

Consolidated Financial Statements

NTN Corporation

Year Ended March 31, 2024
with Independent Auditor's Report

NTN Corporation and Consolidated Subsidiaries

Consolidated Financial Statements

Year Ended March 31, 2024

Contents

Consolidated Financial Statements

Independent Auditor’s Report	1
Consolidated Balance Sheet	5
Consolidated Statement of Operations	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Changes in Net Assets	9
Consolidated Statement of Cash Flows.....	12
Notes to Consolidated Financial Statements.....	14

Independent Auditor's Report

The Board of Directors
NTN Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NTN Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Determination of Impairment Loss Recognition	
Description of Key Audit Matter	Auditor's Response
Property, plant and equipment, net of 271,068 million yen and intangible fixed assets of 35,432 million yen were recorded, and collectively accounting for 33.7% of total assets of the consolidated financial position of the Group, at March 31, 2024.	We performed the following audit procedures, among others, to assess the total of undiscounted estimated future cash flows used to determine whether an impairment loss should be recognized. In addition, we

<p>As described in the Notes to the Consolidated Financial Statements (3. Significant Accounting Estimates and Judgement), the Group determined that an indication of impairment existed for certain asset groups, and the Group did not recognize impairment loss on some of the asset groups which were determined to exist indication of impairment as the total of undiscounted estimated future cash flows generated from the asset groups exceeded the carrying amount.</p> <p>The estimated future cash flows from the asset group are determined based on the business plan and the ultimate disposal value of the assets. The main assumptions used to calculate undiscounted future cash flow were the expansion of sales volume and sales price in the business plan, and the expected proceeds from sales of property less costs of disposal.</p> <p>Given that the significant assumptions used to estimate the future cash flows are subject to uncertainty, management judgement and expertise, we determined the determination of impairment loss to be a key audit matter.</p>	<p>involved the component auditor based in the U.S. for certain audit procedures.:</p> <ul style="list-style-type: none"> • We compared the cash flow projection period with the remaining economic lives of the major assets. • We evaluated the consistency of the Group's business plan. Then, we compared the Group's business plan for prior years with actual results to evaluate the effectiveness of management's estimation. • We assessed significant assumptions, increases in sales volumes and sales prices, which serve as the basis of the business plan, by holding discussions with the management, comparing the assumptions with market forecasts and available external data, and performing trend analysis using actual historical results. • Using valuation specialists of our network firm, we understood the work of specialists used by management and evaluated the adequacy as audit evidence to assess the reasonableness of the estimated realizable value from the ultimate disposal by sale of the asset.
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Other Information

The other information comprises the information included in a disclosure document that contain audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of NTN Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 581 million yen and 160 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Osaka, Japan

June 26, 2024

/s/ Satoshi Uchida
Satoshi Uchida
Designated Engagement Partner
Certified Public Accountant

/s/ Daiki Takai
Daiki Takai
Designated Engagement Partner
Certified Public Accountant

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2024	2023	2024
Assets			
Current assets:			
Cash and cash equivalents <i>(Note 13)</i>	¥ 127,267	¥ 110,676	\$ 840,684
Short-term investments <i>(Note 13)</i>	2,769	982	18,291
Trade receivables <i>(Note 13)</i> :			
Notes	2,283	5,708	15,081
Accounts	118,272	124,053	781,266
Electronically recorded monetary claims <i>(Note 13)</i>	7,334	6,902	48,446
Allowance for doubtful accounts	(1,140)	(791)	(7,530)
	<u>126,749</u>	<u>135,872</u>	<u>837,263</u>
Inventories <i>(Note 5)</i>	264,795	239,386	1,749,150
Other current assets <i>(Note 13)</i>	41,349	42,108	273,138
Total current assets	<u>562,929</u>	<u>529,024</u>	<u>3,718,526</u>
Property, plant and equipment, at cost <i>(Note 6)</i> :			
Land <i>(Note 2(g))</i>	32,503	33,453	214,704
Buildings and structures <i>(Note 2(g))</i>	264,183	247,774	1,745,107
Machinery, equipment and vehicles <i>(Note 2(g))</i>	908,672	845,169	6,002,392
Construction in progress	16,356	17,425	108,042
	<u>1,221,714</u>	<u>1,143,821</u>	<u>8,070,245</u>
Less accumulated depreciation	<u>(950,646)</u>	<u>(879,708)</u>	<u>(6,279,658)</u>
Property, plant and equipment, net <i>(Notes 3 and 24)</i>	<u>271,068</u>	<u>264,113</u>	<u>1,790,587</u>
Investments and other assets:			
Investment securities <i>(Notes 7 and 13)</i>	1,351	5,299	8,924
Investments in unconsolidated subsidiaries and affiliates <i>(Note 13)</i>	20,920	20,136	138,191
Goodwill <i>(Note 24)</i>	1,554	1,769	10,265
Asset for retirement benefits <i>(Note 9)</i>	6,304	3,313	41,642
Deferred income taxes <i>(Note 21)</i>	7,336	4,220	48,459
Other assets	38,790	41,953	256,234
Total investments and other assets	<u>76,255</u>	<u>76,690</u>	<u>503,715</u>
Total assets <i>(Note 24)</i>	<u>¥ 910,252</u>	<u>¥ 869,827</u>	<u>\$ 6,012,828</u>

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet (continued)

March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (<i>Notes 8 and 13</i>)	¥ 76,750	¥ 87,072	\$ 506,986
Current portion of long-term debt and lease obligations (<i>Notes 8 and 13</i>)	62,994	78,360	416,118
Trade payables (<i>Note 13</i>):			
Notes	368	545	2,431
Accounts	65,094	66,738	429,990
Electronically recorded obligations	73,245	68,340	483,832
	<u>138,707</u>	<u>135,623</u>	<u>916,253</u>
Accrued income taxes (<i>Notes 13 and 21</i>)	7,149	4,308	47,224
Other current liabilities	74,307	63,712	490,847
Total current liabilities (<i>Note 24</i>)	<u>359,907</u>	<u>369,075</u>	<u>2,377,428</u>
Long-term liabilities:			
Bonds payable	70,000	80,000	462,397
Convertible-bond-type bonds with share acquisition rights (<i>Notes 8 and 13</i>)	22,084	–	145,880
Long-term loans (<i>Notes 8 and 13</i>)	146,683	142,583	968,940
Liability for retirement benefits (<i>Note 9</i>)	21,578	34,863	142,537
Provision for product defect compensation	744	251	4,915
Deferred income taxes (<i>Note 21</i>)	693	940	4,578
Other long-term liabilities	7,741	4,690	51,134
Total long-term liabilities (<i>Note 24</i>)	<u>269,523</u>	<u>263,327</u>	<u>1,780,381</u>
Contingent liabilities (<i>Note 11</i>)			
Net assets:			
Shareholders' equity (<i>Note 10</i>):			
Common stock:			
Authorized – 1,800,000,000 shares			
Issued – 532,463,527 shares in 2024 and 2023	54,347	54,347	358,999
Capital surplus	67,970	67,970	448,988
Retained earnings	75,771	69,166	500,517
Treasury stock, at cost: 1,494,526 shares in 2024 and 1,567,870 shares in 2023 (<i>Note 4</i>)	(834)	(857)	(5,508)
Total shareholders' equity	<u>197,254</u>	<u>190,626</u>	<u>1,302,996</u>
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities (<i>Note 7</i>)	211	1,255	1,394
Translation adjustments	57,533	28,080	380,044
Retirement benefit liability adjustments (<i>Note 9</i>)	9,332	698	61,644
Total accumulated other comprehensive income, net	<u>67,076</u>	<u>30,033</u>	<u>443,082</u>
Non-controlling interests	16,492	16,766	108,941
Total net assets	<u>280,822</u>	<u>237,425</u>	<u>1,855,019</u>
Total liabilities and net assets	<u>¥ 910,252</u>	<u>¥ 869,827</u>	<u>\$ 6,012,828</u>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Operations

Year Ended March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2024	2023	2024
Net sales (<i>Notes 23 and 24</i>)	¥ 836,285	¥ 773,960	\$ 5,524,226
Cost of sales (<i>Note 16</i>)	691,008	648,047	4,564,573
Gross profit	145,277	125,913	959,653
Selling, general and administrative expenses (<i>Notes 15 and 16</i>)	117,128	108,767	773,710
Operating income (<i>Note 24</i>)	28,149	17,146	185,943
Other income (expenses):			
Interest and dividend income	1,679	1,425	11,091
Interest expense	(8,519)	(5,911)	(56,274)
Equity in earnings of affiliates	486	1,459	3,210
Foreign exchange gain (loss), net	1,025	(3,378)	6,771
Gain on contribution of securities to retirement benefit trust	1,541	2,036	10,179
Gain on sales of investment securities (<i>Note 7</i>)	691	=	4,565
Gain on sales of fixed assets (<i>Note 17</i>)	2,333	1,717	15,411
Loss on impairment of fixed assets (<i>Notes 3, 6 and 24</i>)	(4,168)	(1,609)	(27,532)
Loss on business restructuring (<i>Note 18</i>)	(3,119)	(1,348)	(20,603)
Loss on disaster (<i>Note 19</i>)	(726)		(4,796)
Other, net	(2,820)	(729)	(18,628)
	(11,597)	(6,338)	(76,606)
Profit before income taxes	16,552	10,808	109,337
Income taxes (<i>Note 21</i>):			
Current	10,636	7,254	70,258
Deferred	(6,253)	(8,308)	(41,305)
	4,383	(1,054)	28,953
Profit	12,169	11,862	80,384
Profit attributable to:			
Non-controlling interests	(1,600)	(1,494)	(10,569)
Owners of parent	¥ 10,569	¥ 10,368	\$ 69,815

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income

Year Ended March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Profit	¥ 12,169	¥ 11,862	\$ 80,384
Other comprehensive income (loss) (Note 20):			
Net unrealized holding (loss) gain on securities	(1,044)	210	(6,896)
Translation adjustments	29,438	11,307	194,458
Retirement benefit liability adjustments	8,607	1,418	56,855
Share of other comprehensive income of affiliates accounted for by the equity method	1,080	918	7,134
Other comprehensive income, net	<u>38,081</u>	<u>13,853</u>	<u>251,551</u>
Comprehensive income	<u>¥ 50,250</u>	<u>¥ 25,715</u>	<u>\$ 331,935</u>
Total comprehensive income attributable to:			
Owners of parent	¥ 47,613	¥ 24,128	\$ 314,516
Non-controlling interests	¥ 2,637	¥ 1,587	\$ 17,419

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2024

	<i>Millions of yen</i>				
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2022	532,463,527	¥ 54,347	¥ 67,970	¥ 60,127	¥ (867)
Cash dividends paid	-	-	-	(1,329)	-
Profit attributable to owners of parent	-	-	-	10,368	-
Purchases of treasury stock	-	-	-	-	(0)
Sales of treasury stock	-	-	-	-	10
Other changes	-	-	-	-	-
Balance at April 1, 2023	<u>532,463,527</u>	<u>54,347</u>	<u>67,970</u>	<u>69,166</u>	<u>(857)</u>
Cash dividends paid	-	-	-	(3,987)	-
Profit attributable to owners of parent	-	-	-	10,569	-
Change in scope of consolidation	-	-	-	22	-
Purchases of treasury stock	-	-	-	-	(1)
Sales of treasury stock	-	-	-	-	24
Other changes	-	-	-	-	-
Balance at March 31, 2024	<u><u>532,463,527</u></u>	<u><u>¥ 54,347</u></u>	<u><u>¥ 67,970</u></u>	<u><u>¥ 75,770</u></u>	<u><u>¥ (834)</u></u>

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2024

	<i>Millions of yen</i>				
	Net unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥ 1,045	¥ 16,027	¥ (798)	¥ 18,574	¥ 216,425
Cash dividends paid	-	-	-	-	(1,329)
Profit attributable to owners of parent	-	-	-	-	10,368
Purchases of treasury stock	-	-	-	-	(0)
Sales of treasury stock	-	-	-	-	10
Other changes	210	12,053	1,496	(1,808)	11,951
Balance at April 1, 2023	1,255	28,080	698	16,766	237,425
Cash dividends paid	-	-	-	-	(3,987)
Profit attributable to owners of parent	-	-	-	-	10,569
Change in scope of consolidation	-	-	-	-	22
Purchases of treasury stock	-	-	-	-	(1)
Sales of treasury stock	-	-	-	-	24
Other changes	(1,044)	29,453	8,634	(275)	36,770
Balance at March 31, 2024	¥ 211	¥ 57,533	¥ 9,332	¥ 16,491	¥ 280,822

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2024

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities
Balance at April 1, 2023	\$ 358,999	\$ 448,988	\$ 456,881	\$ (5,666)	\$ 8,290
Cash dividends paid	—	—	(26,338)	—	—
Profit attributable to owners of parent	—	—	69,815	—	—
Change in scope of consolidation	—	—	159	—	—
Purchases of treasury stock	—	—	—	(7)	—
Sales of treasury stock	—	—	—	165	—
Other changes	—	—	—	—	(6,896)
Balance at March 31, 2024	\$ 358,999	\$ 448,988	\$ 500,517	\$ (5,508)	\$ 1,394

Thousands of U.S. dollars (Note 1)

	Translation adjustments	Retirement benefit liability adjustments	Non- controlling interests	Total net assets
Balance at April 1, 2023	\$ 185,487	\$ 4,617	\$ 110,764	\$ 1,568,360
Cash dividends paid	—	—	—	(26,338)
Profit attributable to owners of parent	—	—	—	69,815
Change in scope of consolidation	—	—	—	159
Purchases of treasury stock	—	—	—	(7)
Sales of treasury stock	—	—	—	165
Other changes	194,557	57,027	(1,823)	242,865
Balance at March 31, 2024	\$ 380,044	\$ 61,644	\$ 108,941	\$ 1,855,019

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

Year Ended March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2024	2023	2024
Cash flows from operating activities:			
Gain before income taxes	¥ 16,552	¥ 10,808	\$ 109,337
Adjustments for:			
Depreciation and amortization	41,803	42,048	276,137
Loss on impairment of fixed assets	4,168	1,609	27,532
Amortization of goodwill	214	214	1,414
Loss on business restructuring	3,119	1,348	20,603
Loss on disaster	726	—	4,796
Increase (decrease) in allowance for doubtful accounts	980	(308)	6,474
(Decrease) increase in provision for directors' and audit & supervisory board members' bonuses	(1)	89	(7)
Increase (decrease) in provision for product defect compensation	492	(157)	3,250
Decrease in liability for retirement benefits	(1,671)	(1,228)	(11,038)
Increase in asset for retirement benefits	(2,964)	(1,757)	(19,579)
Interest and dividend income	(1,679)	(1,425)	(11,091)
Interest expense	8,519	5,911	56,274
Translation adjustments and foreign exchange gain, net	(8,639)	(3,519)	(57,066)
Loss (gain) on valuation of derivatives, net	906	(2,036)	5,985
Equity in earnings of affiliates	(486)	(1,459)	(3,210)
Gain on sales of fixed assets	(2,333)	(1,717)	(15,411)
Gain on contribution of securities to retirement benefit trust	(1,541)	—	(10,179)
Gain on sales of investment securities	(691)	—	(4,565)
Decrease in trade receivable	18,668	1,210	123,315
Increase in inventories	(3,886)	(15,044)	(25,670)
(Decrease) increase in trade payables	(2,206)	11,444	(14,572)
Other	9,079	(1,951)	59,971
Subtotal	79,129	44,080	522,700
Interest and dividend income received	2,289	2,576	15,120
Interest paid	(8,443)	(5,165)	(55,771)
Income taxes paid	(7,871)	(7,272)	(51,993)
Net cash provided by operating activities	¥ 65,104	¥ 34,219	\$ 430,056

NTN Corporation and Consolidated Subsidiaries
Consolidated Statement of Cash Flows (continued)

Year Ended March 31, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Cash flows from investing activities:			
(Increase) decrease in short-term investments, net	¥ (1,665)	¥ 6,395	\$ (10,998)
Purchases of property, plant and equipment	(24,726)	(19,706)	(163,332)
Proceeds from sales of property, plant and equipment	2,555	2,211	16,877
Purchases of other assets	(2,333)	(4,021)	(15,411)
Proceeds from sales of investment securities	1,638	—	10,820
Other	(439)	1,288	(2,900)
Net cash used in investing activities	<u>(24,970)</u>	<u>(13,859)</u>	<u>(164,944)</u>
Cash flows from financing activities:			
Decrease in short-term bank loans, net	(18,440)	(378)	(121,809)
Proceeds from long-term debt	53,085	22,541	350,662
Repayment of long-term debt, including current portion	(76,032)	(52,833)	(502,243)
Cash dividends paid	(3,987)	(1,329)	(26,337)
Repayment of lease obligations	(4,059)	(3,138)	(26,812)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	22,110	5,264	146,051
Other	(2,889)	(3,385)	(19,083)
Net cash used in financing activities	<u>(30,212)</u>	<u>(33,258)</u>	<u>(199,571)</u>
Effect of exchange rate changes on cash and cash equivalents	6,485	2,113	42,838
Net increase (decrease) in cash and cash equivalents	<u>16,407</u>	<u>(10,785)</u>	<u>108,379</u>
Cash and cash equivalents at beginning of the year	<u>110,676</u>	<u>121,461</u>	<u>731,090</u>
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	<u>184</u>	<u>—</u>	<u>1,215</u>
Cash and cash equivalents at end of the year (Note 14)	<u>¥ 127,267</u>	<u>¥ 110,676</u>	<u>\$ 840,684</u>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2024

1. Basis of Preparation

The accompanying consolidated financial statements of NTN Corporation (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as additional information.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation. Such reclassification had no effect on consolidated profit or net assets.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at $\text{¥}151.385 = \text{U.S. } \1.00 , the exchange rate prevailing on March 31, 2024. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

The financial statements of certain consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

The consolidated financial statements as of March 31, 2024 include the accounts of the Company and its 60 subsidiaries (14 domestic and 46 overseas). NTN BEARING VIETNAM CO.,LTD., which was a non-consolidated subsidiary, has been included in the scope of consolidated subsidiaries because of its increased materiality of impact on consolidated financial statement. SNR Wälzlager G.m.b.H. was dissolved in a merger with NTN Wälzlager (Europa) G.m.b.H. as the surviving company and changed its name to NTN Wälzlager (Deutschland) G.m.b.H..

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rates of exchange prevailing when the transactions were made.

Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rates in effect at the respective balance sheet dates, except for the components of net assets excluding non-controlling interests which are translated at the respective historical rates. Revenue and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in "Translation adjustments" and "Non-controlling interests" in the accompanying consolidated balance sheet and statement of changes in net assets.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(e) Short-term investments and investment securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost based on the moving average method.

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are principally stated at lower of cost, determined by the average method, or net selling value.

(g) Property, plant and equipment (other than leased assets)

Property, plant and equipment are stated at cost. The Company and its domestic consolidated subsidiaries calculate depreciation by the straight-line method over the estimated useful lives of the respective assets. The foreign consolidated subsidiaries principally calculated depreciation by the straight-line method over the estimated useful lives of the respective assets.

The principal estimated useful lives are as follows:

Buildings and structures	10 to 50 years
Machinery, equipment and vehicles	5 to 12 years

Contributions granted by national and municipal governments are deducted directly from the acquisition costs of the related fixed assets as stipulated in the Corporation Tax Law of Japan. The property, plant and equipment accounts on the consolidated balance sheet at March 31, 2024 and 2023 were reduced by the following amounts:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Land	¥ 773	¥ 773	\$ 5,106
Buildings and structures	337	402	2,226
Machinery, equipment and vehicles	91	150	601
Total	¥ 1,201	¥ 1,325	\$ 7,933

(h) Goodwill

Goodwill is amortized by the straight-line method over 10 years.

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(i) Liability for retirement benefits

Liability for retirement benefits has been provided principally at an amount calculated based on the retirement benefit obligation after the fair value of the pension plan assets are deducted. The estimated benefit is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

Past service cost is amortized as incurred primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

Net unrecognized actuarial gain or loss is amortized commencing in the year following the year in which the gain or loss was recognized primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

(j) Provision for product defect compensation

Provision for product defect compensation is provided at an estimated amount in order to cover the anticipated compensation.

(k) Leases

For lease transactions involving the transfer of ownership, the leased assets are depreciated by the same methods used for owned fixed assets.

For lease transactions not involving the transfer of ownership, leased assets are depreciated over the lease period using the straight-line method with a nil residual value.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(l) Revenue Recognition

The Company and its consolidated subsidiaries (collectively, the “Group”) recognize revenue by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company and its consolidated subsidiaries main business lines consist of the manufacture and sales of bearings, CVJs and precision equipments for the aftermarket, general industrial machinery market and automotive market. Revenue from contracts with customers in this business is determined to be primarily a performance obligation to deliver completed goods to the customer. The performance obligation is recognized as revenue at this point in time because the customer obtains control over the goods at the time of delivery and the performance obligation is deemed to be satisfied. For domestic sales, revenue is recognized at the time of shipment because the period from the time of shipment to the time when control of the goods is transferred to the customer is a normal period of time. For overseas sales, revenue is recognized at the time of transfer of ownership (mainly at the time of shipment) for export transactions, and at the time of delivery to the customer as mentioned above for other transactions. The transaction price is measured net of discounts, rebates and returns. Normal payment terms are generally within one year from the time the performance obligation is satisfied and do not include significant financial elements.

(m) Research and development costs and computer software

Research and development costs are charged to income as incurred.

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their respective estimated useful lives, generally a 5 to 10-years period.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(n) Deferred income taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

(o) Derivative financial instruments and hedging activities

All derivatives are stated at fair value with any changes in fair value included in profit for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which unrealized gain or loss, net of the applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest-rate swaps had originally applied to the underlying debt.

Interest-rate and cross currency swaps which meet certain conditions are accounted for as if the interest rates and currencies applied to the interest-rate and cross currency swaps had originally applied to the underlying debt.

(p) Distribution of retained earnings

Under the Corporation Law of Japan and the Company's Articles of Incorporation, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The distribution of retained earnings with respect to the interim financial period is made by resolution of the Board of Directors. The accounts for the period do not reflect such distributions.

(q) Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries adopted the group tax sharing system, which allows companies to file tax returns separately based on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Significant Accounting Estimates and Judgments

Impairment of Fixed Assets

The Company and its subsidiaries recorded impairment loss for the years ended March 31, 2024 and 2023 consisting of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Loss on impairment of fixed assets	¥ 4,168	¥ 1,609	\$ 27,532
Property, plant and equipment	271,068	264,113	1,790,587
Intangible assets	35,432	39,891	234,052

The Group confirm whether indication that an asset or each asset group may be impaired based on information inside the company which are profit and loss statement or business plan.

The Group also identifies indications of impairment based on information from outside the Company, including the business environment or fair value of assets.

The Group determines recognition of impairment loss, such as whether there is concern about recovery of the book value due to changes in the corporate environment or the economy. If it is determined that an impairment loss should be recognized, the book value is reduced to the recoverable amount.

When the amount of the undiscounted future cash flow exceeds book value of an asset or each asset group impairment loss recognition is unnecessary although there are indications of impairment, the main assumptions used to calculate undiscounted future cash flow are the expansion of sales volume in the business plan, sales price and the expected proceeds from sales of property less costs of disposal. In addition, for measuring impairment loss, the main assumptions used to calculate the recoverable amount are the expansion of the sales volume, market growth rate and discount rate.

If these assumptions are changed due to changes in the information mainly from outside the Group including market environment or management environment, there is a possibility that impairment losses may be recognized in the fiscal year ending March 31, 2025.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Additional Information

Performance-linked stock compensation scheme

The Company introduced a performance-linked stock compensation scheme (hereinafter referred to as the “Scheme”) for its executive officers (excluding executive officers who do not reside in Japan; the same applies hereinafter), which serves as an officer remuneration system that is closely linked to corporate performance targets in the mid-term management plan and which is highly transparent and objective in nature.

(i) Overview of transactions

The Scheme adopts a mechanism known as an officer remuneration BIP (Board Incentive Plan) trust (hereinafter referred to as the “BIP Trust”). The BIP Trust is an incentive plan for officers based on the performance share scheme and the restricted stock scheme in the U.S., and has a system in which the Company’s shares acquired by the BIP Trust and funds equivalent to the proceeds received when converting into cash or disposing of such shares are distributed and paid according to the officers’ positions and the degree of achievement of performance targets disclosed in the mid-term management plan, and other factors.

(ii) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury stock in the net asset section, based on their book value (excluding the amount of incidental expenses) recorded in the accounts of the trust. The book value and number of shares of such treasury stock at March 31, 2024 totaled ¥195 million (\$1,288 thousand) and 644,949 shares, and at March 31, 2023 totaled ¥218 million and 721,775 shares, respectively.

5. Inventories

Inventories at March 31, 2024 and 2023 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Finished goods	¥ 136,103	¥ 116,695	\$ 899,052
Work in process	65,046	62,256	429,673
Raw materials and supplies	63,646	60,435	420,425
Total	<u>¥ 264,795</u>	<u>¥ 239,386</u>	<u>\$ 1,749,150</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Impairment of Fixed Assets

The Company and its consolidated subsidiaries group fixed assets used for manufacturing by management segment into minimum units which generate identifiable cash flows (e.g., a factory). They also group fixed assets used at the head office or used for sales activities as shared assets, and group fixed assets on an individual basis when they do not expect any future use.

The Company and its consolidated subsidiaries wrote down the following assets to their respective net recoverable values because the Company and its consolidated subsidiaries do not expect them to be recoverable. Consequently, the Company and its consolidated subsidiaries recorded related losses on impairment of fixed assets of ¥4,168 million (\$27,532 thousand) and ¥1,609 million in the accompanying consolidated statement of operations for the years ended March 31, 2024 and 2023, respectively:

Location	Usage	Classification	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
			2024	2023	2024
Japan	Production equipment and other	Buildings and structures	¥ 10	¥ 278	\$ 66
		Machinery and equipment	465	790	3,065
		Land	1,694	96	11,195
		Construction in progress	153	–	1,011
		Other	37	33	245
Europe	Production equipment and other	Buildings and structures	155	–	1,024
		Machinery and equipment	613	–	4,049
Asia and other areas	Production equipment	Buildings and structures	688	412	4,545
		Machinery and equipment	353	–	2,332
Total			¥ 4,168	¥ 1,609	\$ 27,532

The recoverable value of the fixed assets presented in the above table has been measured primarily at net realizable value or value in use. If a fixed asset is unlikely to be sold or diverted to other usage, such asset is valued at nil. Net realizable value is calculated based on the real estate appraisal standards and other evaluations. Value in use is measured as the sum of anticipated future cash flows by each business units mainly discounted at rate of 11%.

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

7. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2024 and 2023 is summarized as follows:

	<i>Millions of yen</i>					
	2024			2023		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 47	¥ 24	¥ 23	¥ 3,319	¥ 1,619	¥ 1,700
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	10	10	0	755	851	(96)
Total	<u>¥ 57</u>	<u>¥ 34</u>	<u>¥ 23</u>	<u>¥ 4,074</u>	<u>¥ 2,470</u>	<u>¥ 1,604</u>

	<i>Thousands of U.S. dollars</i>		
	2024		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	\$ 310	\$ 159	\$ 151
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	66	66	0
Total	<u>\$ 376</u>	<u>\$ 225</u>	<u>\$ 151</u>

(b) Sales and aggregate gain on investment securities are summarized as follows:

The Company sold certain available-for-sale securities with a fair value of ¥1,701 million (\$11,236 thousand) and ¥1,297 million, and recognized gain of ¥691 million (\$4,565 thousand) and ¥257 million for the year ended March 31, 2024 and 2023, respectively.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Short-Term Bank Loans, Long-Term Debt and Lease Obligations

Short-term bank loans principally represent short-term notes with average annual interest rates of 4.19% and 3.79% at March 31, 2024 and 2023, respectively.

Long-term debt and lease obligations at March 31, 2024 and 2023 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of</i>
	2024	2023	2024
Loans from banks and other financial institutions, due through 2029, at an average annual interest rate of 0.77%	¥ 183,230	¥ 204,220	\$ 1,210,357
0.405% bonds due 2025	10,000	10,000	66,057
0.490% bonds due 2027	10,000	10,000	66,057
0.430% bonds due 2028	10,000	10,000	66,057
2.5% bonds due 2051(*1)	50,000	50,000	330,284
Euro-yen Zero Coupon Convertible Bonds due 2025 (bonds with share acquisition rights) (*2)	22,084	–	145,880
Lease obligations due through 2053	16,447	16,723	108,643
Total	301,761	300,943	1,993,335
Less current portion	(62,994)	(78,360)	(416,118)
Total	¥ 238,767	¥ 222,583	\$ 1,577,217

*1: A fixed interest rate of 2.5% is applied from March 19, 2021 to March 18, 2026. After March 19, 2026, the interest rate will be variable.

*2: Euro yen zero coupon convertible bonds due in 2025 with a gross amount of ¥22,000 million (\$145,325 thousand) are convertible into shares of common stock of the Company at ¥339.5 (\$2.24) per share exercisable from October 6, 2023 to December 5, 2025.

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2024 are summarized as follows:

<u>Year ending March 31,</u>	<i>Millions of yen</i>	<i>Thousands of</i>
		U.S. dollars
2025	¥ 62,994	\$ 416,118
2026	69,861	459,431
2027	48,866	320,745
2028	42,742	280,292
2029	16,820	117,251
2030 and thereafter	60,478	399,498
Total	¥ 301,761	\$ 1,993,335

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

9. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and certain domestic consolidated subsidiaries have defined benefit pension plans (i.e., corporate pension fund plans and lump-sum payment plans), covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. They also have defined contribution pension plans and advance payment plans. Certain overseas consolidated subsidiaries have defined benefit pension plans and/or defined contribution pension plans. The Company has also established an employees' retirement benefit trust.

2. Defined benefit pension plans

(1) The changes in the retirement benefit obligation for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Retirement benefit obligation at the beginning of the year	¥ 97,007	¥ 100,182	\$ 640,797
Service cost	3,648	3,533	24,097
Interest cost	2,007	1,766	13,258
Actuarial gain	(1,045)	(3,587)	(6,903)
Benefits paid	(8,062)	(7,123)	(53,255)
Other	2,648	2,236	17,492
Retirement benefit obligation at the end of the year	<u>¥ 96,203</u>	<u>¥ 97,007</u>	<u>\$ 635,486</u>

* Certain domestic consolidated subsidiaries calculate the liability for retirement benefits based on the simplified method.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Retirement Benefits (continued)

2. Defined benefit pension plans (continued)

(2) The changes in plan assets for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Plan assets at fair value at the beginning of the year	¥ 65,457	¥ 64,886	\$ 432,388
Expected return on plan assets	1,782	1,797	11,771
Actuarial gain or loss	10,514	(2,137)	69,452
Contributions by the employers	4,816	3,301	31,813
Benefits paid	(3,585)	(3,421)	(23,681)
Other	1,946	1,031	12,854
Plan assets at fair value at the end of the year	¥ 80,930	¥ 65,457	\$ 534,597

(3) The balance of retirement benefit obligation and plan assets at fair value, liabilities and assets recognized in consolidated balance sheets as of March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Funded retirement benefit obligation	¥ 88,273	¥ 89,780	\$ 583,103
Plan assets at fair value	(80,930)	(65,457)	(534,598)
	7,343	24,323	48,505
Unfunded retirement benefit obligation	7,930	7,227	52,383
Net amount of liabilities and assets recognized in the consolidated balance sheet	15,273	31,550	100,888
Liability for retirement benefits	21,578	34,863	142,537
Asset for retirement benefits	(6,304)	(3,313)	(41,642)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 15,274	¥ 31,550	\$ 100,895

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Retirement Benefits (continued)

2. Defined benefit pension plans (continued)

- (4) The components of retirement benefit expenses for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Service cost	¥ 3,648	¥ 3,533	\$ 24,097
Interest cost	2,007	1,766	13,258
Expected return on plan assets	(1,782)	(1,797)	(11,771)
Amortization:			
Actuarial loss	193	989	1,275
Past service cost	—	(22)	—
Retirement benefit expenses	¥ 4,066	¥ 4,469	\$ 26,859

- (5) The components of retirement benefit liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Actuarial loss	¥ 11,751	¥ 2,440	\$ 77,623
Past service cost	—	—	—
Total	¥ 11,751	¥ 2,440	\$ 77,623

- (6) The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Unrecognized actuarial gain	¥ 14,251	¥ 2,500	\$ 94,137
Unrecognized past service cost	—	—	—
Total	¥ 14,251	¥ 2,500	\$ 94,137

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Retirement Benefits (continued)

2. Defined benefit pension plans (continued)

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Bonds	38.4%	38.2%
Equities	29.1	38.5
General accounts at life insurance companies	6.5	7.9
Other	26.0	15.4
Total	<u>100.0%</u>	<u>100.0%</u>

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and anticipated in the future, and long-term expected rate of return from multiple plan assets.

(8) The assumptions used in accounting for the defined benefit plans are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	Principally 1.2%	Principally 1.2%
Expected long-term rate of return on plan assets	Principally 1.7%	Principally 1.5%

3. Defined contribution pension plans

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Contributions to defined contribution pension plans	¥ 2,221	¥ 2,073	\$ 14,671

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Shareholders' Equity

- (a) The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Law. The legal reserve of the Company included in retained earnings amounted to ¥8,639 million (\$57,066 thousand) at March 31, 2024 and 2023.

- (b) Movements in shares issued and treasury stock during the years ended March 31, 2024 and 2023 are summarized as follows:

	<i>Number of shares</i>			March 31, 2024
	April 1, 2023	Increase	Decrease	
2024				
Shares issued:				
Common stock	532,463,527	–	–	532,463,527
Treasury stock:				
Common stock	1,567,870	3,482	76,826	1,494,526

The increase in treasury stock of 3,482 shares was due to purchases of shares of less than one voting unit and the decrease in treasury stock of 76,826 shares was mainly due to disposal of shares by the "Officer Remuneration BIP Trust" for the year ended March 31, 2024. Refer to "Performance-linked stock compensation scheme" in Note 4 "Additional information." Additionally, the Company included 644,949 shares held by the "Officer Remuneration BIP Trust" in the number of treasury stock at March 31, 2024.

	<i>Number of shares</i>			March 31, 2023
	April 1, 2022	Increase	Decrease	
2023				
Shares issued:				
Common stock	532,463,527	–	–	532,463,527
Treasury stock:				
Common stock	1,599,787	748	32,665	1,567,870

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Shareholders' Equity (continued)

The increase in treasury stock of 748 shares was due to purchases of shares of less than one voting unit and the decrease in treasury stock of 32,665 shares was mainly due to disposal of shares by the "Officer Remuneration BIP Trust" for the year ended March 31, 2023. Refer to "Performance-linked stock compensation scheme" in Note 4 "Additional information." Additionally, the Company included 721,775 shares held by the "Officer Remuneration BIP Trust" in the number of treasury stock at March 31, 2023.

11. Contingent Liabilities

Guarantees, etc.

Guarantee obligations for other than the consolidated subsidiaries' borrowings from banks are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	March 31, 2024	March 31, 2023	March 31, 2024
PT. Astra NTN Driveshaft Indonesia	¥ 140	¥ 734	\$ 925

Lawsuits, etc.

- (1) In Europe, a lawsuit was filed against the Company and its two consolidated subsidiaries in the France Tribunal de Commerce de Lyon. The suit was filed because Renault S.A. and its total 15 group companies (hereinafter referred to as "Renault") claimed damages incurred in connection with the alleged violation of the European Competition Law, which is the subject of a decision made by the European Commission on March 19, 2014, and sought the payment of damages (€58.3 million as of April 2022) to Renault.

On November 10, 2023, the Lyon Tribunal issued a judgment dismissing Renault's claim and dismissing the lawsuit. On December 8, 2023, Renault appealed against the judgment to the Cour d'appel de Paris.

- (2) The Company and its related companies may be subject to claims for compensation for damages in connection with the past violation of the Anti-Monopoly Act of Japan or the European Competition Law, etc. and continue to address these claims. Depending on the results of the claims, the results of operations of the Company and its consolidated subsidiaries could be affected. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

12. Leases

1. Finance Lease

Leased assets under finance lease transaction which do not transfer ownership to the lessee mainly consist of the employee dormitories (buildings and structures), environment and energy saving equipment (buildings and structures and machinery, equipment and vehicles), the real estate of overseas subsidiaries (buildings and structures, Machinery and Land).

The depreciation method of leased assets is described in Note 2 “(k) Lease.”

2. Operating Lease

Future minimum lease payments subsequent to March 31, 2024 for non-cancelable operating leases are as follows:

Years ended March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2025	¥ 912	\$ 6,024
2026 and thereafter	1,549	10,232
Total	¥2,461	\$ 16,256

13. Financial Instruments

Overview

(a) Policy for financial instruments

The Company and its subsidiaries raise necessary funds in accordance with management plans mainly by bank borrowings and issuance of corporate bonds in support of operations related to the manufacture and sales of bearings, constant-velocity joints (CVJs) and precision equipments. The Group utilizes bank borrowings for short-term operating funds, and bank borrowings and issuance of corporate bonds for long-term capital investments and finances. Temporary surplus funds are managed by low-risk financial assets. The Group utilizes derivatives to avoid or mitigate risks as described in the later part of this note and does not hold them for speculative purposes.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Overview (continued)

(b) Types of financial instruments and related risks

Trade receivables, notes, accounts receivable and electronically recorded monetary claims, are exposed to credit risk of customers. In addition, as a result of the business of the Group, which operates globally, foreign currency trade receivables are exposed to currency rate fluctuation risk, which is mitigated by utilizing forward foreign currency exchange contracts. Securities are mainly composed of stocks of the companies with which the Group has business relationships and they are exposed to fluctuation risk of market prices.

Trade payables, notes, accounts payable and electronically recorded obligations, are due within one year. Certain trade payables resulting from the import of raw materials are denominated in foreign currencies. These are exposed to fluctuation risk of foreign currencies. However, the risk is mitigated because the trade payables, notes and accounts payable denominated in foreign currencies are within persistently the range of accounts receivable denominated in the same currencies.

Loans are mainly utilized for business operations of the Group. Short-term loans are mainly utilized for financing of operating activities. Long-term loans are mainly utilized for capital investments and financing. These have maturity dates of 10 years or less, at the longest, subsequent to March 31, 2024. Certain loans are exposed to fluctuation risk of interest rates and fluctuation risk of exchange rates and this risk is hedged by derivative transactions of interest rate swap agreements and interest-rate and cross currency swap agreements.

The Group has a policy to utilize derivative transactions involving forward foreign currency exchange contracts, currency option agreements, currency swap agreements, interest rate option agreements and interest rate swap agreements for the purpose of avoiding future fluctuation risk of foreign currencies trade receivables and payables and mitigating future fluctuation risk of interest rate of loans and corporate bonds. The Group utilized forward foreign currency exchange contracts, interest rate swap agreements and interest-rate and cross currency swap agreements for the year ended March 31, 2024. Refer to “(o) Derivative financial instruments and hedging activities” in Note 2 “Summary of Significant Accounting Policies.”

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Overview (continued)

(c) Risk management for financial instruments

(i) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with internal rules and manual, the credit management section periodically monitors financial conditions of major customers, manages collection due dates and balances of each customer and tries to identify credit risk of customers with worsening financial conditions at the early stage and mitigate the risk. Credit risk of securities is quite low because the Group utilizes certificate of deposits with high credit ratings, up to a limited amount, which is approved by the Company.

The Group believes credit risk of derivative transactions is almost nil because counterparties are financial institutions with high credit ratings.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Overview (continued)

(c) Risk management for financial instruments (continued)

- (ii) Monitoring of market risks (the risks arising from fluctuations in foreign currency exchange rates, interest rates and others)

The Group mainly utilizes forward foreign currency exchange contracts for hedging of fluctuation risk which is identified by each currency. Depending on the market conditions of foreign currencies, the Group utilizes forward foreign currency exchange contracts for forecasted export transactions with a maximum period of 6 months.

The Group utilizes interest rate swap agreements and interest-rate and cross currency swap agreements to mitigate fluctuation risk of interest rates and fluctuation risk of loan principal due to floating exchange rates.

The Group continuously reviews securities holdings by monitoring periodically the market value and financial condition of securities' issuers (companies with business relationships with the Group) and by evaluating those relationships.

The Group has established policies which include maximum upper limits and reporting obligations for derivative transactions and complies fully with these guidelines. Derivative transactions are entered into by the Company's Accounting Department and certain consolidated subsidiaries. The Company carries out mutual supervision and monitoring of the derivative transactions in accordance with management policies and its consolidated subsidiaries apply the same approach. Each derivative transaction of the Company is reported to the responsible director when entered into. The consolidated subsidiaries are required to report the status of their derivatives transactions to the Company on a monthly basis and are also required to consult with the Company when they enter into derivative transactions other than forward foreign currency exchange contracts.

- (iii) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk with the responsible section preparing and updating cash flow plans and keeping necessary funds based on reports of each section.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Overview (continued)

(d) Supplementary explanation of the fair value of financial instruments

Since various assumptions and factors are reflected in estimating the fair value of financial instruments, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 14 “Derivative Financial Instruments and Hedging Activities” are not necessarily indicative of the actual market risk involved in the derivative transactions.

Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheets, fair value and the difference as of March 31, 2024 and 2023, are shown in the following table.

	<i>Millions of yen</i>					
	2024			2023		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Investment securities (*2)	¥ 57	¥ 57	¥ 0	¥ 4,074	¥ 4,074	¥ 0
Total assets	¥ 57	¥ 57	¥ 0	¥ 4,074	¥ 4,074	¥ 0
(2) Bonds	¥ 80,000	¥ 79,505	¥ (495)	¥ 80,000	¥ 79,869	¥ (131)
(3) Convertible-bond-type bonds with share acquisition rights	22,084	23,518	1,434	-	-	-
(4) Long-term bank loans	134,265	133,662	(603)	129,349	128,099	(1,250)
Total liabilities	¥ 236,349	¥ 236,685	¥ 336	¥ 209,349	¥ 207,968	¥ (1,381)
Derivative transactions (*3)	¥ (1,269)	¥ (1,269)	¥ -	¥ (374)	¥ (374)	¥ -

	<i>Thousands of U.S. dollars</i>		
	2024		
	Carrying value	Fair value	Difference
(1) Investment securities (*2)	\$ 377	\$ 377	\$ 0
Total assets	\$ 377	\$ 377	\$ 0
(2) Bonds	\$ 528,454	\$ 525,184	\$ (3,270)
(3) Convertible-bond-type bonds with share acquisition rights	145,880	155,352	9,472
(4) Long-term bank loans	886,911	882,928	(3,983)
Total liabilities	\$ 1,561,245	\$ 1,563,464	\$ 2,219
Derivative transactions (*3)	\$ (8,383)	\$ (8,383)	\$ -

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value of Financial Instruments (continued)

*1: Information on Cash and cash equivalents, Notes and accounts trade receivables, Electronically recorded monetary claims, Short-term loans receivable included in other current assets, Notes and accounts trade payables, Short-term bank loans, Current portion of long-term debt, Electronically recorded obligations, Accrued income taxes is omitted since these items are cash or are settled in short time period and thus fair value is similar to their carrying amounts.

*2: Stocks with no quoted market price are not included in (1) Investment securities. This financial instruments on the consolidate balance sheets as of March 31, 2024 and 2023, are shown in the following table.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Unlisted stocks	¥ 22,213	¥ 21,361	\$ 146,732
Total	¥ 22,213	¥ 21,361	\$ 146,732

*3: Assets and liabilities arising from derivative transactions are shown at net value with the amount shown in parentheses representing net liability position.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value of Financial Instruments (continued)

Note 1: Redemption schedules for cash and cash equivalents, receivables and marketable securities with maturities at March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>			
	2024			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	¥ 127,267	¥ –	¥ –	¥ –
Short-term investments	2,769	–	–	–
Trade receivables	120,555	–	–	–
Electronically recorded monetary claims	7,334	–	–	–
Short-term loans receivable included in other current assets	61	–	–	–
Total	¥ 257,986	¥ –	¥ –	¥ –

	<i>Millions of yen</i>			
	2023			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	¥ 110,676	¥ –	¥ –	¥ –
Short-term investments	982	–	–	–
Trade receivables	129,761	–	–	–
Electronically recorded monetary claims	6,902	–	–	–
Short-term loans receivable included in other current assets	22	–	–	–
Total	¥ 248,343	¥ –	¥ –	¥ –

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value of Financial Instruments (continued)

	<i>Thousands of U.S. dollars</i>			
	2024			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents	\$ 840,684	\$ –	\$ –	\$ –
Short-term investments	18,291	–	–	–
Trade receivables	796,347	–	–	–
Electronically recorded monetary claims	48,446	–	–	–
Short-term loans receivable included in other current assets	403	–	–	–
Total	\$ 1,704,171	\$ –	\$ –	\$ –

Note 2: The redemption schedule for long-term debt is disclosed in Note 8 “Short-Term Bank Loans, Long-Term Debt and Lease Obligations” section of these Notes to Consolidated Financial Statements.

Fair Value Hierarchy

Financial instruments measured at fair value are classified into three levels of a fair value hierarchy based on observability and materiality of inputs used for fair value measurement. The three levels of the hierarchy are as follows:

Level 1: Among the inputs measured at observable fair value, fair value measured using quoted prices for assets or liabilities in active markets.

Level 2: Among the inputs measured at observable fair value, fair value ensured using quoted prices other than the quoted prices included in Level 1.

Level 3: Fair value measured using unobservable inputs.

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value Hierarchy (continued)

(1) Financial instruments measured at fair value in consolidated balance sheet.

<i>Millions of yen</i>				
2024				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ 56	¥ -	¥ -	¥ 56
Total assets	¥ 56	¥ -	¥ -	¥ 56
Derivative transactions				
Currency related	¥ -	¥ (1,269)	¥ -	¥ (1,269)
Total liabilities	¥ -	¥ (1,269)	¥ -	¥ (1,269)
 <i>Millions of yen</i>				
2023				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ 4,073	¥ -	¥ -	¥ 4,073
Total assets	¥ 4,073	¥ -	¥ -	¥ 4,073
Derivative transactions				
Currency related	¥ -	¥ (374)	¥ -	¥ (374)
Total liabilities	¥ -	¥ (374)	¥ -	¥ (374)
 <i>Thousands of U.S. dollars</i>				
2024				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	\$ 370	\$ -	\$ -	\$ 370
Total assets	\$ 370	\$ -	\$ -	\$ 370
Derivative transactions				
Currency related	\$ -	\$ (8,383)	\$ -	\$ (8,383)
Total liabilities	\$ -	\$ (8,383)	\$ -	\$ (8,383)

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value Hierarchy (continued)

(2) Financial instruments other than financial instruments measured at fair value in consolidated balance sheet.

<i>Millions of yen</i>			
2024			
Level 1	Level 2	Level 3	Total
Investment securities:			
Other current assets			
Stocks			
¥ –	¥ 1	¥ –	¥ 1
Total assets			
¥ –	¥ 1	¥ –	¥ 1
Bonds			
¥ –	¥ 79,505	¥ –	¥ 79,505
Convertible bonds			
–	23,518	–	23,518
Long-term bank loans			
–	133,662	–	133,662
Total liabilities			
¥ –	¥ 236,685	¥ –	¥ 236,685

<i>Millions of yen</i>			
2023			
Level 1	Level 2	Level 3	Total
Investment securities:			
Other current assets			
Stocks			
¥ –	¥ 2	¥ –	¥ 2
Total assets			
¥ –	¥ 2	¥ –	¥ 2
Bonds			
¥ –	¥ 79,869	¥ –	¥ 79,869
Convertible bonds			
–	–	–	–
Long-term bank loans			
–	128,099	–	128,099
Total liabilities			
¥ –	¥ 207,968	¥ –	¥ 207,968

<i>Thousands of U.S. dollars</i>			
2024			
Level 1	Level 2	Level 3	Total
Investment securities:			
Other current assets			
Stocks			
\$ –	\$ 7	\$ –	\$ 7
Total assets			
\$ –	\$ 7	\$ –	\$ 7
Bonds			
\$ –	\$ 525,184	\$ –	\$ 525,184
Convertible bonds			
–	155,352	–	155,352
Long-term bank loans			
–	882,928	–	882,928
Total liabilities			
\$ –	\$ 1,563,464	\$ –	\$ 1,563,464

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

Fair Value Hierarchy (continued)

Note: Explanation of evaluation method used to determine fair value and inputs measured at fair value.

Investment securities

Investment securities are measured using quoted market price. The fair value is classified into Level 1 since listed stocks are traded in an active market. Unlisted stocks held by the Group are classified into Level 2 as they are not quoted in an active market due to the lack of sufficient frequency of transactions.

Derivative transactions

Fair value of interest-rate and cross currency swap agreement and forward foreign currency exchange contracts are measured based on price measured by financial institutions which the Group trade offered and therefore is classified into Level 2.

Bonds

Fair value of bonds payable that the Group issued is measured based on market price and therefore is classified into Level 2.

Convertible-bond-type bonds with share acquisition rights

Fair value of Convertible-bond-type bonds with share acquisition rights that the Group issued is measured based on price measured by financial institutions which the Group trade offered and therefore is classified into Level 2.

Long-term bank loans

The fair value of long-term loans is measured based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming new loans under the similar conditions to existing loans are made. Certain long-term loans with floating interest rates have been hedged by interest rate swap agreements and interest-rate and cross currency swap agreements. The fair value is the total of the principal and interest discounted by the interest rate to be applied assuming new loans under the similar conditions to existing loans are made and therefore the value is classified into Level 2.

NTN Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements (continued)

14. Derivative Financial Instruments and Hedging Activities

(a) Derivative transactions to which hedge accounting is not applied

The estimated fair value of the derivatives positions outstanding which do not qualify for deferral hedge accounting at March 31, 2024 and 2023 is summarized as follows:

Currency-related transactions

		<i>Millions of yen</i>			
		2024			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 6,363	¥ –	¥ (134)	¥ (134)
	U.S. dollars	30,486	–	(802)	(802)
	Other	3,836	–	(87)	(87)
Over-the-counter transactions	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	4,430	–	17	17
	Receive/fixed yen and pay/fixed U.S. dollars	19,045	–	(263)	(263)
	Total	<u>¥ 64,160</u>	<u>¥ –</u>	<u>¥ (1,269)</u>	<u>¥ (1,269)</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Derivative Financial Instruments and Hedging Activities (continued)

(a) Derivative transactions to which hedge accounting is not applied (continued)

Currency-related transactions (continued)

		<i>Millions of yen</i>			
		2023			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 5,677	¥ –	¥ (152)	¥ (152)
	U.S. dollars	23,406	–	(144)	(144)
	Other	2,561	–	(94)	(94)
	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	–	–	–	–
Receive/fixed yen and pay/fixed U.S. dollars	10,638	–	16	16	
	Total	¥ 42,282	¥ –	¥ (374)	¥ (374)
		<i>Thousands of U.S. dollars</i>			
		2024			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Forward foreign currency exchange contracts				
	Selling:				
	Euro	\$ 42,032	\$ –	\$ (885)	\$ (885)
	U.S. dollars	201,381	–	(5,298)	(5,298)
	Other	25,339	–	(575)	(575)
	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro	29,263	–	112	112
Receive/fixed yen and pay/fixed U.S. dollars	125,805	–	(1,737)	(1,737)	
	Total	\$ 423,820	\$ –	\$ (8,383)	\$ (8,383)

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Derivative Financial Instruments and Hedging Activities (continued)

(b) Derivative transactions to which hedge accounting is applied

The estimated fair value of the derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2024 and 2023 is summarized as follows.

		<i>Millions of yen</i>		
		2024		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps Receive/floating and pay/fixed	¥ 2,500	¥ 2,500	(*1)
Forward foreign currency exchange contracts applied to underlying accounts- trade receivable	Forward foreign currency exchange contract Selling: U.S. dollars	–	–	(*2)
		<i>Millions of yen</i>		
		2023		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps Receive/floating and pay/fixed	¥ 2,500	¥ 2,500	(*1)
Forward foreign currency exchange contracts applied to underlying accounts- trade receivable	Forward foreign currency exchange contract Selling: U.S. dollars	–	–	(*2)
		<i>Thousands of U.S. dollars</i>		
		2024		
Method of hedge accounting	Transaction	Notional amount	More than one year	Fair value
Swap rates applied to underlying long-term debt	Interest rate swaps Receive/floating and pay/fixed	\$ 16,514	\$ 16,514	(*1)
Forward foreign currency exchange contracts applied to underlying accounts- trade receivable	Forward foreign currency exchange contract Selling: U.S. dollars	–	–	(*2)

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Derivative Financial Instruments and Hedging Activities (continued)

(b) Derivative transactions to which hedge accounting is applied (continued)

- *1 Because interest rate swap agreements are accounted for applying swap rates to underlying long-term debt, their fair value is included in that of long-term debt disclosed in Note 13 “Financial Instruments.”
- *2 Because forward foreign currency exchange contracts are accounted for applying forward foreign exchange rate to underlying accounts-trade receivable, for the years ended March 31, 2024 and 2023, respectively, their fair value is included in that of accounts-trade receivable.

15. Selling, General and Administrative Expenses

Main items of “Selling, General and Administrative Expenses” for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Salaries and wages to employees	¥ 42,738	¥ 38,955	\$ 282,313
Packing and transportation costs	15,540	16,071	102,652
Outsourcing expenses	13,452	11,856	88,860
Research and development costs	11,385	11,262	75,206
Retirement benefit expenses	1,671	1,455	11,038

16. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥18,234 million (\$120,448 thousand) and ¥18,678 million for the years ended March 31, 2024 and 2023, respectively.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Gain on Sales of Fixed Assets

A breakdown of gain on sales of fixed assets recognized by the Company and its consolidated subsidiaries for the years ended March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Gain on sales of land and buildings of the Company's consolidated subsidiary in Europe	¥ 2,171	¥ 1,258	\$ 14,341
Others	162	459	1,070
Total	<u>¥ 2,333</u>	<u>¥ 1,717</u>	<u>\$ 15,411</u>

18. Loss on Business Restructuring

Loss on Business Restructuring for the years ended March 31, 2024 and 2023 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Restructuring in the production system in its consolidated subsidiaries	¥ (3,119)	¥ (1,348)	\$ (20,603)
Total	<u>¥ (3,119)</u>	<u>¥ (1,348)</u>	<u>\$ (20,603)</u>

19. Loss on Disaster

For the year ended March 31, 2024, the Company and its domestic subsidiaries recognized losses related to the 2024 Noto Peninsula Earthquake.

The breakdown of loss on disaster recognized by the Company and its domestic subsidiaries for the year ended March 31, 2024 is summarized as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	<u>2024</u>	<u>2024</u>
Provision for recovery of buildings	¥ 405	\$ 2,675
Fixed costs incurred for suspended operations	158	1,044
Other	163	1,077
Total	<u>¥ 726</u>	<u>\$ 4,796</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Other Comprehensive Income

The following table presents the analysis of other comprehensive income for the years ended March 31, 2024 and 2023.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Net unrealized holding gain (loss) on securities:			
Amount arising during the year	¥ 715	¥ 572	\$ 4,723
Reclassification adjustments for gains included in profit	(2,231)	(279)	(14,737)
Before tax effect	(1,516)	293	(10,014)
Tax effect	472	(83)	3,118
Total	(1,044)	210	(6,896)
Translation adjustments:			
Amount arising during the year	29,438	11,307	194,458
Reclassification adjustments for gains included in profit	—	—	—
Before tax effect	29,438	11,307	194,458
Tax effect	—	—	—
Total	29,438	11,307	194,458
Retirement benefit liability adjustments:			
Amount arising during the year	11,615	1,516	76,725
Reclassification adjustments for gains included in profit	205	942	1,354
Before tax effect	11,820	2,458	78,079
Tax effect	(3,213)	(1,040)	(21,224)
Total	8,607	1,418	56,855
Share of other comprehensive gain of affiliates accounted for by the equity method:			
Amount arising during the year	1,080	918	7,134
Reclassification adjustments for gains included in profit	—	—	—
Total	1,080	918	7,134
Other comprehensive income, net	¥ 38,081	¥ 13,853	\$ 251,551

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate taxes, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in statutory tax rates of 29.9% and 29.9% for the years ended March 31, 2024 and 2023, respectively. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate.

The effective tax rates for the years ended March 31, 2024 and 2023 differ from the Company's statutory tax rate for the following reasons:

	2024	2023
Statutory tax rate	29.9%	29.9%
Permanent non-deductible expenses	6.6	3.1
Permanent non-taxable income	(0.1)	(20.3)
Elimination of dividend income	9.6	39.6
Equity in earnings of affiliates	(0.8)	(4.0)
Difference in overseas consolidated subsidiaries' applicable tax rate	(11.4)	(10.4)
Decrease in valuation allowance	(1.9)	(51.2)
Tax credit for research and development expenses	(5.9)	(5.2)
Unrealized inter-company profit	0.0	8.4
Undistributed earnings of subsidiaries and affiliates	(1.7)	(0.6)
Other	2.2	0.9
Effective tax rate	26.5%	(9.8)%

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Income Taxes (continued)

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2024 and 2023 are as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	2024	2023	2024
Deferred tax assets:			
Tax loss carryforwards	¥ 36,232	¥ 33,028	\$ 239,337
Liability for retirement benefits	12,384	14,320	81,805
Impairment loss	7,679	8,212	50,725
Accrued expenses	3,055	2,334	20,180
Inventories	2,872	2,403	18,971
Other	5,995	6,825	39,601
Gross deferred tax assets	68,217	67,122	450,619
Valuation allowance for tax loss carryforwards	(33,790)	(31,162)	(223,206)
Valuation allowance for taxable temporary differences	(9,214)	(11,752)	(60,865)
Less: valuation allowance	(43,004)	(42,914)	(284,071)
Total deferred tax assets	25,213	24,208	166,548
Deferred tax liabilities:			
Undistributed earnings of subsidiaries and affiliates	(6,986)	(7,263)	(46,147)
Depreciation and amortization	(6,004)	(6,266)	(39,660)
Gain on contribution of securities to retirement benefit trust	(1,843)	(3,046)	(12,174)
Asset for retirement benefits	(1,223)	(990)	(8,079)
Reserve for deferred gain on property included in retained earnings	(885)	(921)	(5,846)
Unrealized holding gain on securities	(5)	(477)	(33)
Other	(1,624)	(1,965)	(10,728)
Total deferred tax liabilities	(18,570)	(20,928)	(122,667)
Net deferred tax assets (liabilities)	¥ 6,643	¥ 3,280	\$ 43,881

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Income Taxes (continued)

Note: Tax loss carryforwards and related deferred tax assets as of March 31, 2024 and 2023 expired or will expire as follows:

<i>Millions of yen</i>			
2024			
Year ending March 31,	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2025	¥ 46	¥ (1)	¥ 45
2026	78	-	78
2027	151	(137)	14
2028	647	(345)	302
2029	561	(550)	11
2030 and thereafter	34,749	(32,757)	1,992
Total	¥ 36,232	¥ (33,790)	(*2) ¥ 2,442

<i>Millions of yen</i>			
2023			
Year ending March 31,	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2024	¥ 12	¥ (12)	¥ -
2025	43	(43)	-
2026	99	(99)	-
2027	196	(194)	2
2028	598	(598)	-
2029 and thereafter	32,080	(30,216)	1,864
Total	¥ 33,028	¥ (31,162)	(*2) ¥ 1,866

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Income Taxes (continued)

Note: Tax loss carryforwards and related deferred tax assets as of March 31, 2024 and 2023 expired or will expire as follows (continued):

Year ending March 31,	<i>Thousands of U.S. dollars</i>		
	2024		
	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2025	\$ 304	\$ (7)	\$ 297
2026	515	-	515
2027	997	(905)	92
2028	4,274	(2,279)	1,995
2029	3,706	(3,633)	73
2030 and thereafter	229,541	(216,382)	13,159
Total	<u>\$ 239,337</u>	<u>\$ (223,206)</u>	<u>(*2) \$ 16,131</u>

(*1) The tax loss carryforwards in the above table are measured using the statutory tax rates.

(*2) The balance of deferred tax assets of ¥2,442 million (\$16,131 thousand) and ¥1,866 million arising from tax loss carryforwards of ¥36,232 million (\$239,337 thousand) and ¥33,028 million calculated after multiplying the loss amount with the statutory tax rates as of March 31, 2024 and 2023, respectively. A certain portion of tax loss carryforwards was considered to be recoverable in future income taxes because it is probable that future taxable profit would be available.

Note: The Company and certain domestic subsidiaries adopted the group tax sharing system. In addition, the Company and some of its domestic consolidated subsidiaries apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force No. 42, August 12, 2021) for accounting treatment and disclosure of corporate tax and local corporate taxes and tax effect accounting.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Amounts per Share

Amounts per share at March 31, 2024 and 2023 and for the years then ended are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net assets	¥ 497.83	¥ 415.64	\$ 3.29
Profit attributable to owners of parent:			
Basic	19.91	19.53	0.13
Diluted	18.65	—	0.12
Cash dividends	10.00	5.00	0.07

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at the year end.

Basic profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds for the years ended March 31, 2024. Diluted profit attributable to owners of parent per share has not been presented because there were no potentially dilutive shares of common stock for the years ended March 31, 2023.

The Company recorded shares held by the “Officer Remuneration BIP Trust”. Refer to “Performance-linked stock compensation scheme” in Note 4 “Additional information.” as treasury stock in the consolidated financial statements as of March 31, 2024 and 2023. Accordingly, to compute “net assets per share,” the Company’s shares held by the trust (644,949 shares and 721,775 shares at March 31, 2024 and 2023, respectively) are included in treasury stock that is excluded from the number of shares outstanding as of March 31, 2024 and 2023. In addition, to compute “Profit attributable to owners of parent per share,” the Company’s shares held by the trust (665,617 and 730,567 average number of shares for the years ended March 31, 2024 and 2023, respectively) are included in treasury stock that is excluded from the computation of the average number of shares for the years ended March 31, 2024 and 2023.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue Recognition

1. Breakdown of Revenue from Contracts with Customers

The Group's main business involves the manufacture and sale of bearings, CVJs, and precision equipment and other products.

The breakdown of revenue arising from contracts with customers for the year ended March 31, 2024 and 2023 is summarized as follows:

	<i>Millions of yen</i>				
	2024				
	Japan	Americas	Europe	Asia and other areas	Total
Aftermarket	¥ 25,134	¥ 35,870	¥ 44,251	¥ 33,692	¥ 138,947
Industrial machinery	42,799	31,078	35,051	17,616	126,544
Automotive	148,144	205,306	108,679	108,665	570,794
Total	<u>¥ 216,077</u>	<u>¥ 272,254</u>	<u>¥ 187,981</u>	<u>¥ 159,973</u>	<u>¥ 836,285</u>

	<i>Millions of yen</i>				
	2023				
	Japan	Americas	Europe	Asia and other areas	Total
Aftermarket	¥ 29,105	¥ 34,276	¥ 40,523	¥ 30,136	¥ 134,040
Industrial machinery	48,390	34,671	34,239	22,199	139,499
Automotive	131,638	172,725	92,664	103,394	500,421
Total	<u>¥ 209,133</u>	<u>¥ 241,672</u>	<u>¥ 167,426</u>	<u>¥ 155,729</u>	<u>¥ 773,960</u>

	<i>Thousands of U.S. dollars</i>				
	2024				
	Japan	Americas	Europe	Asia and other areas	Total
Aftermarket	\$ 166,027	\$ 236,946	\$ 292,308	\$ 222,558	\$ 917,839
Industrial machinery	282,716	205,291	231,535	116,366	835,908
Automotive	978,591	1,356,184	717,898	717,806	3,770,479
Total	<u>\$ 1,427,334</u>	<u>\$ 1,798,421</u>	<u>\$ 1,241,741</u>	<u>\$ 1,056,730</u>	<u>\$ 5,524,226</u>

*1 The amount shown is sales to customers outside of the Group.

*2 "Americas" includes the U.S.A., Canada and Central and South America. "Europe" includes Germany, France, the U.K. and others. "Asia and other areas" include China, Thailand, India and others.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue Recognition (continued)

2. Basic Information for Understanding Revenue from Contracts with Customers

Basic information for Understanding Revenue Arising from Contracts with Customers is shown in “(1) Revenue Recognition” of Note 2 “Summary of Significant Accounting Policies”.

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities

The notes of contract assets and contract liabilities of the Company and its consolidated subsidiaries are omitted for the years ended March 31, 2024 and 2023 since the Company and its consolidated subsidiaries are engaged in a transaction practice that basically does not result in such assets, and the balances are immaterial.

(2) Transaction price allocated to the remaining performance obligations

The note of the remaining performance obligations of the Company and its consolidated subsidiaries is omitted for the years ended March 31, 2024 and 2023 since there are no significant contracts whose initial expected term exceeds one year.

In addition, there is no significant amount which is not included in transaction prices among the consideration from contracts with customers for the years ended March 31, 2024 and 2023.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information

1. Outline of reporting segments

The Company and its subsidiaries' reporting segments are divisions of the Group for which separate financial information is available, and whose operating results are reviewed regularly by the highest management decision-making body (the Board of Directors meeting of the Company) in order to allocate management resources and assess performance of operations.

The Group's main business lines consist of the manufacture and sales of bearings, CVJs and precision equipment for the aftermarket, general industrial machinery market and automotive market. Business activities in Japan are controlled by the Company (the Head Office), and overseas business activities are controlled by the General Manager responsible in each region. Business entities in each region prepare their own plans and strategies to conduct business activities while analyzing profitability and the investment efficiency of operations.

Accordingly, the Group has four reporting segments based on geographic business segmentation controlled by the Head Office or the General Managers: Japan, the Americas, Europe, and Asia and other areas. Each reporting segment engages in the manufacture and sale of bearings, CVJs, and precision equipments and other products.

2. Calculation methods used for net sales, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies of the segments are substantially the same as those described in Note 2 "Summary of Significant Accounting Policies." Inter-segment sales and transfers are recorded at the same prices used in transactions with third parties.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

3. Information as to net sales, profit or loss, assets, liabilities, and other items for each reporting segment for the years ended March 31, 2024 and 2023

Reportable segment information for the years ended March 31, 2024 and 2023 is summarized as follows:

	<i>Millions of yen</i>						
	2024						
	Reporting segments					Adjustments	
	Japan	Americas	Europe	Asia and other areas	Total	(*1)	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 216,077	¥ 272,254	¥ 187,981	¥ 159,973	¥ 836,285	¥ —	¥ 836,285
Inter-segment sales and transfers	148,381	4,157	5,523	14,089	172,150	(172,150)	—
Total	<u>364,458</u>	<u>276,411</u>	<u>193,504</u>	<u>174,062</u>	<u>1,008,435</u>	<u>(172,150)</u>	<u>836,285</u>
Segment profit or loss	¥ 15,223	¥ (199)	¥ (2,228)	¥ 15,797	¥ 28,593	¥ (444)	¥ 28,149
Segment assets	¥ 726,053	¥ 206,436	¥ 165,507	¥ 223,937	¥ 1,321,933	¥ (411,681)	¥ 910,252
Segment liabilities	¥ 465,725	¥ 163,209	¥ 96,012	¥ 36,604	¥ 761,550	¥ (132,120)	¥ 629,430
Other items:							
Depreciation and amortization	¥ 16,091	¥ 11,266	¥ 8,165	¥ 6,281	¥ 41,803	¥ —	¥ 41,803
Capital expenditures	¥ 15,924	¥ 3,274	¥ 6,702	¥ 3,112	¥ 29,012	¥ (15)	¥ 28,997

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

3. Information as to net sales, profit or loss, assets, liabilities, and other items for each reporting segment for the years ended March 31, 2024 and 2023 (continued)

	<i>Millions of yen</i>						
	2023						
	Reporting segments					Adjustments	Consolidated
	Japan	Americas	Europe	Asia and other areas	Total	(*1)	
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 209,133	¥ 241,672	¥ 167,426	¥ 155,729	¥ 773,960	¥ –	¥ 773,960
Inter-segment sales and transfers	154,932	1,897	5,015	9,777	171,621	(171,621)	–
Total	364,065	243,569	172,441	165,506	945,581	(171,621)	773,960
Segment profit or loss	¥ 17,383	¥ (6,855)	¥ (3,412)	¥ 12,539	¥ 19,655	¥ (2,509)	¥ 17,146
Segment assets	¥ 696,556	¥ 209,488	¥ 151,709	¥ 209,060	¥ 1,266,813	¥ (396,986)	¥ 869,827
Segment liabilities	¥ 463,911	¥ 150,359	¥ 79,846	¥ 35,923	¥ 730,039	¥ (97,637)	¥ 632,402
Other items:							
Depreciation and amortization	¥ 16,508	¥ 10,812	¥ 7,630	¥ 7,098	¥ 42,048	¥ –	¥ 42,048
Capital expenditures	¥ 12,713	¥ 4,275	¥ 5,876	¥ 3,235	¥ 26,099	¥ (64)	¥ 26,035

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

3. Information as to net sales, profit or loss, assets, liabilities, and other items for each reporting segment for the years ended March 31, 2024 and 2023 (continued)

<i>Thousands of U.S. dollars</i>							
2024							
Reporting segments							
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments (*1)	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	\$ 1,427,334	\$ 1,798,421	\$ 1,241,741	\$ 1,056,730	\$ 5,524,226	\$ –	\$ 5,524,226
Inter-segment sales and transfers	980,157	27,460	36,483	93,037	1,137,167	(1,137,167)	–
Total	2,407,491	1,825,881	1,278,224	1,149,797	6,661,339	(1,137,167)	5,524,226
Segment profit or loss	\$ 100,558	\$ (1,315)	\$ (14,717)	\$ 104,350	\$ 188,876	\$ (2,933)	\$ 185,943
Segment assets	\$ 4,796,070	\$ 1,363,649	\$ 1,093,285	\$ 1,479,255	\$ 8,732,259	\$(2,719,431)	\$ 4,157,810
Segment liabilities	\$ 3,076,428	\$ 1,078,105	\$ 634,224	\$ 241,794	\$ 5,030,551	\$ (872,741)	\$ 4,157,810
Other items:							
Depreciation and amortization	\$ 106,292	\$ 74,420	\$ 53,935	\$ 41,490	\$ 276,137	\$ –	\$ 276,137
Capital expenditures	\$ 105,189	\$ 21,627	\$ 44,271	\$ 20,557	\$ 191,644	\$ (99)	\$ 191,545

(*1) The total amount of segment profit is adjusted to operating income of the consolidated statement of operations.

Other than those corresponding to segment assets, adjustments relate to the elimination of inter-segment transactions, etc. The adjustments for segment assets consist of inter-segment elimination, etc. of ¥413,026 million (\$2,728,315 thousand) and ¥402,272 million and the corporate assets of the Group of ¥1,346 million (\$8,891 thousand) and ¥5,286 million for the years ended March 31, 2024 and 2023, respectively. The corporate assets are mainly long-term investment funds (investment securities) for the years ended March 31, 2024 and 2023.

(*2) “Americas” includes the U.S.A., Canada and Central and South America. “Europe” includes Germany, France, the U.K. and others. “Asia and other areas” include China, Thailand, India and others.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

4. Related information

(1) Sales by products and service

Sales by products and service classified by the similarity of the market for the years ended March 31, 2024 and 2023 are summarized as follows:

		<i>Millions of yen</i>			
		2024			
		<u>Aftermarket</u>	<u>Industrial machinery</u>	<u>Automotive</u>	<u>Total</u>
Sales to third parties		¥ 138,947	¥ 126,544	¥ 570,794	¥ 836,285

		<i>Millions of yen</i>			
		2023			
		<u>Aftermarket</u>	<u>Industrial machinery</u>	<u>Automotive</u>	<u>Total</u>
Sales to third parties		¥ 134,040	¥ 139,499	¥ 500,421	¥ 773,960

		<i>Thousands of U.S. dollars</i>			
		2024			
		<u>Aftermarket</u>	<u>Industrial machinery</u>	<u>Automotive</u>	<u>Total</u>
Sales to third parties		\$ 917,839	\$ 835,908	\$ 3,770,479	\$ 5,524,226

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

4. Related information (continued)

(2) Regional information

(a) Sales

Sales categorized by country and region based on locations of customers within the Group for the years ended March 31, 2024 and 2023 are summarized as follows:

<i>Millions of yen</i>				
2024				
Japan	Americas	Europe	Asia and other areas	Total
¥ 210,025	¥ 274,726	¥ 171,460	¥ 180,074	¥ 836,285
<i>Millions of yen</i>				
2023				
Japan	Americas	Europe	Asia and other areas	Total
¥ 201,602	¥ 246,247	¥ 155,175	¥ 170,936	¥ 773,960
<i>Thousands of U.S. dollars</i>				
2024				
Japan	Americas	Europe	Asia and other areas	Total
\$ 1,387,357	\$ 1,814,750	\$ 1,132,609	\$ 1,189,510	\$ 5,524,226

“Americas” includes the U.S.A., Canada and Central and South America. “Europe” includes Germany, France, the U.K. and others. “Asia and other areas” include China, Thailand, India and others. The sales of the “Americas” segment above include the sales to customers in the U.S.A. of ¥227,053 million (\$1,499,838 thousand) and ¥203,992 million for the years ended March 31, 2024 and 2023, respectively. The sales of the “Asia and other areas” segment above include the sales to customers in China of ¥76,376 million for the year ended March 31, 2023.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

4. Related information (continued)

(2) Regional information (continued)

(b) Property, plant and equipment

Property, plant and equipment categorized by country and region within the Group at March 31, 2024 and 2023 are summarized as follows:

<i>Millions of yen</i>				
2024				
Japan	Americas	Europe	Asia and other areas	Total
¥ 103,816	¥ 84,844	¥ 47,384	¥ 35,024	¥ 271,068

<i>Millions of yen</i>				
2023				
Japan	Americas	Europe	Asia and other areas	Total
¥ 102,447	¥ 80,960	¥ 44,389	¥ 36,317	¥ 264,113

<i>Thousands of U.S. dollars</i>				
2024				
Japan	Americas	Europe	Asia and other areas	Total
\$ 685,775	\$ 560,452	\$ 313,003	\$ 231,357	\$ 1,790,587

1. Property, plant and equipment in “Americas” in the amount of ¥74,906 million (\$494,805 thousand) and ¥71,980 million is located in the U.S.A. at March 31, 2024 and 2023, respectively.
2. Property, plant and equipment in “Europe” in the amount of ¥32,060 million (\$211,778 thousand) and ¥28,827 million is located in France at March 31, 2024 and 2023, respectively.
3. Property, plant and equipment in “Asia and other areas” in the amount of ¥25,182 million (\$166,344 thousand) and ¥26,624 million is located in China at March 31, 2024 and 2023, respectively.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

5. Loss on impairment of fixed assets

Loss on impairment of fixed assets by reporting segment for the years ended March 31, 2024 and 2023 is summarized as follows:

<i>Millions of yen</i>					
2024					
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
¥ 2,359	¥ –	¥ 768	¥ 1,041	¥ –	¥ 4,168
<i>Millions of yen</i>					
2023					
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
¥ 1,197	¥ –	¥ –	¥ 412	¥ –	¥ 1,609
<i>Thousands of U.S. dollars</i>					
2024					
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
\$ 15,582	\$ –	\$ 5,073	\$ 6,877	\$ –	\$ 27,532

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Segment Information (continued)

6. Amortization of goodwill and unamortized balance

Amortization of goodwill and unamortized balance by reporting segment for the years ended March 31, 2024 and 2023 is summarized as follows:

<i>Millions of yen</i>						
2024						
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	¥ 214	¥–	¥–	¥–	¥–	¥ 214
Unamortized balance of goodwill as of March 31, 2024	¥ 1,554	¥–	¥–	¥–	¥–	¥ 1,554
<i>Millions of yen</i>						
2023						
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	¥ 214	¥–	¥–	¥–	¥–	¥ 214
Unamortized balance of goodwill as of March 31, 2023	¥ 1,769	¥–	¥–	¥–	¥–	¥ 1,769
<i>Thousands of U.S. dollars</i>						
2024						
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	\$ 1,414	\$–	\$–	\$–	\$–	\$ 1,414
Unamortized balance of goodwill as of March 31, 2024	\$ 10,265	\$–	\$–	\$–	\$–	\$ 10,265

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Subsequent Event

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements as of March 31, 2024 and for the year then ended, was approved at the annual general meeting of the shareholders held on June 25, 2024:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Year-end cash dividends (¥5.0 (U.S. \$0.03) per share)	¥ 2,658	\$ 17,558

Note : The total amount of cash dividends approved at the annual general meeting of the shareholders held on June 25, 2024 includes ¥3 million (\$20 thousand) of the dividends for the shares of the Company held by the BIP trust.

