
	Eiichi Ukai	Director, Representative Executive Officer, President, Executive Officer, CEO
	Masaaki Yamamoto	Director, Representative Executive Officer, Executive Officer, CFO
	Ikuya Tateoka	Executive Officer, Corporate General Manager, CVJ & Axle Bearing Business HQ
	Keiji Yanagida	Executive Officer, Corporate General Manager, Bearing Business HQ
	Tatsuo Nagao	Manager, Corporate Communications Department, Group Management HQ
	Kazuhisa Kouge	Corporate Communications Department, Group Management HQ
[Analyst Names]*	Tsubasa Sasaki	UBS Securities
	Boqiong Wang	Nomura Securities

SCRIPTS
Asia's Meetings, Globally

Issei Narita	Mizuho Securities
Hirosuke Tai	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.

Presentation

Nagao: The time has come, and we will now begin NTN Corporation's financial results briefing for the fiscal year ended March 2026. Thank you very much for taking time out of your busy schedules to join us today.

I will begin by introducing our attendees. First, Executive Officer, President and CEO, Mr. Ukai.

Ukai: This is Ukai. Thank you.

Nagao: Executive Officer, CFO, Mr. Yamamoto.

Yamamoto: This is Yamamoto. Thank you.

Nagao: Executive Officer, Corporate General Manager of the CVJ & Axle Business HQ, Mr. Tateoka.

Tateoka: This is Tateoka. Thank you.

Nagao: Executive Officer, Corporate General Manager of the Bearing Business HQ, Mr. Yanagida.

Yanagida: This is Yanagida. Thank you.

Nagao: From the secretariat, Corporate Communications Department, Mr. Kouge and Mr. Nagao. Thank you.

Kouge: Thank you.

Nagao: Today's briefing will follow the presentation materials distributed to your registered email addresses. The materials are also available on our website, so please refer to them if you do not have a copy on hand.

Today, President Ukai will first explain the key points of the financial results, followed by CFO Yamamoto covering the details. President Ukai will then return to present the NTN Group's growth direction toward 2035. We will then move to a Question & Answer session, with the meeting scheduled to conclude at 12:00 PM.

Without further delay, I will hand the floor over to President Ukai.

Ukai [A]: This is Ukai of NTN. Thank you very much for joining our financial results briefing today despite your busy schedules. We would also like to express our gratitude to our shareholders and analysts for their continued support.

I will begin by explaining the key points of the financial results and the progress of our Medium-term Management plan, “DRIVE NTN100” Final.

1. Key Points of FY2025 Financial Results

NTN

Sales and operating income increased both YoY and versus the announced forecast

- Sales increased YoY, despite sluggish demand for automotive applications, supported by higher demand in the aftermarket and industrial machinery, as well as the impact of a weaker yen
- Operating income increased YoY, despite the negative impact of reduced scale, driven by the effects of a weaker yen, price improvements, and cost reduction
- Net profit for the period turned positive and increased significantly YoY, supported by higher ordinary income and the impact of tax effects in Japan
- Inventories achieved the targeted level, excluding the impact of foreign exchange fluctuations and U.S. tariff effects

(billion yen)	FY2024 Results	FY2025 Results	FY2025 Year on year	FY2025 Previous forecast	FY2025 Difference	FY2025 4Q Results
Net sales	825.6	826.3	+0.8 +0.1%	805.0	+21.3 +2.6%	223.0
			Excl. forex (10.3)(1.2%)		Excl. forex+7.1 +0.9%	
Operating income	23.0	31.0	+8.1	26.0	+5.0	11.7
Operating margin	2.8%	3.8%	+1.0pt	3.2%	+0.5pt	5.3%
Ordinary income	10.5	23.5	+13.0	13.0	+10.5	9.5
Extraordinary income/loss	(19.1)	(8.3)	+10.8	(8.0)	(0.3)	(5.3)
Profit attributable to owners of parent	(23.8)	12.9	+36.7	(4.0)	+16.9	9.2
ROE	(9.6%)	4.9%	+14.5pt	-	-	
Inventories	244.4	245.9	+1.5	230.0	+15.9	
Capital expenditure	32.2	32.5	+0.3	32.0	+0.5	
FCF	19.7	30.9	+11.2	20.0	+10.9	
Exchange rates US$	¥152.4	¥150.7	(¥1.7)	¥147.8	+¥2.9	
€	¥163.6	¥174.7	+¥11.1	¥171.3	+¥3.4	

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Please turn to slide three. Net sales came to JPY826.3 billion. Compared to the previous fiscal year, there were challenges including semiconductor and aluminum supply shortages for automotive applications in the Americas, Also, lower sales by our customers in Europe and China. However, demand in the aftermarket and for industrial machinery increased. With the additional impact of a weaker yen, net sales increased JPY0.8 billion YoY. Compared to the announced forecast, sales increased JPY21.3 billion, as sales proved stronger than expected, including recovery production in response to automotive supply issues.

Operating income was JPY31.0 billion. In addition to the effects of improved selling prices and cost reductions, the weaker yen had a favorable impact on foreign exchange, resulting in an increase of JPY8.1 billion YoY. Operating income also exceeded the announced forecast by JPY5.0 billion. Ordinary income was JPY23.5 billion, reflecting an improvement in foreign exchange gains and losses due to the weaker yen.

Net income attributable to owners of the parent turned positive at JPY12.9 billion, mainly due to the impact of tax effects in Japan, despite extraordinary losses from structural reform costs and other items.

Inventories totaled JPY245.9 billion, achieving the target when excluding the impact of foreign exchange and US tariffs.

Free cash flow was positive at JPY30.9 billion, supported in part by an increase in ordinary income and a reduction in inventories.

2. FY2026 Forecast

NTN

Sales will decrease YoY due to lower demand for automobile
Operating income will increase YoY due to improvement of selling prices and cost reductions

- Sales will decrease YoY due to sluggish demand for automotive applications, particularly in the Americas and Europe
- Operating income will increase YoY, despite a decline in scale, driven by the effects of structural reforms, price pass-through, and cost reduction
- Net income will increase YoY due to reduced structural reform costs and asset sales.

	FY2025			FY2026	
(billion yen)	H1 Results	H2 Results	Full year Results	Full year forecast	YoY
Net sales	402.3	424.1	826.3	810.0	(16.3)(2.0%) Excl. forex(16.5)(2.0%)
Operating income	12.9	18.2	31.0	33.0	+2.0
Operating margin	3.2%	4.3%	3.8%	4.1%	+0.3pt
Ordinary income	8.7	14.8	23.5	21.0	(2.5)
Extraordinary income/loss	(0.4)	(7.9)	(8.3)	6.0	+14.3
Profit attributable to owners of parent	3.1	9.8	12.9	15.0	2.1
ROE	-	-	4.9%	5.2%	+0.3pt
Inventories	246.0	245.9	245.9	220.0	(25.9)
Capital expenditure	13.0	19.4	32.5	36.0	+3.5
FCF	14.3	16.6	30.9	36.0	+5.1
Exchange rates US$	¥146.0	¥155.4	¥150.7	¥150.0	(¥0.7)
€	¥168.0	¥181.5	¥174.7	¥175.0	+¥0.3

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Please turn to slide four. I will now explain the forecast for FY2026. Regarding the business environment, automobile production is expected to decline YoY in Japan, the Americas, and Europe, where many of our customers are concentrated. The industrial machinery market is also expected to fall short of a full recovery, though aftermarket sales are forecast to remain firm.

In this business environment, we expect net sales of JPY810.0 billion, operating income of JPY33.0 billion, an operating margin of 4.1%, and ordinary income of JPY21.0 billion for FY2026. We continue to factor in JPY5.0 billion in structural reform costs, primarily in the Americas. We also factor in approximately JPY11.0 billion in extraordinary income from asset sales and other items, resulting in extraordinary income of JPY6.0 billion, with profit attributable to owners of the parent projected at JPY15.0 billion. Exchange rates are assumed at JPY150 to the US dollar and JPY175 to the euro.

Inventories are planned to be reduced to JPY220.0 billion, capital expenditures are planned at JPY36.0 billion, and free cash flow is expected to be positive at JPY36.0 billion.

3. FY2026 Forecast by Business Segment

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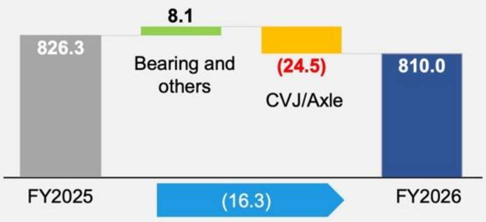
Bearing and others : Sales and operating income will increase YoY
CVJ and Axle : Sales and operating income will decrease YoY

(billion yen)		FY2025 H1 Results		FY2025 H2 Results		FY2025 Full year Results		FY2026 Full year forecast		FY2026 YoY
Net sales Composition ratio	Bearing and others	167.7	41.7%	181.2	42.7%	348.9	42.2%	**357.0**	**44.1%**	**+8.1**
	CVJ and Axle	234.6	58.3%	242.9	57.3%	477.5	57.8%	**453.0**	**55.9%**	**(24.5)**
	Total	402.3	100.0%	424.1	100.0%	826.3	100.0%	**810.0**	**100.0%**	**(16.3)**
Operating income Operating margin	Bearing and others	4.6	2.7%	7.7	4.2%	12.3	3.5%	**14.5**	**4.1%**	**+2.3**
	CVJ and Axle	8.3	3.5%	10.5	4.3%	18.8	3.9%	**18.5**	**4.1%**	**(0.3)**
	Total	12.9	3.2%	18.2	4.3%	31.0	3.8%	**33.0**	**4.1%**	**+2.0**

Net sales (billion yen)



Operating income (billion yen)

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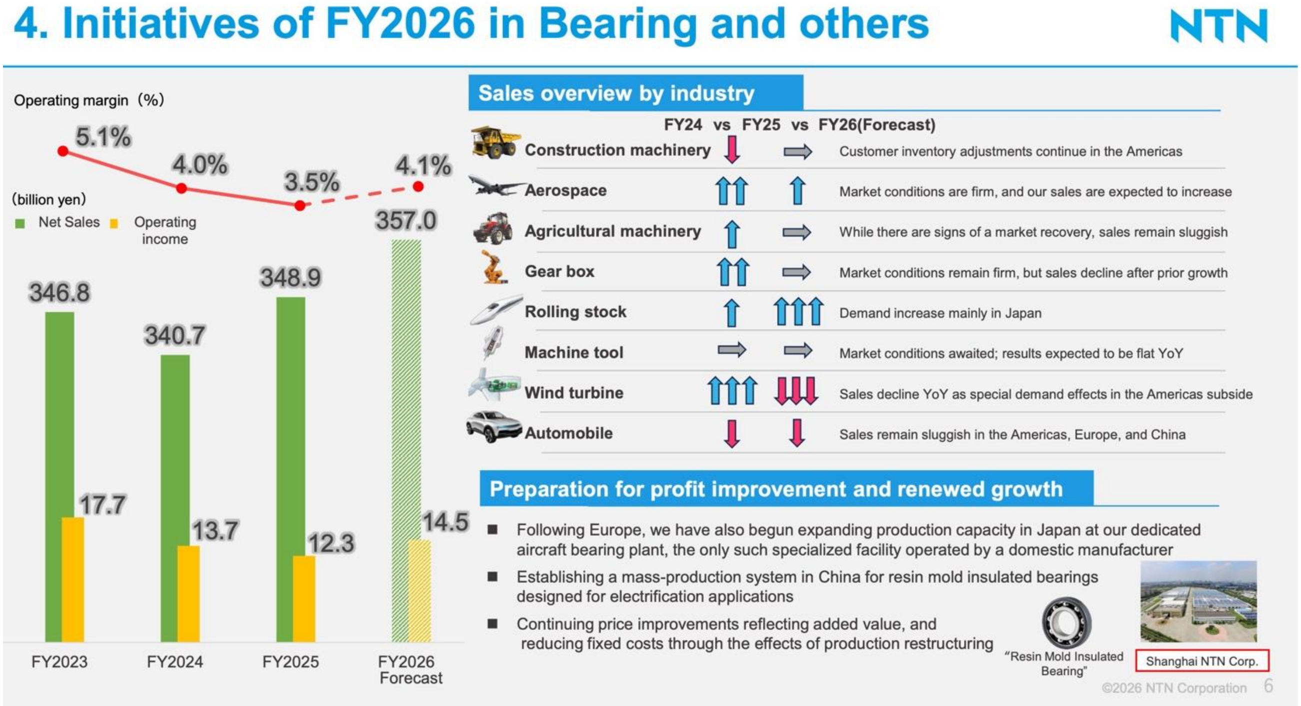
Please turn to slide five. The forecast is shown by business segment. The bearing and others segment plans net sales of JPY357.0 billion and operating income of JPY14.5 billion. While sales to the automotive sector are expected to remain broadly flat YoY, we forecast a JPY8.1 billion increase in sales YoY, incorporating expansion of the aftermarket business and a partial recovery in certain sectors of the industrial machinery market. Despite higher labor and other costs, operating income is expected to increase JPY2.3 billion YoY, driven by selling price improvements including price increases for unprofitable businesses and the realization of structural reform effects.

The CVJ and axle segment plans net sales of JPY453.0 billion and operating income of JPY18.5 billion. Due to sluggish sales at our customers and the completion of mass production for certain projects, we expect a JPY24.5 billion decrease in sales YoY. Operating income is expected to decrease JPY0.3 billion YoY due to the impact of lower scale, despite the effects of structural reforms, a reduction in variable costs through value chain reforms in areas such as design and procurement and selling price improvements.

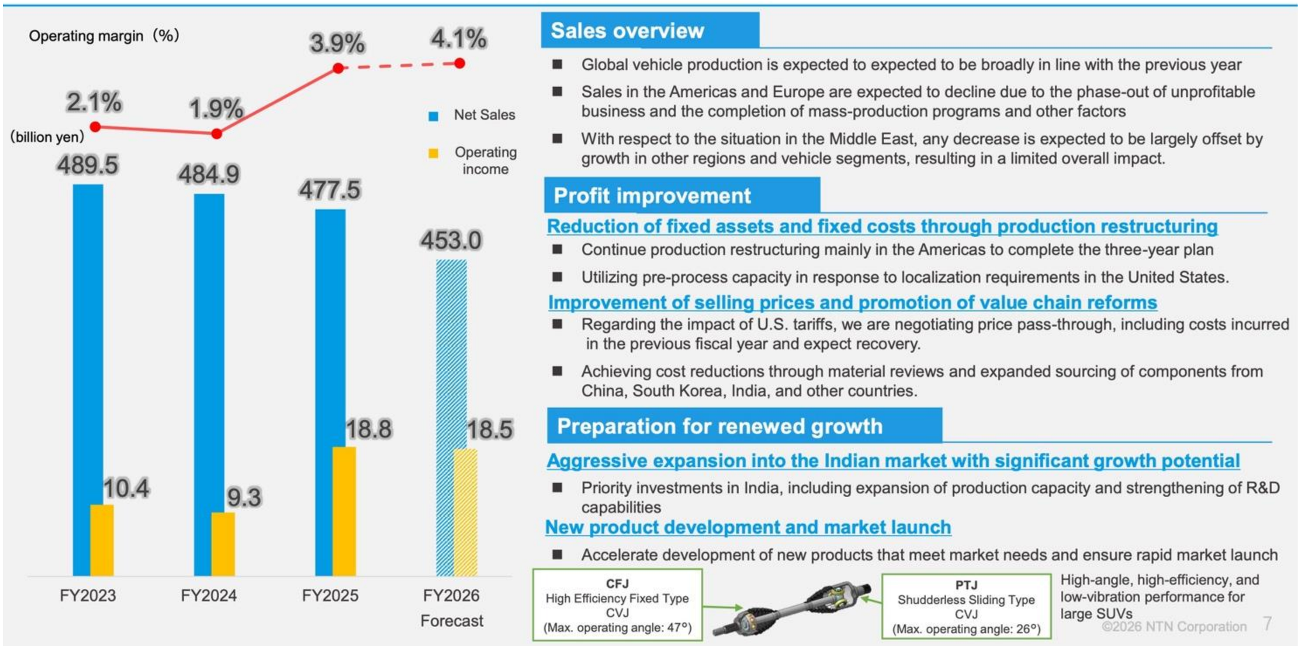


Please turn to page six. This slide shows the sales overview for the bearing and others segment by industry. Construction machinery sales are expected to remain flat YoY, as inventory adjustments by certain customers in the Americas, which began in the previous fiscal year, are continuing. Although signs of recovery were seen in agricultural machinery last year, investment appetite has declined in line with policy trends such as China's push to improve self-sufficiency rates. Therefore, sales are expected to stagnate this fiscal year.

Sales of gearboxes recovered significantly in the previous fiscal year, supported by a recovery in demand for robot reducers, but due to inventory adjustments as a reaction to that recovery, sales this fiscal year are expected to be flat YoY. Aerospace and rolling stock sales are expected to remain firm. For aerospace in particular, following our efforts in Europe, we have begun expanding the production capacity of our dedicated aircraft bearing plant in Japan, the only such specialized facility operated by a domestic manufacturer, with the aim of improving production efficiency and meeting future demand growth, including defense-related applications.

In the automotive sector, sales in Japan are expected to increase due to an improvement in the semiconductor shortage, but sales are expected to decline in the Americas and Europe due to higher vehicle prices, and in China due to sluggish sales by Japanese manufacturers. Under these circumstances, we have begun establishing a mass-production system in China for resin mold insulated bearings, which are designed for electrification applications offering resistance to electrical corrosion and insulation, targeting China and Europe where electrified vehicles are more widely adopted. We will introduce these high-value-added products to the market at an early stage and raise their sales ratio to drive profit improvement.

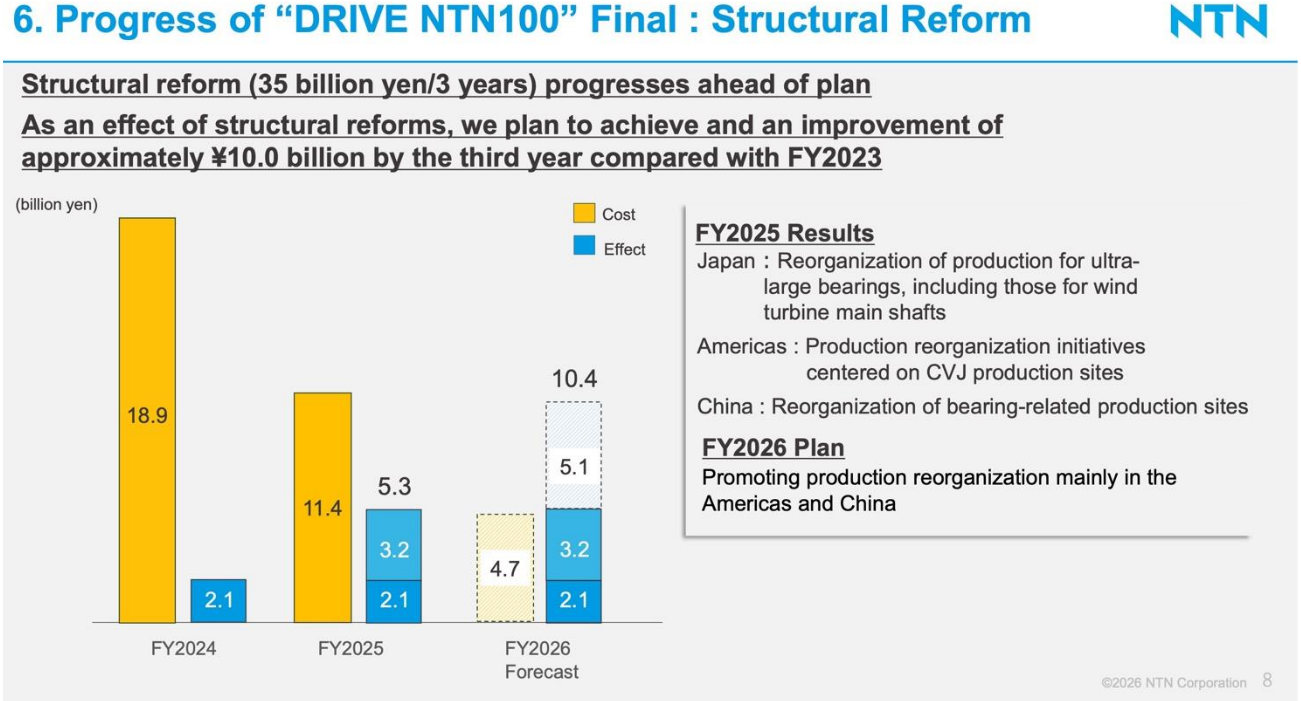
5. Initiatives of FY2026 in CVJ/Axle



Please turn to page seven. While global vehicle production is broadly in line with the previous year, demand from our customers, the automakers in Japan, the Americas, and Europe, is expected to be weak. The completion of mass-production programs arising from the elimination of unprofitable business is also expected to contribute to sales declines, particularly in the Americas and Europe.

Under these circumstances, we will continue production restructuring this fiscal year, primarily in the Americas, to complete our three-year structural reform program. Pre-process capacity made redundant through production restructuring will be utilized to supply finished products to other companies, in response to the trend in the US to avoid products of Chinese origin and the accompanying rise in localization requirements. We will steadily reduce variable costs through value chain reforms in areas such as design and procurement and will negotiate and achieve price pass-through of US tariff impacts, including those from the previous fiscal year, to continue improving profitability.

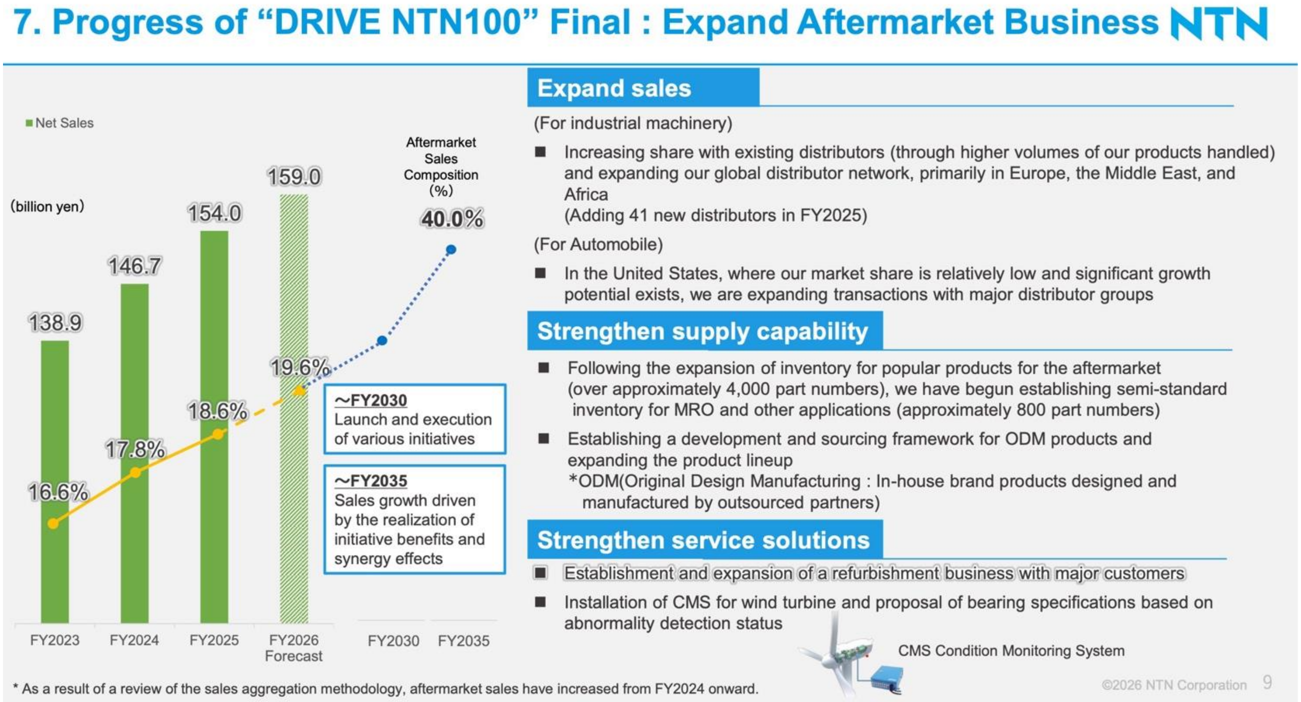
We will also advance preparations for renewed growth. We will continue to invest heavily in areas including the expansion of production capacity and strengthening of R&D capabilities in India, as announced last year. Looking ahead, demand for large SUVs is expected to grow, and electric vehicles, while currently at a plateau, are expected to grow over the medium to long term. In both cases, the increasing adoption of 4WD will drive higher usage of our CVJs. We will also develop and bring to market CVJs that meet the needs of these vehicles, including high-angle requirements arising from the need to secure cabin space, as well as demands for quietness and low vibration.



Please turn to page seven. I will explain the key measures under "DRIVE NTN100" Final.

First, let me discuss the progress of structural reforms. In FY2025, we began restructuring our production system for ultra-large bearings in Japan, including those for wind turbine main shafts. We also reorganized CVJ plants in the Americas, with structural reforms proceeding as planned. As a result, we recorded JPY11.4 billion in structural reform costs in FY2025, while adding JPY3.2 billion in reform effects.

This fiscal year is the final year of "DRIVE NTN100" Final. To complete NTN's revitalization, we will steadily execute structural reforms and continue to reduce fixed assets and fixed costs.



Please turn to slide nine. I will explain the expansion of our aftermarket business. Aftermarket business sales are progressing as planned toward the target of 20% in FY2026 set under “DRIVE NTN100” Final.

In the industrial machinery aftermarket, we will increase our share with existing distributors. We will expand the geographic coverage of FIRST on a global basis, with a focus on growing our distributor network in Europe, the Middle East, and Africa.

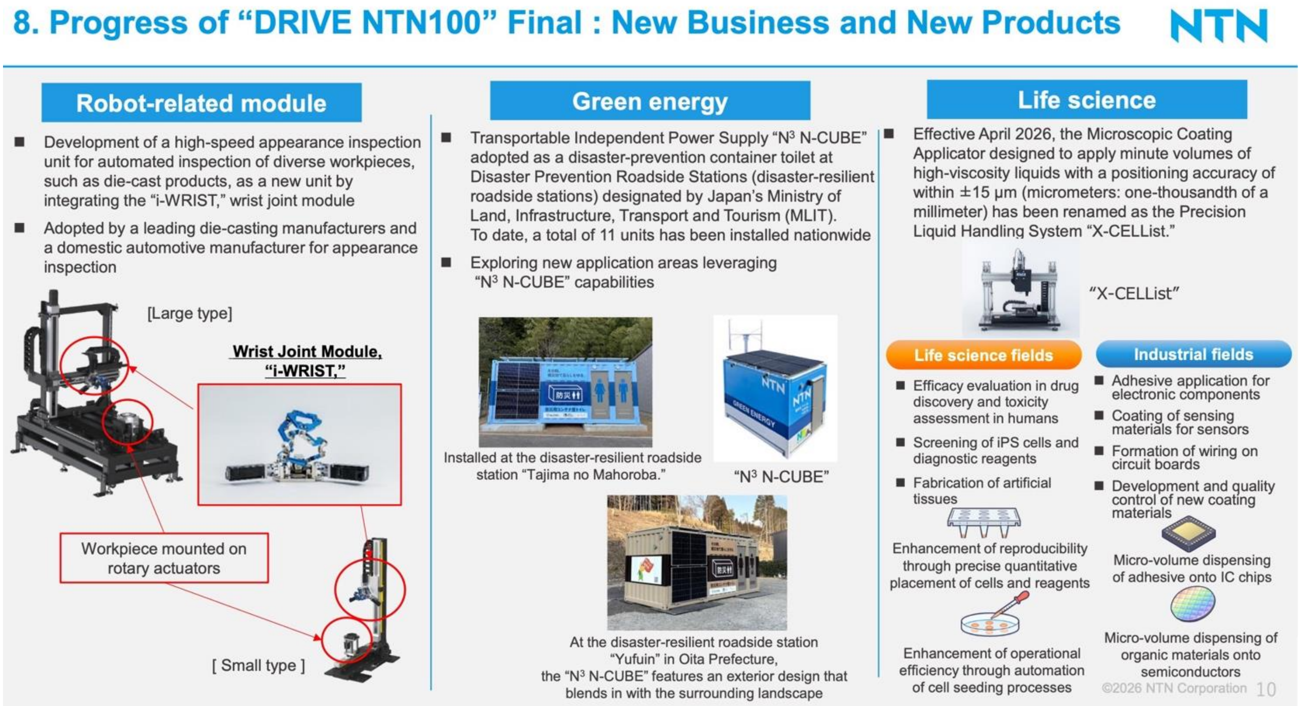
In the automotive aftermarket, we will grow sales in the Americas, where vehicle ownership is high. In the Americas, where distributors tend to be larger in scale, we will increase transactions with major Buying Group to drive sales expansion.

Regarding the strengthening of product supply capabilities, following our expansion of inventory for over 4,000 popular part numbers, we are developing semi-standard inventory for MRO applications. We will also expand our product lineup by leveraging ODM, pursuing both price competitiveness and supply capacity to capture demand from emerging markets and elsewhere.

On strengthening service solutions, we have begun a bearing refurbishment business for existing customers. Against a backdrop of longer operating life for industrial machinery, customer needs for replacement and repair are growing, and we will establish this as a bearing refurbishment business.

Our condition monitoring systems for wind turbines continue to evolve, including the establishment of core technology for detecting blade damage caused by lightning strikes and other factors. The detection of abnormalities is also being linked to sales of bearings with countermeasure specifications, driving aftermarket business expansion. We will provide services and solutions that address our customers' challenges in this way.

Through these initiatives, we will steadily expand our aftermarket business and achieve our goal of a 40% aftermarket ratio by 2035.

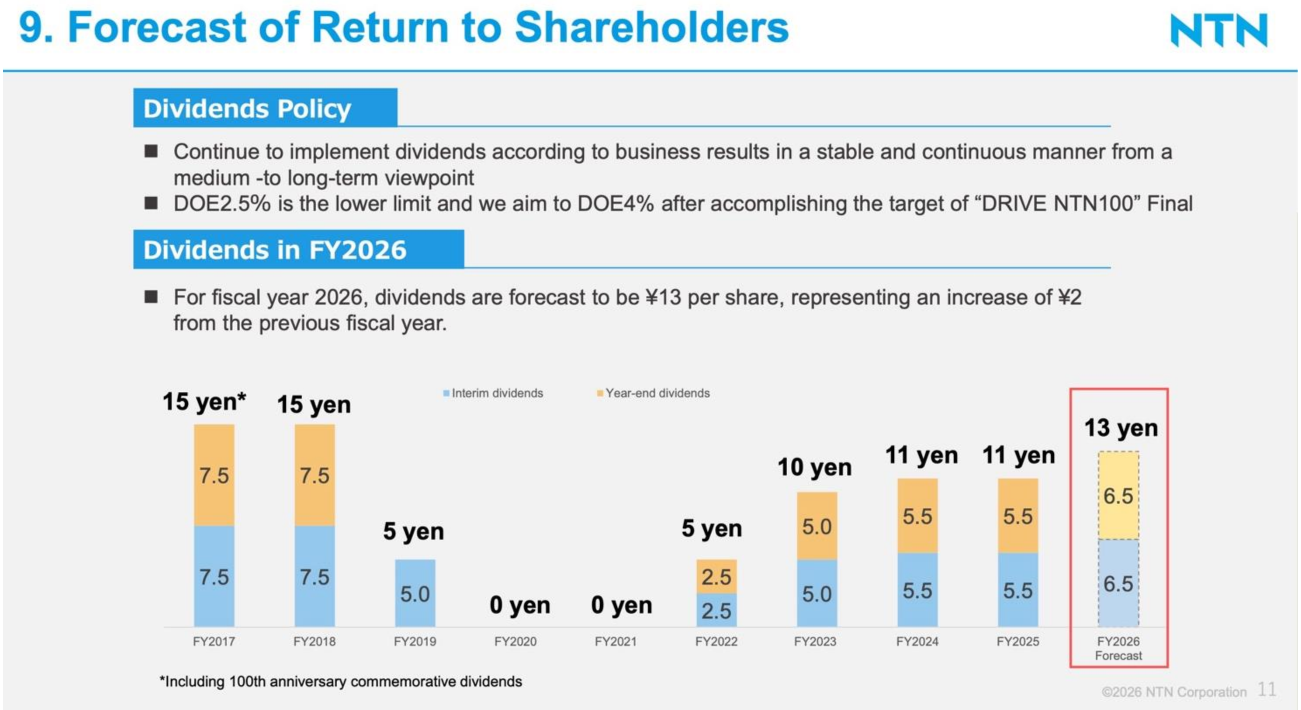


Please turn to slide ten. I will explain the development of new products and new businesses under "DRIVE NTN100" Final.

In robot-related modules, we developed a high-speed appearance inspection unit as a new unit incorporating the i-WRIST wrist joint module. This unit has been recognized for its ability to automate appearance inspections at high speed and has been adopted by a leading die-casting manufacturer and a domestic automotive manufacturer. We will accelerate proposals for this product, primarily for appearance inspection of die-cast products including giga-cast components, where demand is expected to grow, contributing to the automation, acceleration, and quality improvement of inspection processes.

In green energy products, the N^3 N-CUBE transportable independent power supply has been installed at 11 locations nationwide, primarily at disaster-prevention roadside stations designated by Japan's Ministry of Land, Infrastructure, Transport and Tourism. Its adoption is expanding as a space-efficient disaster prevention facility that can serve dual purposes**:** normal use at roadside stations and relocation to disaster-affected areas in times of emergency.

In the life science field, we will accelerate proposals for our Precision Liquid Handling System, the X-CELList. The X-CELList is a device incorporating NTN's proprietary technology, capable of applying high-viscosity fluids in minute quantities with a positioning accuracy of within ±15 µm. Building on the micro-coating technology developed in industrial applications, it also addresses life science applications such as drug discovery and medical uses aimed at regenerating tissues and organs that have lost function due to disease. It contributes to the automation and efficiency of research and development through improved experimental efficiency and reliability.



Please turn to slide eleven. I will explain the outlook for shareholder returns. For FY2026, we forecast an annual dividend of JPY13 per share, an increase of JPY2 from the previous fiscal year, reflecting the profit improvement achieved through progress in structural reforms and other measures in the previous fiscal year.

We will continue to strive to pay dividends in a stable and continuous manner in line with business performance, taking a medium- to long-term perspective.

Nagao: Thank you, President Ukai. CFO Yamamoto will now present the details of the financial results. CFO Yamamoto, please go ahead.

Yamamoto: This is Yamamoto, CFO. I will take over from here.

1-1. Key Financial Indicators of FY2025

NTN

(billion yen)	FY2024 Full Year Results ①	FY2025 Full Year Forecast ②	FY2025 Full Year Results ③	Diff. ③-② Total	③-② Volume	③-② Forex	Diff. ③-① Total	③-① Volume	③-① Forex
Net sales	825.6	**805.0**	**826.3**	**21.3**	**7.1**	**14.3**	**0.8**	**(10.3)**	**11.1**
Operating income	23.0	**26.0**	**31.0**	**5.0**	**3.0**	**2.0**	**8.1**	**6.8**	**1.3**
Operating margin	2.8%	**3.2%**	**3.8%**	**0.5pt**			**1.0pt**		
Ordinary income	10.5	**13.0**	**23.5**	**10.5**	**8.8**	**1.6**	**13.0**	**11.7**	**1.3**
Extraordinary income (loss)	(19.1)	**(8.0)**	**(8.3)**	**(0.3)**	**0.0**	**(0.3)**	**10.8**	**10.7**	**0.1**
Profit (loss) attributable to owners of parent	(23.8)	**(4.0)**	**12.9**	**16.9**	**15.7**	**1.1**	**36.7**	**35.7**	**1.0**
Inventories	244.4	**230.0**	**245.9**	**15.9**	**(0.6)**	**16.4**	**1.5**	**(14.1)**	**15.6**
FCF	19.7	**20.0**	**30.9**	**10.9**	**-**	**-**	**11.2**	**-**	**-**
Exchange rate 1USD	¥152.4	**¥147.8**	**¥150.7**	**¥2.9**			**(¥1.7)**		
Exchange rate 1EURO	¥163.6	**¥171.3**	**¥174.7**	**¥3.4**			**¥11.1**		
FY2025 Annual Dividend	**¥11.0 (Interim ¥5.5 / Year-end ¥5.5)**								

Please turn to slide 13. These are the consolidated key financial indicators for the fiscal year ended March 2026. As President Ukai has already covered this slide, I will skip to the next page to explain the changes in operating income.

1-2. Analysis of Operating Income [FY2024 Results vs FY2025 Results]

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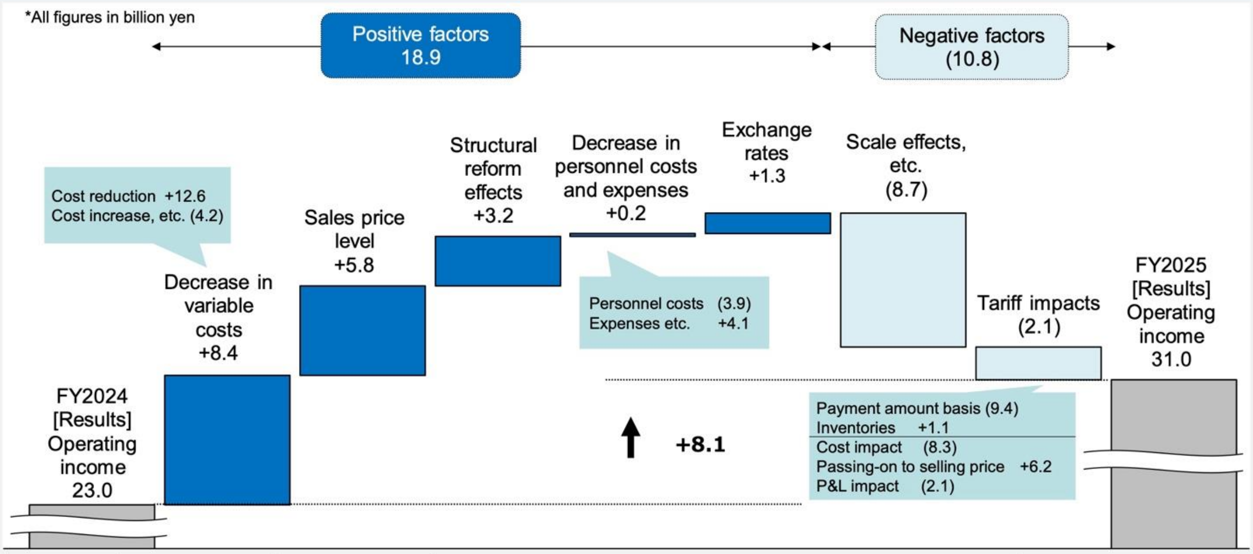


	FY2024 Results	FY2025 Results	Diff.	Forex	Sales price	Passing on tariffs	Volume
Net Sales	825.6	826.3	**0.8**	11.1	5.8	6.2	(22.3)

Please turn to slide 14. This is a waterfall chart analyzing the change in operating income between FY2024 results and FY2025 results. The leftmost figure represents FY2024 operating income, and the rightmost figure represents FY2025 operating income.

The table below the chart shows the change in net sales. Excluding foreign exchange, selling prices, and tariff pass-through, net sales decreased JPY22.3 billion YoY on a volume basis.

On the right side, the factors reducing profit are JPY8.7 billion from scale effects and other factors due to lower sales and production, and JPY2.1 billion from tariff impacts. On the left side, the factors increasing profit include JPY8.4 billion from variable cost reductions, JPY5.8 billion from higher selling price levels, JPY3.2 billion from structural reform effects, and JPY0.2 billion from personnel costs and expenses. Together with a foreign exchange effect of JPY1.3 billion, operating income increased JPY8.1 billion YoY.

2-1. Key Financial Indicators of FY2026

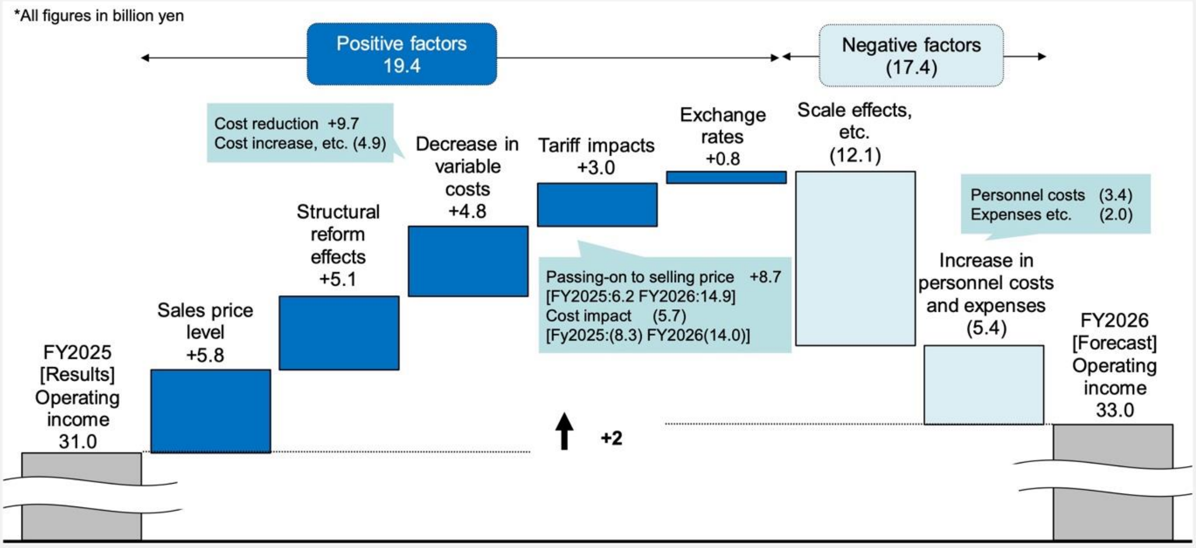
NTN

(billion yen)		FY2025 Full Year Results ①	FY2026 Full Year Forecast ②	Diff. ②-① Total	Volume	Forex
Net sales		826.3	810.0	(16.3)	(16.5)	0.2
Operating income		31.0	33.0	2.0	1.1	0.8
Operating margin		3.8%	4.1%	0.3pt		
Ordinary income		23.5	21.0	(2.5)	(3.5)	1.0
Extraordinary income (loss)		(8.3)	6.0	14.3	14.3	0.0
Profit (loss) attributable to owners of parent		12.9	15.0	2.1	1.2	0.9
Inventories		245.9	220.0	(25.9)	(16.6)	(9.3)
FCF		30.9	36.0	5.1	-	-
Exchange rate	1USD	¥150.7	¥150.0	(¥0.7)		
	1EURO	¥174.7	¥175.0	¥0.3		

FY2026 Annual Dividend	¥13.0 (Interim ¥6.5 / Year-end ¥6.5)

Please turn to slide 15. These are the consolidated key financial indicators for FY2026. As President Ukai has already covered this slide, I will also skip to the next page to explain the changes in operating income.

2-2. Analysis of Operating Income [FY2025 Results vs FY2026 Forecast]



	FY2025 Results	FY2026 Forecast	Diff.	Forex	Sales price	Passing on tariffs	Volume
Net Sales	826.3	810.0	**(16.3)**	0.2	5.8	8.7	(31.0)

Please turn to slide 16. This is a waterfall chart analyzing the change in operating income between FY2025 results and the FY2026 forecast.

The table below the chart shows the change in net sales. Excluding foreign exchange, selling prices, and tariff pass-through, net sales are expected to decrease JPY31.0 billion YoY on a volume basis.

On the right side, the factors reducing profit include JPY12.1 billion from scale effects and other factors due to lower sales and production, and JPY5.4 billion from increases in personnel costs and expenses. Of this, personnel costs are expected to increase JPY3.4 billion, which includes approximately JPY5.8 billion from wage increases.

On the left side, the factors expected to increase profit include JPY5.8 billion from higher selling price levels, JPY5.1 billion from structural reform effects, JPY4.8 billion from variable cost, JPY3.0 billion from tariff impacts, and JPY0.8 billion from foreign exchange effects.

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

NTN

(billion yen)	FY2024 Full Year Results ①	FY2025 Full Year Results ②	FY2026 Full Year Forecast ③	Diff. ②-① Total	Diff. ②-① Volume	Diff. ②-① Forex	Diff. ③-② Total	Diff. ③-② Volume	Diff. ③-② Forex
Japan	215.2	**216.4**	**225.5**	**1.1**	**1.2**	**(0.0)**	**9.1**	**9.1**	**(0.0)**
Americas	269.5	**262.5**	**250.5**	**(7.0)**	**(4.9)**	**(2.0)**	**(12.0)**	**(12.3)**	**0.2**
Europe	186.3	**193.6**	**184.5**	**7.2**	**(5.6)**	**12.8**	**(9.1)**	**(8.8)**	**(0.2)**
Asia and others	154.5	**153.9**	**149.5**	**(0.6)**	**(1.0)**	**0.3**	**(4.4)**	**(4.6)**	**0.2**
Total	825.6	**826.3**	**810.0**	**0.8**	**(10.3)**	**11.1**	**(16.3)**	**(16.6)**	**0.2**

*From FY2024Q2, sales by region have been changed to sales by company location.

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Please turn to slide 17. This slide shows net sales by company location. First, please refer to the column for FY2025 versus FY2024, excluding foreign exchange, marked as circled two minus circled one. Although net sales decreased JPY10.3 billion YoY, as explained earlier, on a volume basis excluding selling price improvements and tariff pass-through, net sales decreased JPY22.3 billion. By region on a volume basis, Japan was down JPY4.9 billion, the Americas down JPY11.3 billion, Europe down JPY5.1 billion, and Asia and others down JPY0.9 billion. Of which China accounted for minus JPY3.0 billion.

Next, please refer to the column for FY2026 versus FY2025, excluding foreign exchange, marked as circled three minus circled two. Although net sales are expected to decrease JPY16.6 billion YoY, on a volume basis excluding selling price improvements, foreign exchange, and tariff pass-through, net sales are expected to decrease JPY31.0 billion. By region on a volume basis, Japan is expected to be up JPY2.2 billion, the Americas down JPY22.6 billion, Europe down JPY6.3 billion, and Asia and others down JPY4.4 billion. Of which China accounts for minus JPY4.2 billion.

4. Net Sales and Operating Income by Business Segment NTN

(billion yen)		FY2024 Full Year Results ①	FY2025 Full Year Results ②	FY2026 Full Year Forecast ③	Diff. ②-① Total	Diff. ②-① Volume	Diff. ②-① Forex	Diff. ③-② Total	Diff. ③-② Volume	Diff. ③-② Forex
Net Sales	Bearing and others	340.7	348.9	357.0	8.2	3.0	5.2	8.1	8.4	(0.3)
	CVJ/Axle	484.9	477.5	453.0	(7.4)	(13.3)	5.9	(24.5)	(24.9)	0.5
	Total	825.6	826.3	810.0	0.8	(10.3)	11.1	(16.3)	(16.6)	0.2
Operating Income	Bearing and others	13.7	12.3	14.5	(1.4)	(2.5)	1.1	2.3	1.9	0.3
	%	4.0%	3.5%	4.1%	(0.5pt)			0.6pt		
	CVJ/Axle	9.3	18.8	18.5	9.5	9.3	0.2	(0.3)	(0.8)	0.5
	%	1.9%	3.9%	4.1%	2.0pt			0.1pt		
	Total	23.0	31.0	33.0	8.1	6.8	1.3	2.0	1.1	0.8
	%	2.8%	3.8%	4.1%	1.0pt			0.3pt		

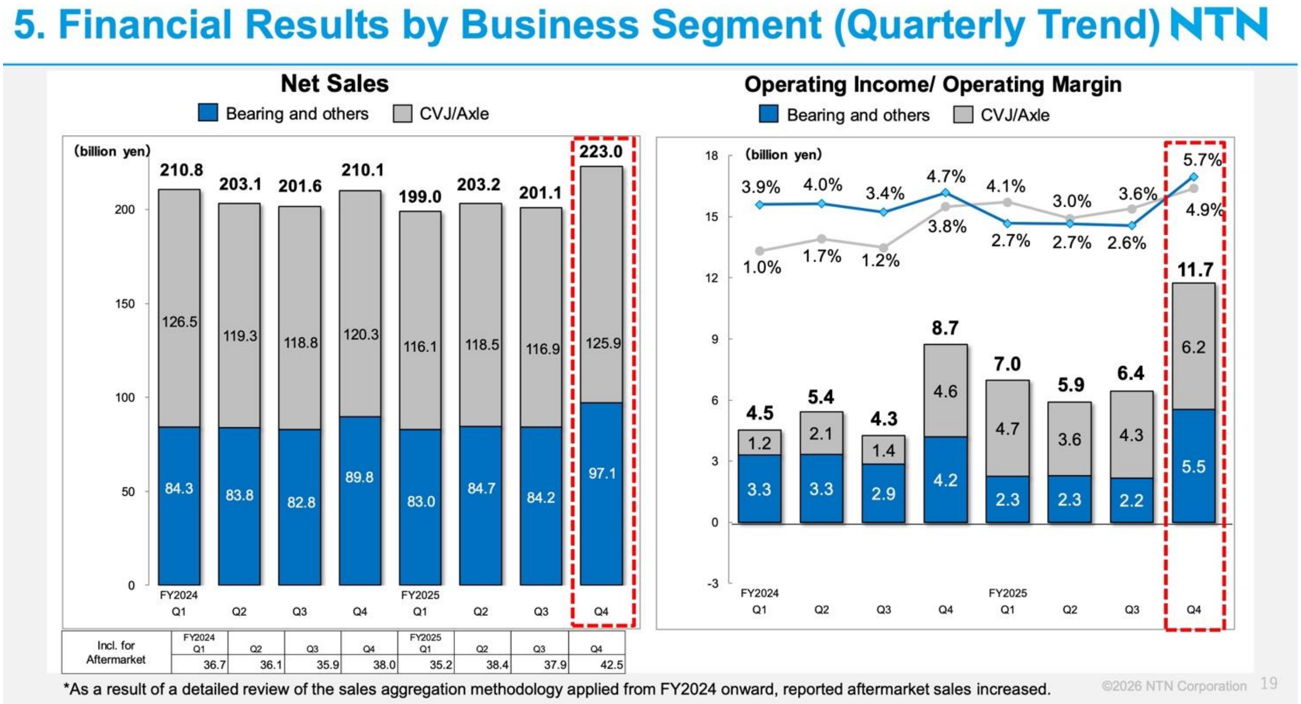
 18

Please turn to slide 18. This slide shows net sales and operating income by business segment. I will first explain FY2025 versus FY2024. As explained, net sales on a volume basis excluding foreign exchange decreased JPY22.3 billion, comprising a JPY1.9 billion decrease in the bearing and others segment and a JPY20.3 billion decrease in the CVJ and axle segment.

For operating income, the bearing and others segment declined by JPY1.4 billion, as positive factors such as favorable foreign exchange and improvement of selling prices were unable to offset the impact of reduced scale, higher labor costs, and increased expenses. The CVJ and axle segment increased by JPY9.5 billion, as improvements in variable costs, structural reform effects, and reductions in labor costs and expenses offset the impact of lower scale and tariffs.

Next, I will explain FY2026 versus FY2025. As explained, net sales on a volume basis excluding foreign exchange are expected to decrease JPY31.0 billion, comprising a JPY2.0 billion increase in the bearing and others segment and a JPY33.0 billion decrease in the CVJ and axle segment.

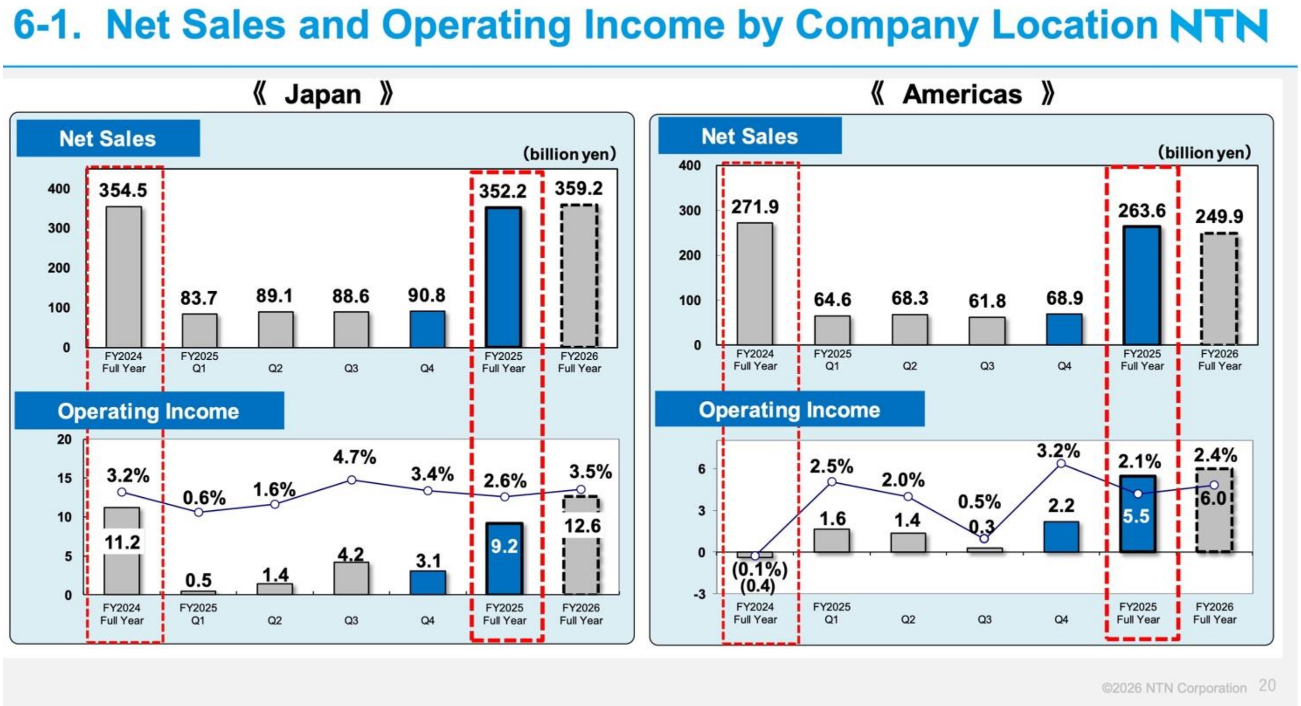
Operating income for the bearing and others is expected to increase by JPY2.3 billion, despite increases in personnel costs and expenses, due to higher selling price levels and the effects of structural reforms. The CVJ and axle segment is expected to decrease JPY0.3 billion, as improvements in variable costs, higher selling prices, and structural reform effects are unable to offset the impact of lower scale.



Incl. for Aftermarket	FY2024 Q1	Q2	Q3	Q4	FY2025 Q1	Q2	Q3	Q4
	36.7	36.1	35.9	38.0	35.2	38.4	37.9	42.5

Please turn to slide 19. This slide shows the quarterly trend in operating income, operating income amounts, and operating margins by business segment. The left chart shows the trend in net sales, and the right chart shows the trend in operating income amounts and margins.

In Q4, operating margins improved in both the bearing and others and CVJ and axle segments due to higher sales volumes and improved selling price levels. The bearing and others segment achieved an operating margin of 5.7% and operating income of JPY5.5 billion. The CVJ and axle segment achieved an operating margin of 4.9% and operating income of JPY6.2 billion, both improving from Q3.

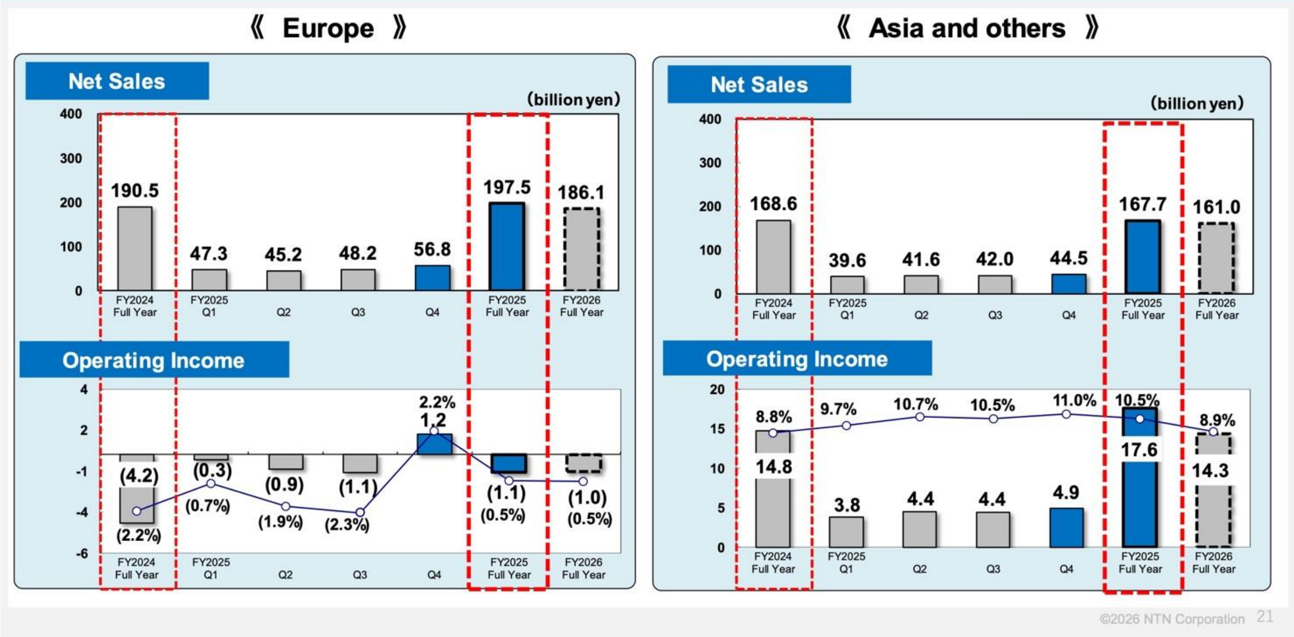


See page 20. This slide shows net sales and operating income by company location. Japan is on the left and the Americas on the right.

First, Japan. Net sales for FY2025 were JPY352.2 billion. A decrease of JPY2.3 billion from JPY354.5 billion in the previous fiscal year. On a volume basis excluding foreign exchange and selling price effects, net sales decreased JPY9.3 billion. Operating income was JPY9.2 billion, down JPY2.0 billion YoY, as the significant impact of lower scale outweighed positive factors such as higher selling prices and favorable foreign exchange.

Next, the Americas. Net sales for FY2025 were JPY263.6 billion. A decrease of JPY8.3 billion from JPY271.9 billion in the previous fiscal year. On a volume basis excluding foreign exchange, selling price effects, and tariff pass-through, net sales decreased JPY12.4 billion. Operating income increased by JPY5.9 billion YoY to JPY5.5 billion, turning positive, as improvements in variable costs and fixed cost reductions including structural reform effects more than offset the impact of lower scale and tariffs.

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

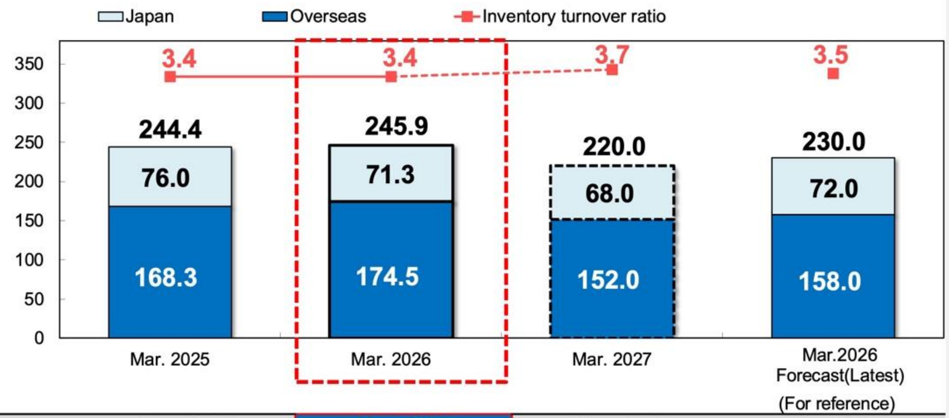


See page 21. This slide also shows net sales and operating income by company location. Europe is on the left and Asia and others on the right.

Net sales in Europe for FY2025 were JPY197.5 billion, an increase of JPY7.0 billion from JPY190.5 billion in the previous fiscal year. On a volume basis excluding foreign exchange and selling price effects, net sales decreased by JPY5.7 billion. Operating income increased by JPY3.1 billion YoY to a loss of JPY1.1 billion, as improvements in variable costs and structural reform effects partially offset the impact of lower scale.

Net sales in Asia and others for FY2025 were JPY167.7 billion. A decrease of JPY0.9 billion from JPY168.6 billion in the previous fiscal year. On a volume basis excluding foreign exchange effects, net sales decreased by JPY1.3 billion. Operating income increased by JPY2.8 billion YoY to JPY17.6 billion, as improvements in variable costs and fixed cost reductions including structural reform effects offset the impact of lower scale.

7. Inventories



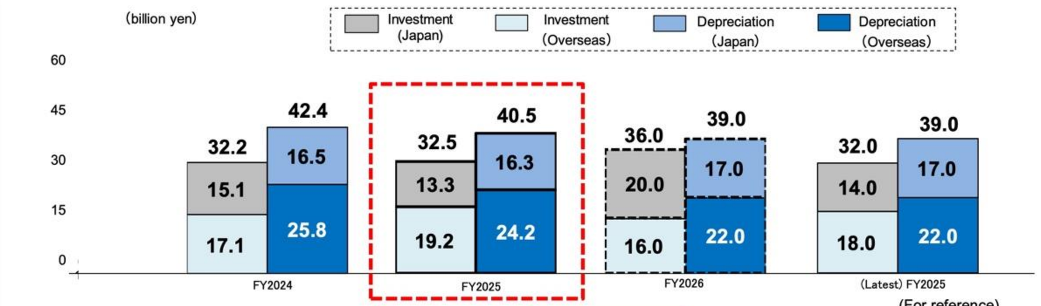
(billion yen)	Mar. 2025 Results	Mar. 2026 Results	Mar. 2027 Forecast	Mar. 2026 Forecast(Latest)
Inventories	244.4	**245.9**	220.0	230.0
[Japan]	76.0	**71.3**	68.0	72.0
[Overseas]	168.3	**174.5**	152.0	158.0
Inventory turnover ratio [times]	3.4	**3.4**	3.7	3.5

See page 22. This slide covers inventories. Inventories at end of March 2026 totaled JPY245.9 billion, with an inventory turnover ratio of 3.4 times. This represents an increase of JPY1.5 billion compared to end of March 2025, but with a JPY15.6 billion foreign exchange impact, the decrease on a volume basis was JPY14.1 billion. Compared to the announced forecast shown on the right, inventories increased JPY15.9 billion, but with a JPY16.4 billion foreign exchange impact, the decrease on a volume basis was JPY0.6 billion.

For FY2026, we expect inventories of JPY220.0 billion with a turnover ratio of 3.7 times. We will pursue a volume reduction of JPY16.6 billion excluding foreign exchange.

8. Capital Expenditures and Depreciation

NTN



(billion yen)	FY2024 Full Year Results①	FY2025 Full Year Results②	Diff. ②-①	FY2026 Full Year Forecast	(For reference) FY2025 Full Year Forecast(Latest)
Capital expenditure	32.2	32.5	0.3	36.0	32.0
[Japan]	15.1	13.3	(1.8)	20.0	14.0
[Overseas]	17.1	19.2	2.1	16.0	18.0

*In addition, capital expenditure for intangible fixed assets (FY2025 Full year Results : ¥3.1 billion, FY2026 Full Year Forecast : ¥4.5 billion)

(billion yen)	FY2024 Full Year Results①	FY2025 Full Year Results②	Diff. ②-①	FY2026 Full Year Forecast	FY2025 Full Year Forecast(Latest)
Depreciation	42.4	40.5	(1.9)	39.0	39.0
[Japan]	16.5	16.3	(0.2)	17.0	17.0
[Overseas]	25.8	24.2	(1.7)	22.0	22.0

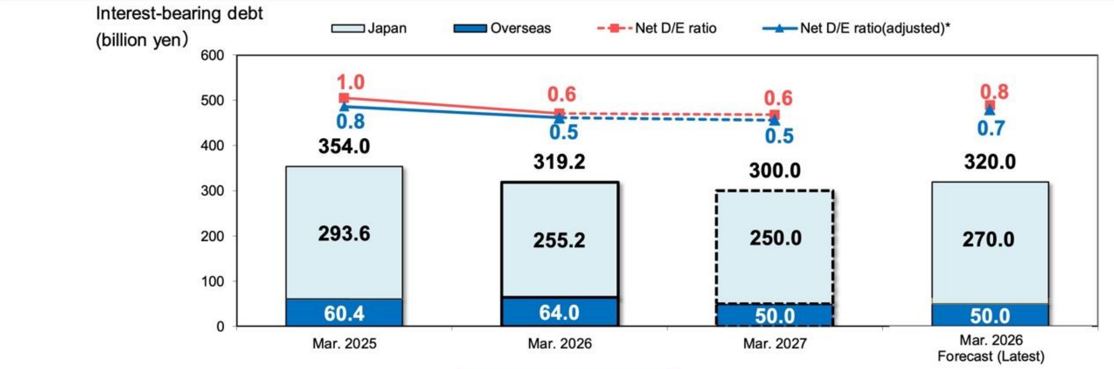
 23

Please turn to slide 23. This slide shows Capital expenditure and depreciation. Capital expenditure for FY2025 totaled JPY32.5 billion, and depreciation totaled JPY40.5 billion. The regional breakdown of the JPY32.5 billion in Capital expenditure is: JPY13.3 billion in Japan, JPY3.8 billion in the Americas, JPY11.1 billion in Europe, and JPY4.3 billion in Asia and others. Of which China accounted for JPY0.8 billion.

For FY2026, Capital expenditure is expected to be JPY36.0 billion and depreciation JPY39.0 billion.

9. Interest - Bearing Debt

NTN



(billion yen)	Mar. 2025 Results	Mar. 2026 Results	Mar. 2027 Forecast	Mar. 2026 Forecast (Latest)
Interest-bearing debt	354.0	319.2	300.0	320.0
[Japan]	293.6	255.2	250.0	270.0
[Overseas]	60.4	64.0	50.0	50.0
Net Interest-bearing debt	226.3	187.9	163.7	194.5

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

 24

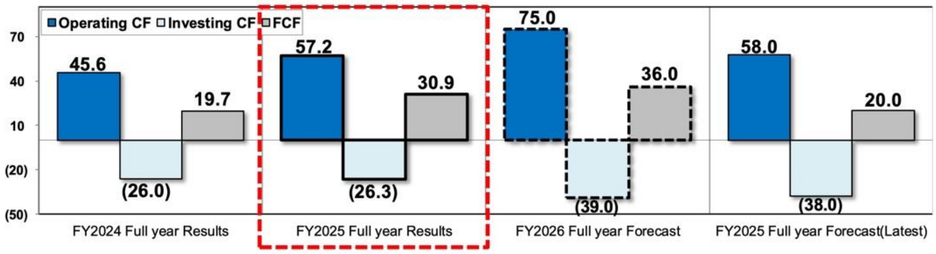
Please turn to slide 24. This slide covers interest-bearing debt. Interest-bearing debt at end of March 2026 was JPY319.2 billion, net interest-bearing debt was JPY187.9 billion, and the net D/E ratio was 0.6.

At end of March 2027, interest-bearing debt is expected to be JPY300.0 billion, net interest-bearing debt JPY163.7 billion, and the net D/E ratio 0.6.

10. Cash Flows

NTN

(billion yen)	FY2024 Full Year Results①	FY2025 Full Year Results②	②-①	FY2026 Full Year Forecast	FY2025 Full Year Forecast
Ⅰ. Cash flow from operating activities	45.6	57.2	11.6	75.0	58.0
Ⅱ. Cash flow from investing activities	(26.0)	(26.3)	(0.3)	(39.0)	(38.0)
Ⅰ+Ⅱ. Free cash flow	19.7	30.9	11.2	36.0	20.0
Ⅲ. Cash flow from financing activities	(18.7)	(35.3)	(16.6)	(31.0)	(23.0)
Ⅳ. Effect of exchanging rate translation on cash and cash equivalents	(0.5)	8.0	8.5	0.0	(3.0)
Ⅴ. Net increase in cash and cash equivalents	0.4	3.5	3.1	5.0	(6.0)



 25

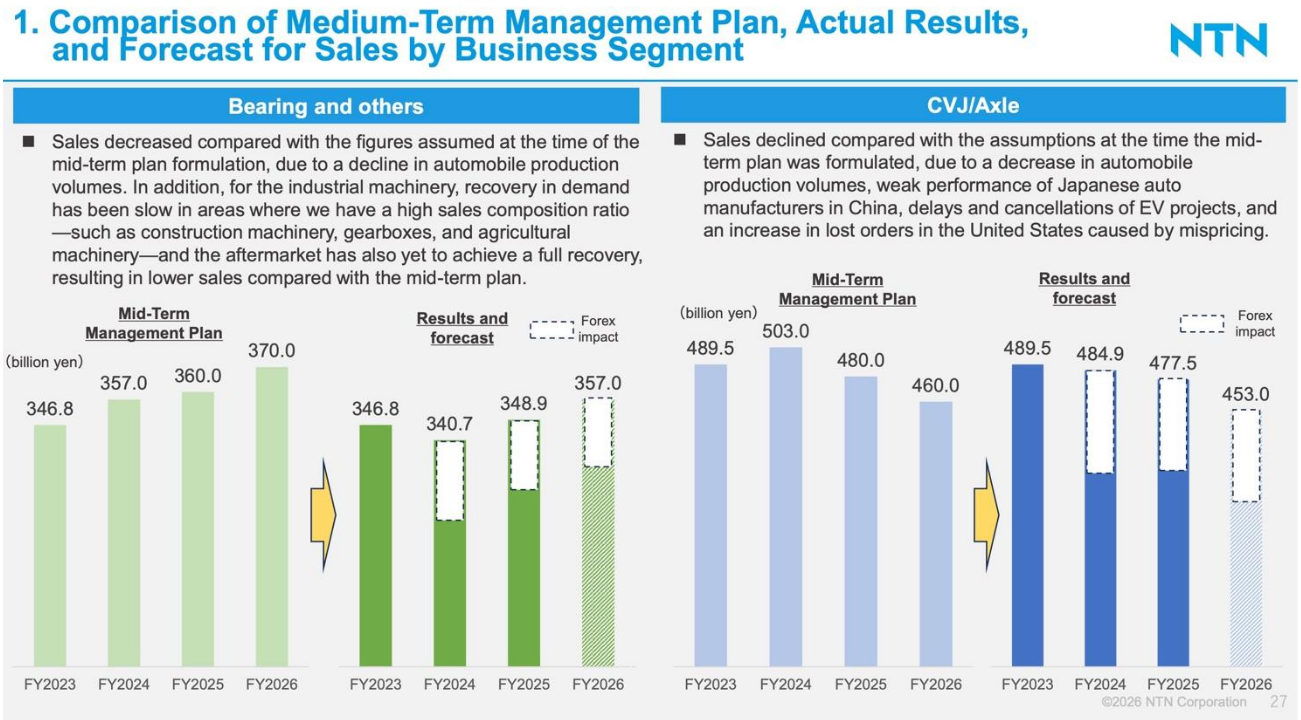
Please turn to slide 25. This slide shows cash flows. Operating cash flow for FY2025 was JPY57.2 billion and free cash flow was JPY30.9 billion. Compared to the announced forecast, operating cash flow fell slightly short, but free cash flow was achieved by holding down investing cash flow.

For FY2026, we expect operating cash flow of JPY63.0 billion and free cash flow of JPY36.0 billion.

That concludes my presentation.

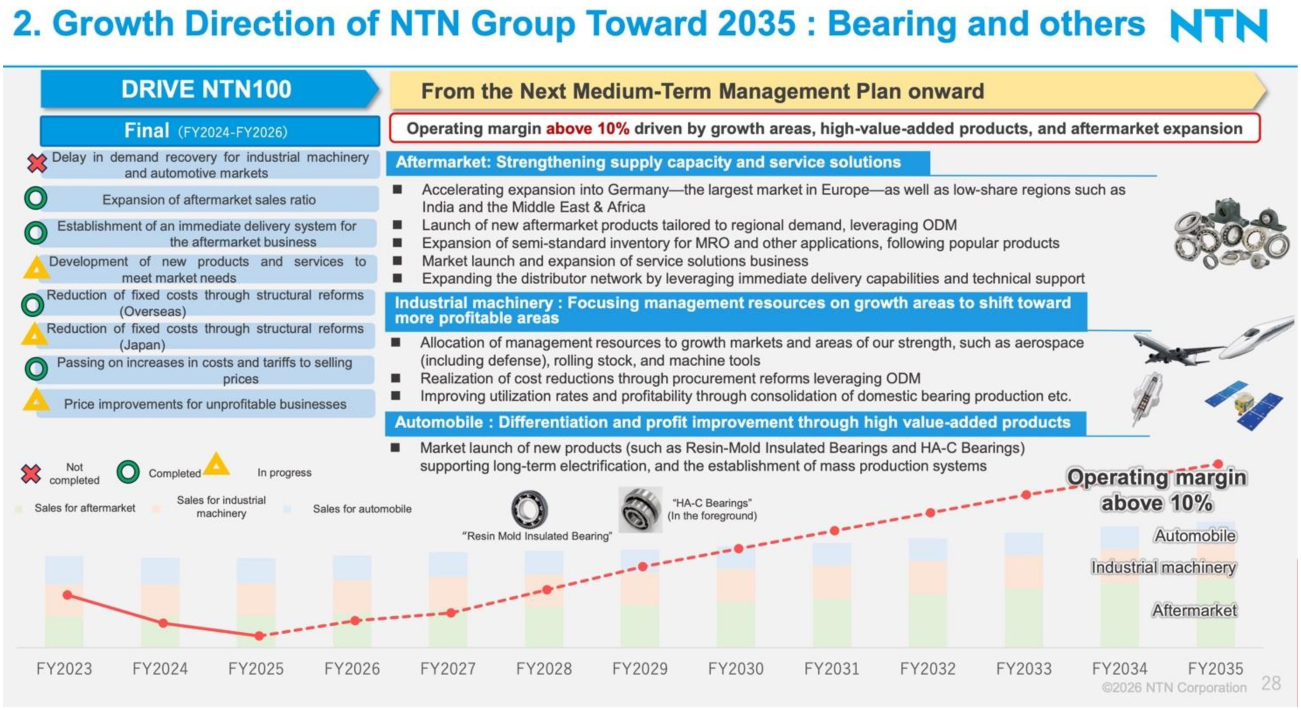
Nagao: Thank you, CFO. Finally, President Ukai will explain the NTN Group's growth direction toward 2035.

President Ukai, please go ahead.



Ukai: Please turn to page 27. This slide compares actual results and the latest forecast against the Medium-term Management plan by business segment.

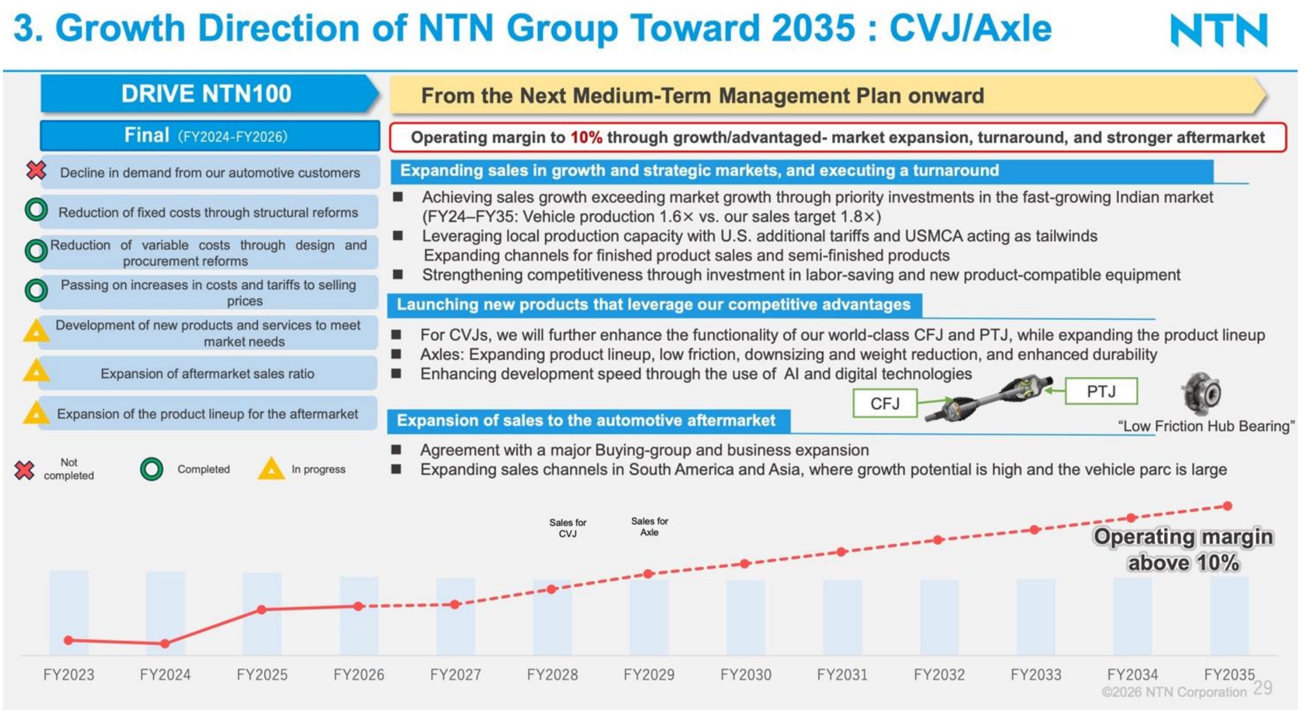
Both the bearing and others and CVJ and axle segments have seen volume declines from original assumptions. The gap widens further when exchange rate differences are factored in. Compared to the market environment at the time the plan was formulated, the decline in automobile production has affected both segments. In the bearing and others segment, the recovery of aftermarket and industrial machinery demand has also been delayed. In the CVJ and axle segment, the sluggish performance of Japanese auto manufacturers in China and the postponement and cancellation of EV projects have also contributed to the volume decline.



Please turn to page 28. This slide provides an assessment of the current Medium-term Management plan for the bearing and others segment and outlines the direction of future growth.

In the bearing and others segment, the delay in demand recovery is affecting the pace of profit improvement. In Japan, fixed cost reductions through structural reforms are still in progress. On the other hand, sales for the aftermarket are steadily increasing, supported by the strengthening of our supply capabilities. In the industrial machinery field, we are allocating management resources to areas where we can leverage our strengths, such as aerospace, to capture market growth.

Going forward, in Japan, which accounts for 70% of bearing production, we will improve our cost structure through production reorganization and consolidation, and steadily advance measures to strengthen growth areas, high-value-added products, and the aftermarket, with the aim of achieving an operating margin above 10% as demand recovers.



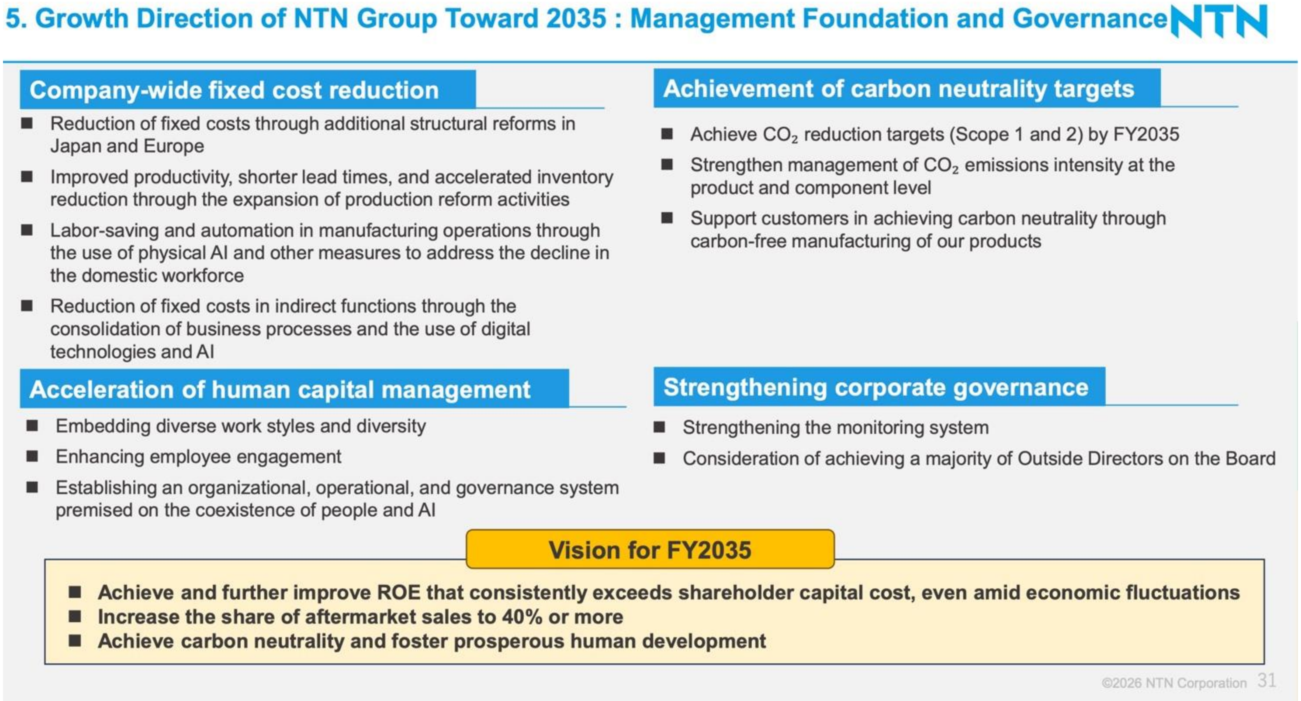
Please turn to page 29. This slide provides an assessment of the current Medium-term Management plan for the CVJ and axle segment and outlines the direction of future growth.

The CVJ and axle segment has also continued to see volume declines beyond initial expectations. On the other hand, profits have improved through cost reductions from structural, design, and procurement reforms, as well as price optimization. Going forward, while not relying on scale, we will aggressively expand sales and mount a turnaround in growth and advantaged markets such as India. We will also continue to bring to market products that leverage our technological advantages, such as the CFJ, and strengthen our earning power by increasing the share of high-value-added products.

In the automotive aftermarket, we will expand our transactions with major Buying Group to extend our sales channels beyond Europe and the Americas into South America and Asia as well.

Please turn to page 30. I will explain the growth direction for new products and new businesses. We are developing and launching new products in areas where market expansion is expected from a sustainability perspective, including EVs, robotics, and life sciences. Products such as the N^3 N-CUBE, which contributes to disaster prevention and mitigation, are also seeing growing adoption, particularly among local public institutions, and their commercialization is advancing.

By growing these new products and new businesses, we will contribute to preserving the global environment and realizing a "NAMERAKA Society".



Finally, please turn to page 31. Our vision for FY2035 is to achieve ROE that consistently exceeds the shareholder capital cost and to continue improving it further. In addition to the business growth directions described so far, this slide presents four main pillars essential to their realization. In particular, we will continue to reduce company-wide fixed costs commensurate with scale through ongoing structural reforms. At the same time, a company is its people, and by increasing employee engagement, we aim to foster growth not only for the Company but for our employees as well.

Regarding the strengthening of corporate governance, we have adopted ROIC as an evaluation indicator for Executive Officers. We have also increased the proportion of performance-linked compensation. We are also exploring the possibility of achieving a majority of Outside Directors on the Board of Directors from the next fiscal year onward.

That concludes my presentation.

Question & Answer

Moderator [M]: Thank you. We will now move on to the Questions & Answer session.

With regard to the management integration announced recently, there are many matters that remain to be discussed, and at this time, we are limited in what we can explain. We therefore hope to focus today's session on questions related to the financial results.

The secretariat will call on those wishing to ask questions. If you wish to ask a question, please use the Raise Hand button on the taskbar. The secretariat will call on you in turn.

Thank you. We will begin with a question from Mr. Sasaki of UBS Securities.

Sasaki [Q]: Thank you for today. I am Sasaki from UBS Securities. I have three questions, if I may.

The first concerns the management integration with NSK. I understand the secretariat has asked us to refrain from questions on this topic, but institutional investors have a strong interest in this matter, so I would like to raise it. I understand there are many things that cannot be discussed, but I would like to ask President Ukai directly.

Could you tell us, if you are willing, what was the background behind the decision to pursue integration with NSK?

This was actually the topic of discussion at NSK's briefing the other day. The point was raised that NSK and NTN actually have relatively limited overlap. They have strengths in small precision bearings, while your company, as you mentioned, is strong in large bearings for aerospace and construction machinery, and the two companies are complementary. The view expressed was that by combining these strengths, it would be possible to create a globally competitive bearing manufacturer. President Ichii made that point.

I understand there may be much that cannot be discussed today, but I would very much appreciate it if President Ukai could share his thoughts and the background behind this decision with us. Thank you.

Ukai [A]: Thank you, Mr. Sasaki. Regarding your question, including the results of today's briefing, when I became president in 2021, I set out to revitalize the Company and have been managing it with that goal in mind.

In that context, we have focused primarily on business structural reforms to improve our earning power and, through that, to enhance corporate value. Although the external environment has seen various changes, my sense is that the Company is gradually strengthening and is becoming an organization capable of responding properly to changes in the environment.

Working together with our employees, I have believed we are on track to achieve our corporate value targets, which I define as ROE of 8% and ultimately above 10%, over the next three to five years, and I believe we are making progress toward that goal.

At the same time, looking at the global situation, including conflicts and natural disasters I have always considered whether we can maintain stable and competitive supply over the long term in a way that does not inconvenience our customers and ensures our BCP. Looking 10 years, 20 years, or even further ahead, as a company with a history of over 100 years, and thinking about the next 100 years, this has been something I have continually thought about.

Since my younger days, I have been aware that Japan has many large bearing manufacturers, while overseas, consolidation has resulted in two major players in Europe and one in the Americas. In that context, as a manufacturer handling components centered on bearings within Japanese corporations, I have always thought about what we should be doing.

One thing I have consistently emphasized internally is that the most fundamental foundation for a manufacturer is its research and development capability. On top of that base of technological and development capability to properly respond to market needs and future opportunities, a manufacturer's core activities come down to buying, meaning the procurement of parts and materials. Then, act of producing, meaning manufacturing. Next is the act of selling, meaning the provision of solutions to customers' challenges. With that framework in mind, we have been pursuing internal reforms to address our weaknesses.

We need to accelerate all of this further in the current uncertain external environment. One key phrase I have been sharing internally many times is lead time. Shortening time is directly linked to value creation going forward. In thinking about how to achieve this quickly, while doing so independently through our own efforts is of course fundamental, we also need to consider how to accelerate this within the broader industrial structure. On this occasion, we have reached a basic agreement as a first step toward exploring integration.

That is all.

Sasaki [Q]: Thank you. As a follow-up, and as both President Ukai and President Ichii have noted, the integration is not simply about economies of scale. Both companies have strong technologies, products, and businesses in different areas, and by combining them, the view is that you can create a globally competitive player. Would it be fair to say that was the most important factor in the decision?

Additionally, while many things remain undecided and regulatory clearances will be required, if the integration does proceed, I think the integration of corporate cultures will be a key challenge. Both companies have histories of over 100 years as rivals, and I imagine the corporate cultures of NTN and NSK are quite different. If you have any thoughts on how you plan to manage and overcome that challenge, I would appreciate hearing them.

I apologize, I realize this is a follow-up question.

Ukai [A]: Thank you. As Mr. Sasaki mentioned at the outset, the synergies from the two companies coming together come from the fact that, while both companies are centered on bearings, our areas of strength differ somewhat, and by combining them we can further enhance our global competitiveness. The determination that such synergies can be created was one factor.

And as Mr. Sasaki noted, our employees have spent over 100 years working with the spirit of never losing to that competitor, and that history is something I myself share.

However, in the process of exploring this integration, one thing I came to feel is that there are actually many similarities between us. We are both companies with a sincere character, and by providing strong management direction, I came to believe that together we could implement structural reforms that neither of us could achieve independently, further strengthening ourselves to compete and win globally.

In terms of how we realize this going forward, when the press conference was held, we immediately made the information available globally to all of our employees in all languages.

Going forward, Executive Officers including myself will visit each department and hold town hall meetings to have direct face-to-face discussions with employees, probably on multiple occasions, deepening mutual understanding through that process. As I said at the press conference, for two different families to become one, the heads of those families need to go into each other's family and demonstrate that they are now the same family. I believe we are about to enter that phase.

As you noted, this is all contingent on regulatory clearance, and none of it will be realized until that is completed. But with that in mind, we are committed to moving forward. That is all.

Sasaki [Q]: Thank you. Thank you very much for such clear answers to some genuinely difficult questions.

My second question, I am wondering the progress of the business structural reforms during the full-year plan. Could you give us an organized assessment of how you view that progress?

From what I have heard, it seems that CVJ in particular has been doing quite well in improving its operating margin despite challenging conditions, and aftermarket sales growth also appears to be on track. On the other hand, in the area of structural reform, production consolidation in the bearing segment still appears to be lagging somewhat, and inventory turnover remains a challenge. I would appreciate hearing your own assessment of the progress of structural reforms.

Also, as a continuation of that topic, if integration with NSK were to proceed, is there anything you could share about how that might further accelerate the reforms?

That is my second question.

Ukai [A]: Thank you. I would like to start with an overall overview, and if the general managers of the business divisions who are participating today have anything to add, I will ask them to supplement my comments.

On slide 28, which covers the bearing segment, the circles and crosses on the left side of the PowerPoint the measures we identified at the outset of the Medium-term Management Plan and an assessment of how far we have come in implementing them as of today. Slide 28 covers bearings and slide 29 covers CVJ and axle.

As for the triangles and crosses, as Yamamoto explained earlier, the significant demand decline is an external environment factor that we ourselves cannot control. However, some may wonder why the CVJ and axle volume has fallen as much as it has.

A number of projects reached end of production and were transitioning to a new phase at the same time. When we were competing for those projects, particularly in the Americas where the impact was largest, we were in the middle of structural reforms, and our cost competitiveness was still insufficient. On top of that, our policy since I became president five years ago has been to firmly pursue appropriate profitability. We therefore worked closely with our frontline sales teams to take a strict approach with customers on pricing.

At the same time, during that period, Chinese manufacturers were bringing more and more vehicles to market at lower prices. Automotive manufacturers were themselves under significant pressure on costs. There was a phase when we could not reach agreement on pricing, and in some cases, manufacturers from other countries were ultimately selected over us.

The impact of that is now showing up to some extent in our plans for this year and next year. That said, reflecting on that experience, as I mentioned in today's presentation, we have been working since last year on how to better articulate our technological added value and re-engage with customers in our sales activities, so while there is some timing delay, we are pursuing that coverage.

On the industrial machinery side, machine tools have been recovering for some time, with semiconductor-related demand increasing. Machine tool manufacturers have been saying demand has been growing since last year, but the trend has been toward larger and higher-priced machines, so while total sales have increased, we have not yet seen a return to the kind of volume-driven recovery seen in previous strong economic periods.

The early signs of that recovery are now beginning to emerge and tracking this closely is one of our important leading indicators. We intend to pursue this carefully, along with construction machinery, gearboxes, rolling stock, aerospace, and other areas.

This may not be a direct answer, but that is the situation as I see it.

Sasaki [Q]: Thank you. If NTN and NSK were to integrate, is there anything you would be expecting from that? I apologize; this may be a difficult question to answer.

Ukai [A]: As Mr. Sasaki mentioned, for example, there are differences in the size ranges and industry segments where each company has strengths. By addressing those complementary areas and given what I mentioned earlier about research and development capability, I expect synergies to emerge in areas where neither company has had sufficient strength on its own. It is with that expectation that we want to move forward.

Sasaki [Q]: Understood, thank you. I apologize for the length. My third and final question is for CFO Yamamoto. On page 14, could you give us the increase and decrease factors in operating income broken down between the bearing and the CVJ?

And on page16, if you have the bearing and CVJ figures for the plan as well, I would appreciate hearing them. If not, even a rough sense of how the plan breaks down between the bearing and the CVJ would be helpful.

Thank you.

Yamamoto [A]: I will first explain the operating income variance analysis for FY2024 versus FY2025 on slide 14, broken down between the bearing and others and CVJ and axle segments.

This is just the profit side, correct?

Sasaki [Q]: If possible, it would be helpful to have the sales figures as well. The numbers you mentioned during the presentation.

Yamamoto [A]: On a volume basis, net sales for the bearing and others segment were negative JPY1.9 billion, and the CVJ and axle segment negative JPY20.3 billion. Sales prices were a positive JPY5.8 billion in total, with the bearing and others segment positive JPY3.7 billion and the CVJ and axle segment positive JPY2.1 billion. In terms of profitability, tariff impacts were negative JPY2.1 billion in total, with the bearing and others segment negative JPY0.4 billion and the CVJ and axle segment negative JPY1.7 billion.

Structural reform effects were a positive JPY3.2 billion YoY in total, with the bearing and others segment positive JPY0.7 billion and the CVJ and axle segment positive JPY2.5 billion. Variable costs were a positive JPY8.4 billion in total. With the bearing and others segment positive JPY0.4 billion and the CVJ and axle segment positive JPY8.0 billion. Personnel costs and expenses were a positive JPY0.2 billion in total. With the bearing and others segment negative JPY2.0 billion and the CVJ and axle segment positive JPY2.2 billion.

Foreign exchange was a positive JPY1.3 billion, with the bearing and others segment positive JPY1.1 billion and the CVJ and axle segment positive JPY0.2 billion. The remainder is scale effects and other factors, negative JPY8.7 billion in total.

Within that, the volume-based net sales figure for the bearing and others segment was negative JPY1.9 billion, but as I explained in Q2 and Q3, inventory valuation impacts were significant, with the bearing and others segment negative JPY4.9 billion. The CVJ and axle segment was negative JPY3.8 billion. That covers FY2024 versus FY2025.

Yamamoto [A]: Moving to FY2025 versus FY2026, which corresponds to slide 16. I would like to explain in this section. First, the volume-based net sales figure is negative JPY31.0 billion in total, with the bearing and others segment positive JPY2.0 billion and the CVJ and axle segment negative JPY33.0 billion. In terms if profit, personnel costs and expenses are negative JPY5.4 billion in total, with the bearing and others segment negative JPY4.7 billion and the CVJ and axle segment negative JPY0.6 billion. Scale effects and other factors are negative JPY12.1 billion in total. The CVJ and axle segment is negative JPY33.0 billion, resulting in negative JPY12.5 billion, and with the bearing and others segment at positive JPY0.4 billion, the combined total comes to negative JPY12.1 billion.

Foreign exchange is a positive JPY0.8 billion, with the bearing and others segment positive JPY0.3 billion and the CVJ and axle segment positive JPY0.5 billion. Tariff impacts are a positive JPY3.0 billion compared to the previous year, as this includes amounts that were not fully recovered in the prior year, with the bearing and others segment positive JPY0.3 billion and the CVJ and axle segment positive JPY2.7 billion.

Variable costs are a positive JPY4.8 billion, with the bearing and others segment positive JPY0.6 billion and the CVJ and axle segment positive JPY4.2 billion. Structural reform effects are a positive JPY5.1 billion, with the bearing and others segment positive JPY2.0 billion and the CVJ and axle segment positive JPY3.1 billion. Sales price levels are a positive JPY5.8 billion, with the bearing and others segment positive JPY3.4 billion and the CVJ and axle segment positive JPY2.3 billion, with some rounding. That is the breakdown. I hope I answered your question.

Sasaki [M]: Yes, that's fine. I apologize for taking so long. Thank you very much. That is all from me.

Yamamoto [M]: Thank you.

Nagao [M]: Thank you, Mr. Sasaki. Next, we have a question from Ms. Wang of Nomura Securities. Please ask your questions.

Wang [Q]: Thank you for your time. I am Wang from Nomura Securities. Thank you for the presentation.

My first question concerns the demand outlook in the plan. On page six, in the bearing and others segment, I feel the sales forecast for industrial machinery this fiscal year is somewhat conservative. On the other hand, the Q4 results showed some QoQ growth, and as you mentioned earlier, there are early signs of an increase on a volume basis. Are there any specific risks that have been factored into the forecast?

That is my first question.

Yanagida [A]: I am Yanagida, in charge of the bearing business. Thank you. As mentioned earlier, we are beginning to see some signs of recovery in the machine tool sector. While conditions are still not strong, we are hopeful that the situation will improve somewhat from where it has been.

Rolling stock and aerospace are also expected to continue growing, and we would like to expand our business in those areas.

On the other hand, construction machinery and agricultural machinery are very important, high-volume areas for our industrial machinery-related bearing business. A strong recovery is still somewhat lacking, but we believe the phase of ongoing decline that we saw previously has already come to an end.

That is all from me.

Wang [Q]: Thank you. My second question concerns the after-service business, as shown on page nine. First, I would like to confirm what kind of potential the bearing refurbishment business has in terms of its share of the overall business.

My other point is that while the aftermarket sales ratio is rising steadily, the assessment on slide 29 suggests some degree of insufficiency. At the same time, it seems that the strengthening of supply capabilities is progressing reasonably well. I would like to ask your thoughts on what additional steps are needed to achieve the 40% target by 2035.

Yanagida [A]: I will continue with the explanation.

Regarding your first question on the refurbishment business, I view this as one of the services we provide to support the stable operation of our customers' facilities and their sustainable business activities.

Rather than significantly growing our business solely through the fees from this service itself, our objective is to provide added value that includes this service, encouraging greater use of NTN bearings, and to enhance our brand strength by combining it with condition monitoring and other services.

Regarding the aftermarket initiatives, as you pointed out, the first priority is our immediate delivery system. By establishing a global system that allows customers to obtain the products they want immediately when they need them, we have expanded our common inventory. Having confirmed the positive effects on sales expansion and profit improvement, we will continue to expand the scope of this initiative.

Until now, we have focused on popular products considered best-sellers worldwide, but we are now also targeting semi-standard models that customers want but have difficulty obtaining and are establishing a system to provide immediate delivery of these items globally.

Since immediate delivery capability is critically important for the aftermarket, strengthening this activity is one of the central pillars of our business expansion toward 2030 and 2035.

In addition, we will strengthen on-site technical support and customer solutions. While our distributors play a key role in going into customer sites and addressing their needs, NTN will also provide solid support. Most recently, we have dispatched engineers to the ASEAN region and Australia to deepen our understanding of local technical needs and strengthen our support capabilities from Japan.

We will expand this approach globally to enhance our technical services and brand strength, satisfy our distributors, and grow the aftermarket business. That is our initiative. That is all from me.

Ukai [M]: Excuse me, Ms. Wang. I would also like to ask Tateoka to say a few words about the automotive aftermarket.

Tateoka [A]: I am Tateoka, in charge of CVJ and axle. Regarding the automotive aftermarket, while our efforts in this area have historically been slow, we have been implementing various measures since last year. In the North American region, where demand is particularly high, we have signed agreements with a new distributor, Buying Group, and are taking steps to expand sales going forward.

In South America and the ASEAN region, where we have yet to focus our efforts, we are expanding our product lineup, including through the use of ODM, and are implementing measures to further grow our presence in those markets.

That is all.

Wang [Q]: Thank you for the detailed explanation. One more question regarding the CVJ and axle. Delays and cancellations of EV-related projects at certain customers have been cited as one of the factors behind the downside in sales.

There have been press reports that one of your customers in the US is shifting EV production plans toward internal combustion engine vehicles. I was wondering whether this could help offset the volume shortfall, and also whether it is safe to assume there are no additional costs involved.

Tateoka [A]: I will continue to answer. I believe you are referring to the EV cancellations in North America. Regarding compensation, we have begun negotiations with the aim of recovering 100% of the costs related to CVJ and axle.

Regarding the future, plans are to shift to alternative ICE and HEV vehicles, and we intend to capture that demand. Whether negotiations regarding replacement orders will fully offset the cancelled volumes remains to be determined through ongoing discussions with the automakers, but we are fully committed to not allowing those volumes to simply fall away. That is all from me.

Wang [Q]: Thank you. My final question concerns the management integration with NSK. You explained in detail the synergies and complementary effects on the bearing side, but I would also like to ask about the automotive side.

The OEM customer mix is quite different between the two companies, and there are also differences in the components involved. To the extent you are able to share, I would appreciate hearing your thoughts on the potential synergies in that area.

Ukai [A]: I apologize, Ms. Wang. At this point in time, the details of each business area are still in the process of being reviewed by the clean teams, and we are prioritizing the completion of regulatory clearance first. I hope you can bear with us a little longer.

Wang [M]: Understood. Thank you. That is all from me.

Nagao [M]: Thank you, Ms. Wang. Does anyone else have a question?

We will now take a question from Mr. Narita of Mizuho Securities. Please go ahead.

Narita [Q]: I am Narita from Mizuho Securities. Thank you for the presentation today. I have one main question, and it is somewhat longer-term in nature. Regarding structural reforms, the current Medium-term Management Plan is named Final, and from your explanation earlier, I understand it is progressing as planned. However, looking at the current market environment and listening to today's presentation, I wonder whether there is now a need for further structural reforms beyond what was envisioned when the plan was first formulated.

I also think this may be one of the reasons behind the management integration, so I would like to ask whether, in the course of running the business, the need for structural reforms has grown beyond what was originally assumed at the time the Medium-term Management Plan was drawn up. I would like to ask you about this.

Related to this, on the topic of top-line thinking, my understanding is that the current Medium-term Management Plan has been implemented with a focus on profitability over volume. However, looking at the three years of the plan including this fiscal year's forecast, the scale has declined by more than JPY50.0 billion. From your perspective, has there been any change in thinking regarding whether it is now necessary to pursue volume as well in order to improve profitability? I would be interested to hear if there is any change in your thinking here as well. Thank you.

Ukai [A]: Thank you. I will respond.

On the first point, our focus under "DRIVE NTN100" Final has primarily been to eliminate the negative legacy of the past. However, as I explained, the global situation and external environment are changing on a daily basis. For example, we advanced structural reforms in Europe ahead of other regions and brought the profitability there to a significantly improved level. But just as we had done so, the market itself began to correct further downward.

Given what we can expect from the global environment going forward, conducting structural reform-type initiatives in a planned and disciplined manner every year may simply need to be an ongoing part of how we operate. Doing so consistently will be necessary to build a profitable structure that matches the market and to create the conditions for sustained corporate value creation.

On your other question about what would happen if the two companies were to combine, both companies believe that at a greater scale, it will be possible to implement corporate value enhancement measures, including further structural reforms, that neither company could achieve independently. With that resolve, we are committed to moving forward as a Japanese company capable of surviving and winning in global competition. That is all from me.

Narita [Q]: Thank you. As a follow-up, while business integration would of course increase the scale, at least initially, I am a little concerned about what happens further down the road. Even after the scale increases through integration, if market conditions continue to weaken, the scale could decline again, leading to yet another round of structural reforms.

I would also like to ask whether there is a possibility of shifting direction toward growing the top line from here. Please share whatever you are able to at this stage.

Ukai [A]: This point also connects to the structural reforms that each company has been pursuing individually, but the key principle is that we will not fall into mere price competition. As I mentioned at the start of my presentation, research and development capability and technological strength are the most fundamental foundation for a manufacturer. The critical question is how we can deliver added value to our customers in a way that they are willing to pay for. Unless we establish this as our primary foundation, focusing only on the price that appears on the surface will not be sufficient.

That is why we need to deepen our research and development so that we can properly articulate that value and then communicate and appeal it clearly to our customers. We want to sell at a certain price because we offer this kind of added value. That is the sales approach we need to pursue. Of course, lowering the top line has never been our objective. At the same time, if we focus solely on growing the top line, we risk losing sight of what matters and repeating the mistakes of the past.

The top line is important, but in order to protect and grow it, we must ensure it is backed by solid technology and genuine contribution to our customers and society. That is the distinction we must not lose sight of as we move forward.

Narita [M]: Understood, thank you. That's all from me.

Moderator [M]: Thank you, Mr. Narita. Next, we have a question from Mr. Tai of Daiwa Securities. Please ask your questions.

Tai [Q]: This is Tai. Thank you. There are a number of things I would like to ask, but I also understand there may be much that cannot be discussed, so it is a difficult balance.

For example, I am curious about the timing, why now. And of course, combining the two companies would in simple terms create a business with sales of around JPY2.0 trillion. Bearings is a scale-driven, asset-intensive business where the key is how much you invest and how efficiently you can turn that investment, so I very much understand that becoming larger would bring efficiencies in development, procurement, production, and so on.

At the same time, a larger organization is also harder to manage, and there is the risk that the greater scale itself creates more that needs to be turned, which in turn could lead to further restructuring. If I were an employee, I think I might feel a little tired of that. I was wondering how you think about that aspect.

I am also curious, although this may be further down the road, about what kind of corporate entity the two companies are ultimately aiming to become. Is the goal simply to be a larger bearing manufacturer, or is there an ambition to move toward a more systems-oriented parts company?

I apologize for raising so many points at once, but if there is anything among what I have mentioned that you are able to address, I would appreciate hearing your thoughts.

Ukai [A]: Thank you, Mr. Tai. On the question of timing, as you have noted, making a decision of this magnitude is not something that can easily be done immediately after a change in management.

Both companies have been pursuing various structural reforms in their own ways, and against that backdrop, the global situation has been changing dramatically over the past few years, particularly over the past three years or so, sometimes shifting on what feels like a daily basis. In thinking about what we need to hand over to the next generation of management, improving the current state of the business is of course essential, but I believe that creating the future is also a critically important responsibility of leadership.

What does the future look like? Starting from the question of where we will be in 10 years and what we need to do to get there, as I touched on earlier, our discussions on timing led both sides to the conclusion that if we are going to do this, we need to move quickly. That is what brought us to where we are today.

Regarding your point about the risks of becoming a larger and harder-to-manage organization, you are absolutely right that such risks exist. What I have been saying internally is that the growth of each individual employee is what drives the growth of the Company. The Company's role is to create as many opportunities for individual growth as possible, and it is up to employees to seize those opportunities and take even one step, or half a step, forward. When they do, the output of the organization improves.

I believe the same applies to this integration. There are various opportunities, and the real question is whether we can use them efficiently and build a leaner, stronger organization, and whether the people working within it will feel that the experience has contributed to their own growth. We have a significant responsibility to demonstrate that globally, and we are committed to developing the people, including management talent, who can make this happen, and it is with that understanding that we intend to move forward with the integration. That is all from me.

Tai [Q]: Mr. Ukai, hypothetically speaking, if combined sales were to reach JPY2.0 trillion, is there a possibility of earning JPY200.0 billion in operating income at a 10% margin? Or would 5% to 6% naturally come into view through synergies in development, production, and procurement, but 10% would be difficult given that this is a components business? Or has there been discussion to the point of saying that, depending on how it is managed, even that kind of scenario could be achievable? How about that area?

Ukai [A]: In previous IR events and individual meetings, I have often pointed to SKF as a benchmark. They are one of the giants in our industry, and even during the COVID-19 pandemic at their worst, they maintained a total operating margin of 7% to 8%, with a normal range of 12% to 13% or above. And what they handle is essentially bearings and lubrication. This is the base of both NTN and NSK.

I have done my own benchmarking research on this, and my conclusion is that there is no fundamental difference in the products themselves. That is unlikely to change going forward. Where outputs might differ is if the business evolves toward more modular products, but in terms of the bearings themselves and the products derived from them, the gap is not large. That means there remains significant room for improvement in how we run the business, and that comes down to management.

We have each been working on management improvement independently, but I believe the first question going forward is whether we can tackle this together. By doing so, I believe we can achieve not just 10% but stable operating margins above that level. And by developing new products and modular products alongside that, finding new sources of revenue, or as I would put it very plainly, finding our next meal ticket, is something we cannot afford to overlook. We are determined to make that happen. That is all from me.

Tai [Q]: Understood. This is my last question, and perhaps a slightly blunt one. NSK still has unresolved issues related to its steering business, and I wondered whether it might have been better to wait until that matter was fully resolved before proceeding. I would like to hear if you have any thoughts on that business.

Also, this is more of a comment than a question. You mentioned earlier that you distributed the press conference, or whatever it was, and shared it with everyone immediately. I raised the same point with NSK, but from the stock market side, there was nothing from either company. We had no idea the press conference was happening, and the briefings were on different days, yesterday and today. I understand there are constraints around board meetings and financial results timing and so on, but from where we sit on the market side, there was not even a millimeter of coordination, if I can put it that way. I am not sure if there will be a next event or not, I hope you will keep that in mind.

I am sorry, that last part was really just a request. Just on the NSK steering matter, if there is anything you are able to share, I would appreciate it.

Ukai [A]: Thank you. Starting from the last point first, our current target is to complete the formal agreement within six months, by the end of December this year, and we are working hard on all the necessary preparations. Once the formal agreement is signed, we will inform all stakeholders in a fair and coordinated manner. That is one point.

On the steering matter, it did not come up as a topic at all in our preliminary discussions leading up to this point. As I mentioned, due diligence is still ahead of us, the clean teams will be working through the details, and regulatory clearance will be pursued in parallel. That is where things stand, and I am not in a position to say more than that at this stage.

Tai [M]: Understood. That is all from me, thank you. I look forward to future updates.

Nagao [M]: Thank you, Mr. Tai. Does anyone else have a question? No one?

If not, although we still have a little time remaining before the scheduled closing time of 12:00 PM, this concludes NTN Corporation's financial results IR briefing.

Thank you very much for joining us today.

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