

**Consolidated Financial Statements**

**NTN Corporation**

*Year Ended March 31, 2025  
with Independent Auditor's Report*

NTN Corporation and Consolidated Subsidiaries

Consolidated Financial Statements

*Year Ended March 31, 2025*

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## 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, 2025, 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, 2025 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.



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Reasonableness of determination of Recognition of Loss on Impairment of Fixed Assets	
Description of Key Audit Matter	Auditor's Response
<p>Property, plant and equipment, net of 254,075 million yen and intangible fixed assets of 29,759 million yen included in other assets were recorded on the consolidated balance sheet of the Group as at March 31, 2025 and collectively accounting for 33.1% of total assets.</p> <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 as the total amount of undiscounted future cash flows generated from the asset groups exceeded the carrying amount.</p> <p>The estimation of undiscounted 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 flows were the expansion of sales volume, sales price and the expected net realizable value of property from the ultimate disposal in the business plan.</p> <p>Given that the significant assumptions used to calculate undiscounted future cash flows in the determination of recognition of impairment of fixed assets are subject to uncertainty, management judgement and expertise, we determined this to be a key audit matter.</p>	<p>We performed the following audit procedures, among others, on the estimation of total amount of undiscounted future cash flows used to determine whether an impairment loss should be recognized. In addition, we involved the component auditor based in the U.S. for certain audit procedures:</p> <ul style="list-style-type: none"> <li>• We compared the estimation period of future cash flows with the remaining economic lives of the major assets.</li> <li>• We evaluated the consistency of the business plan. Then, we compared the business plan for prior years with actual results to evaluate the accuracy of the estimation of future cash flows .</li> <li>• We discussed with the management the expansion of sales volumes and sales prices, which are the significant assumptions as the basis of the business plan, and performed comparison with market forecasts and available external data and trend analysis using actual results.</li> <li>• We involved valuation specialists of our network firm to understand the work of specialists used by management and evaluate the adequacy as audit evidence in terms of the assessment of the reasonableness of the estimated realizable value of property from the ultimate disposal.</li> </ul>

### 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.



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## **Responsibilities of Management and the Audit 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 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.



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit 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 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 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, 2025 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, 2025 are 594 million yen and 221 million yen, respectively.



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**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, 2025

Daiki Takai  

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Designated Engagement Partner  
Certified Public Accountant

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents <i>(Note 14)</i>	¥ 127,713	¥ 127,267	\$ 853,411
Short-term investments <i>(Note 14)</i>	3,805	2,769	25,426
Trade receivables <i>(Note 14)</i> :			
Notes	1,189	2,283	7,945
Accounts	110,774	118,272	740,221
Electronically recorded monetary claims <i>(Note 14)</i>	7,584	7,334	50,678
Allowance for doubtful accounts	(924)	(1,140)	(6,174)
	<u>118,623</u>	<u>126,749</u>	<u>792,670</u>
Inventories <i>(Note 6)</i>	244,367	264,795	1,632,923
Other current assets <i>(Note 14)</i>	39,354	41,349	262,974
Total current assets	<u>533,862</u>	<u>562,929</u>	<u>3,567,404</u>
Property, plant and equipment, at cost <i>(Note 7)</i> :			
Land <i>(Note 2(g))</i>	31,331	32,503	209,362
Buildings and structures <i>(Note 2(g))</i>	264,539	264,183	1,767,718
Machinery, equipment and vehicles <i>(Note 2(g))</i>	900,356	908,672	6,016,412
Construction in progress	17,193	16,356	114,888
	<u>1,213,419</u>	<u>1,221,714</u>	<u>8,108,380</u>
Less accumulated depreciation	<u>(959,344)</u>	<u>(950,646)</u>	<u>(6,410,585)</u>
Property, plant and equipment, net <i>(Notes 3 and 25)</i>	<u>254,075</u>	<u>271,068</u>	<u>1,697,795</u>
Investments and other assets:			
Investment securities <i>(Notes 8 and 14)</i>	1,205	1,351	8,052
Investments in unconsolidated subsidiaries and affiliates <i>(Note 14)</i>	22,030	20,920	147,210
Goodwill <i>(Note 25)</i>	–	1,554	–
Asset for retirement benefits <i>(Note 10)</i>	7,212	6,304	48,192
Deferred income taxes <i>(Note 22)</i>	3,375	7,336	22,553
Other assets	34,667	38,790	231,655
Total investments and other assets	<u>68,489</u>	<u>76,255</u>	<u>457,662</u>
Total assets <i>(Note 25)</i>	<u>¥ 856,426</u>	<u>¥ 910,252</u>	<u>\$ 5,722,861</u>

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet (continued)

March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
<b>Liabilities and net assets</b>			
Current liabilities:			
Short-term bank loans ( <i>Notes 9 and 14</i> )	¥ 91,645	¥ 76,750	\$ 612,396
Current portion of bonds payable	50,000	10,000	334,113
Current portion of convertible-bond-type bonds with share acquisition rights	22,035	–	147,244
Current portion of long-term debt and lease obligations ( <i>Notes 9 and 14</i> )	53,266	62,994	355,937
Trade payables ( <i>Note 14</i> ):			
Notes	228	368	1,524
Accounts	58,876	65,094	393,425
Electronically recorded obligations	69,239	73,245	462,672
	<u>128,343</u>	<u>138,707</u>	<u>857,621</u>
Accrued income taxes ( <i>Notes 14 and 22</i> )	5,179	7,149	34,607
Other current liabilities	72,047	64,307	481,436
Total current liabilities ( <i>Note 25</i> )	<u>422,515</u>	<u>359,907</u>	<u>2,823,354</u>
Long-term liabilities:			
Bonds payable	20,000	70,000	133,645
Convertible-bond-type bonds with share acquisition rights ( <i>Notes 9 and 14</i> )	–	22,084	–
Long-term loans and lease obligations ( <i>Notes 9 and 14</i> )	133,546	146,683	892,389
Liability for retirement benefits ( <i>Note 10</i> )	19,748	21,578	131,961
Provision for product defect compensation	445	744	2,974
Deferred income taxes ( <i>Note 22</i> )	2,181	693	14,574
Other long-term liabilities	9,293	7,741	62,096
Total long-term liabilities ( <i>Note 23</i> )	<u>185,213</u>	<u>269,523</u>	<u>1,237,639</u>
Contingent liabilities ( <i>Note 12</i> )			
Net assets:			
Shareholders' equity ( <i>Note 11</i> ):			
Common stock:			
Authorized – 1,800,000,000 shares			
Issued – 532,463,527 shares in 2025 and 2024	54,347	54,347	363,161
Capital surplus	67,970	67,970	454,193
Retained earnings	46,387	75,771	309,973
Treasury stock, at cost: 3,038,095 shares in 2025 and 1,494,526 shares in 2024 ( <i>Note 5</i> )	(1,203)	(834)	(8,039)
Total shareholders' equity	<u>167,501</u>	<u>197,254</u>	<u>1,119,288</u>
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities ( <i>Note 8</i> )	98	211	655
Translation adjustments	55,544	57,533	371,159
Retirement benefit liability adjustments ( <i>Note 10</i> )	9,742	9,332	65,099
Total accumulated other comprehensive income, net	<u>65,384</u>	<u>67,076</u>	<u>436,913</u>
Non-controlling interests	15,813	16,492	105,667
Total net assets	<u>248,698</u>	<u>280,822</u>	<u>1,661,868</u>
Total liabilities and net assets	<u>¥ 856,426</u>	<u>¥ 910,252</u>	<u>\$ 5,722,861</u>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Operations

Year Ended March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<b>2025</b>	2024	<b>2025</b>
Net sales ( <i>Notes 24 and 25</i> )	¥ 825,588	¥ 836,285	\$ 5,516,793
Cost of sales ( <i>Note 17</i> )	684,222	691,008	4,572,149
Gross profit	<b>141,366</b>	145,277	<b>944,644</b>
Selling, general and administrative expenses ( <i>Notes 16 and 17</i> )	<b>118,406</b>	117,128	<b>791,219</b>
Operating income ( <i>Note 25</i> )	<b>22,960</b>	28,149	<b>153,425</b>
Other income (expenses):			
Interest and dividend income	1,999	1,679	13,358
Interest expense	(8,968)	(8,519)	(59,926)
Equity in earnings of affiliates	857	486	5,727
Foreign exchange (loss) gain, net	(4,397)	1,025	(29,382)
Gain on contribution of securities to retirement benefit trust	–	1,541	–
Gain on sales of investment securities ( <i>Note 8</i> )	79	691	528
Gain on sales of fixed assets ( <i>Note 18</i> )	747	2,333	4,992
Loss on impairment of fixed assets ( <i>Notes 3, 7 and 25</i> )	(11,735)	(4,168)	(78,416)
Loss on business restructuring ( <i>Note 19</i> )	(7,172)	(3,119)	(47,925)
Loss on disaster	–	(726)	–
Loss on surcharge payments under the Anti- Monopoly Act ( <i>Note 20</i> )	(909)	–	(6,074)
Other, net	(2,054)	(2,820)	(13,724)
(Loss) profit before income taxes	<b>(8,593)</b>	16,552	<b>(57,417)</b>
Income taxes ( <i>Note 22</i> ):			
Current	8,718	10,636	58,256
Deferred	5,471	(6,253)	36,559
	<b>14,189</b>	4,383	<b>94,815</b>
(Loss) profit	<b>(22,782)</b>	12,169	<b>(152,232)</b>
(Loss) profit attributable to:			
Non-controlling interests	1,020	1,600	6,816
Owners of parent	<b>¥ (23,802)</b>	¥ 10,569	<b>\$ (159,048)</b>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries  
Consolidated Statement of Comprehensive Income

Year Ended March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Loss (profit)	¥(22,782)	¥ 12,169	\$ (152,235)
Other comprehensive (loss) income (Note 21):			
Net unrealized holding loss on securities	(113)	(1,044)	(755)
Translation adjustments	(3,094)	29,438	(20,675)
Retirement benefit liability adjustments	449	8,607	3,000
Share of other comprehensive income of affiliates accounted for by the equity method	947	1,080	6,328
Other comprehensive (loss) income, net	<u>(1,811)</u>	<u>38,081</u>	<u>(12,102)</u>
Comprehensive (loss) income	<u>¥(24,593)</u>	<u>¥ 50,250</u>	<u>\$ (164,337)</u>
Total comprehensive (loss) income attributable to:			
Owners of parent	¥(25,493)	¥ 47,613	\$ (170,351)
Non-controlling interests	¥ 900	¥ 2,637	\$ 6,014

*See accompanying notes to the consolidated financial statements.*

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2025

	<i>Millions of yen</i>				
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2023	532,463,527	¥ 54,347	¥ 67,970	¥ 69,166	¥ (856)
Cash dividends paid	–	–	–	(3,987)	–
Profit attributable to owners of parent	–	–	–	10,569	–
Change in scope of consolidation	–	–	–	23	–
Purchases of treasury stock	–	–	–	–	(1)
Sales of treasury stock	–	–	–	–	23
Other changes	–	–	–	–	–
Balance at April 1, 2024	<b>532,463,527</b>	<b>54,347</b>	<b>67,970</b>	<b>75,771</b>	<b>(834)</b>
Cash dividends paid	–	–	–	(5,582)	–
Loss attributable to owners of parent	–	–	–	(23,802)	–
Purchases of treasury stock	–	–	–	–	(540)
Sales of treasury stock	–	–	–	–	171
Other changes	–	–	–	–	–
Balance at March 31, 2025	<b>532,463,527</b>	<b>¥ 54,347</b>	<b>¥ 67,970</b>	<b>¥ 46,387</b>	<b>¥(1,203)</b>

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2025

	<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, 2023	¥ 1,255	¥ 28,080	¥ 698	¥ 16,766	¥ 237,426
Cash dividends paid	–	–	–	–	(3,987)
Profit attributable to owners of parent	–	–	–	–	10,569
Change in scope of consolidation	–	–	–	–	23
Purchases of treasury stock	–	–	–	–	(1)
Sales of treasury stock	–	–	–	–	23
Other changes	(1,044)	29,453	8,634	(275)	36,769
Balance at April 1, 2024	<b>211</b>	<b>57,533</b>	<b>9,332</b>	<b>16,491</b>	<b>280,822</b>
Cash dividends paid	–	–	–	–	(5,582)
Loss attributable to owners of parent	–	–	–	–	(23,802)
Purchases of treasury stock	–	–	–	–	(540)
Sales of treasury stock	–	–	–	–	171
Other changes	(113)	(1,989)	410	(678)	(2,371)
Balance at March 31, 2025	<b>¥ 98</b>	<b>¥ 55,544</b>	<b>¥ 9,742</b>	<b>¥ 15,813</b>	<b>¥ 248,698</b>

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2025

*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, 2024	\$ 363,161	\$ 454,193	\$ 506,321	\$ (5,573)	\$ 1,410
Cash dividends paid	–	–	(37,300)	–	–
Loss attributable to owners of parent	–	–	(159,048)	–	–
Purchases of treasury stock	–	–	–	(3,608)	–
Sales of treasury stock	–	–	–	1,142	–
Other changes	–	–	–	–	(755)
Balance at March 31, 2025	<u>\$ 363,161</u>	<u>\$ 454,193</u>	<u>\$ 309,973</u>	<u>\$ (8,039)</u>	<u>\$ 655</u>

*Thousands of U.S. dollars (Note 1)*

	Translation adjustments	Retirement benefit liability adjustments	Non- controlling interests	Total net assets
Balance at April 1, 2024	\$ 384,450	\$ 62,366	\$ 110,197	\$ 1,876,525
Cash dividends paid	–	–	–	(37,300)
Loss attributable to owners of parent	–	–	–	(159,048)
Purchases of treasury stock	–	–	–	(3,608)
Sales of treasury stock	–	–	–	1,142
Other changes	(13,291)	2,733	(4,530)	(15,843)
Balance at March 31, 2025	<u>\$ 371,159</u>	<u>\$ 65,099</u>	<u>\$ 105,667</u>	<u>\$ 1,661,868</u>

# NTN Corporation and Consolidated Subsidiaries

## Consolidated Statement of Cash Flows

Year Ended March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
<b>Cash flows from operating activities:</b>			
(Loss) profit before income taxes	¥ (8,593)	¥ 16,552	\$ (57,417)
Adjustments for:			
Depreciation and amortization	42,380	41,803	283,194
Loss on impairment of fixed assets	11,735	4,168	78,416
Amortization of goodwill	214	214	1,430
Loss on business restructuring	7,172	3,119	47,925
Loss on disaster	–	726	–
Loss on surcharge payments under the Anti-Monopoly Act	909	–	6,074
(Decrease) increase in allowance for doubtful accounts	(392)	980	(2,619)
Decrease in provision for directors' and audit & supervisory board members' bonuses	(7)	(1)	(47)
(Decrease) increase in provision for product defect compensation	(298)	492	(1,991)
Decrease in liability for retirement benefits	(1,317)	(1,671)	(8,801)
Increase in asset for retirement benefits	(922)	(2,964)	(6,161)
Interest and dividend income	(1,999)	(1,679)	(13,358)
Interest expense	8,968	8,519	59,926
Translation adjustments and foreign exchange loss (gain), net	2,588	(8,639)	17,294
(Gain) loss on valuation of derivatives, net	(1,219)	906	(8,146)
Equity in earnings of affiliates	(857)	(486)	(5,727)
Gain on sales of fixed assets	(747)	(2,333)	(4,992)
Gain on contribution of securities to retirement benefit trust	–	(1,541)	–
Gain on sales of investment securities	–	(691)	–
Decrease in trade receivable	7,218	18,668	48,233
Increase (decrease) in inventories	15,993	(3,886)	106,869
Decrease in trade payables	(9,897)	(2,206)	(66,134)
Other	(6,197)	9,079	(41,410)
Subtotal	<u>64,732</u>	<u>79,129</u>	<u>432,558</u>
Interest and dividend income received	2,402	2,289	16,051
Interest paid	(9,808)	(8,443)	(65,540)
Surcharge payments under the Anti-Monopoly Act	(909)	–	(6,074)
Income taxes paid	<u>(10,794)</u>	<u>(7,871)</u>	<u>(72,128)</u>
Net cash provided by operating activities	¥ 45,623	¥ 65,104	\$ 304,867

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

Year Ended March 31, 2025

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<b>2025</b>	2024	<b>2025</b>
<b>Cash flows from investing activities:</b>			
Increase in short-term investments, net	¥ (1,073)	¥ (1,665)	\$ (7,170)
Purchases of property, plant and equipment	(23,536)	(24,726)	(157,274)
Proceeds from sales of property, plant and equipment	1,283	2,555	8,573
Purchases of other assets	(2,911)	(2,333)	(19,452)
Proceeds from sales of investments securities	–	1,638	
Proceeds from sales of investments in affiliated company	299	–	1,998
Other	(23)	(439)	(154)
Net cash used in investing activities	<u>(25,961)</u>	<u>(24,970)</u>	<u>(173,479)</u>
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term bank loans, net	15,590	(18,440)	104,176
Proceeds from long-term debt	34,000	53,085	227,197
Repayment of long-term debt, including current portion	(46,723)	(76,032)	(312,215)
Redemption of bonds	(10,000)	–	(66,823)
Cash dividends paid	(5,582)	(3,987)	(37,300)
Repayment of lease obligations	(4,045)	(4,059)	(27,030)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	–	22,110	–
Other	(1,947)	(2,889)	(13,012)
Net cash used in financing activities	<u>(18,707)</u>	<u>(30,212)</u>	<u>(125,007)</u>
Effect of exchange rate changes on cash and cash equivalents	(509)	6,485	3,401
Net increase in cash and cash equivalents	446	16,407	2,980
Cash and cash equivalents at beginning of the year	127,267	110,676	850,431
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	184	–
Cash and cash equivalents at end of the year (Note 15)	<u>¥ 127,713</u>	<u>¥ 127,267</u>	<u>\$ 853,411</u>

See accompanying notes to the consolidated financial statements.

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements

March 31, 2025

### **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 ¥149.65 = U.S. \$1.00, the exchange rate prevailing on March 31, 2025. 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 fiscal year-end date of the other consolidated subsidiaries is in line with consolidated fiscal year-end date..

The consolidated financial statements as of March 31, 2025 include the accounts of the Company and its 60 subsidiaries (14 domestic and 46 overseas).

## 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, 2025 and 2024 were reduced by the following amounts:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Land	¥ 773	¥ 773	\$ 5,165
Buildings and structures	390	337	2,606
Machinery, equipment and vehicles	132	91	883
Total	<u>¥ 1,295</u>	<u>¥ 1,201</u>	<u>\$ 8,654</u>

##### (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 Group are mainly engaged in the manufacture and sale of bearing and others, CVJ/Axle to the aftermarket, general industrial machinery market and the 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 Group recorded impairment loss for the years ended March 31, 2025 and 2024 consisting of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Loss on impairment of fixed assets	<b>¥ 11,735</b>	¥ 4,168	<b>\$ 78,416</b>
Property, plant and equipment	<b>254,075</b>	271,068	<b>1,697,795</b>
Intangible assets	<b>29,760</b>	35,432	<b>198,864</b>

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 identify indications of impairment based on information from outside the Company, including the business environment or fair value of assets.

The Group determine 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 occurrence of economic events. If it is determined that an impairment loss should be recognized, the book value is reduced to the recoverable amount.

For the Group which determine the recognition of impairment loss is unnecessary as the total amount of the undiscounted future cash flow exceeds book value of an asset or each asset group, although there are indications of impairment, the main assumptions used to calculate undiscounted future cash flows are the expansion of sales volume, the sales price and the expected net realizable value of property from the ultimate disposal in the business plan. In addition, for the asset or asset group to measure 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 varied 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 additionally in the fiscal year ending March 31, 2026.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **4. Accounting Standards Issued but Not Yet Effective**

- Accounting Standard for Leases (The Accounting Standards Board of Japan (“ASBJ”) Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

Other related amendments to accounting standards, implementation guidance, practical solutions, and transition guidance.

##### (i) Overview

These standards require lessees to recognize assets and liabilities for all leases, in line with international accounting standards.

##### (ii) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

##### (iii) Impact of adoption

The amount of impact of adoption is under evaluation at the time of preparation of consolidated financial statements.

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 5. 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, 2025 totaled ¥562 million (\$3,755 thousand) and 2,186,380 shares, and at March 31, 2024 totaled ¥195 million and 644,949 shares, respectively.

### 6. Inventories

Inventories at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Finished goods	<b>¥ 127,160</b>	¥ 136,103	<b>\$ 849,716</b>
Work in process	<b>58,714</b>	65,046	<b>392,342</b>
Raw materials and supplies	<b>58,493</b>	63,646	<b>390,865</b>
Total	<b>¥ 244,367</b>	¥ 264,795	<b>\$ 1,632,923</b>

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 7. Impairment of Fixed Assets

The Group 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 Group reduced the book value of following assets to their respective recoverable values because the Group do not expect them to be recoverable during the estimation period of future cash flows and the following assets would no longer be used due to production reorganization or discontinuation of development projects. Consequently, the Group recorded related losses on impairment of fixed assets of ¥11,735 million (\$78,416 thousand) and ¥4,168 million in the accompanying consolidated statement of operations for the years ended March 31, 2025 and 2024, respectively:

Location	Usage	Classification	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
			<b>2025</b>	2024	<b>2025</b>
Japan	Production equipment and other	Buildings and structures	¥ 702	¥ 10	\$ 4,691
		Machinery, equipment and vehicles	2,373	465	15,857
		Land	628	1,694	4,196
		Construction in progress	644	153	4,303
		Goodwill	1,340	-	8,954
		Other	47	37	315
Americas	Production equipment and other	Machinery, equipment and vehicles	1,892	-	12,643
		Other	67	-	448
Europe	Production equipment and other	Buildings and structures	12	155	80
		Machinery, equipment and vehicles	2,166	613	14,474
		Other	48	-	321
Asia and other areas	Production equipment and other	Buildings and structures	1,324	688	8,847
		Machinery, equipment and vehicles	452	353	3,020
		Construction in progress	40	-	267
<b>Total</b>			<b>¥11,735</b>	<b>¥4,168</b>	<b>\$ 78,416</b>

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 7. Impairment of Fixed Assets (continued)

The recoverable amount was measured by using the net realizable value (fair value less cost to sell), the value in use, or fair value. The recoverable amount was measured as zero for assets that could not be sold or otherwise converted, and as zero for assets that could not be sold or otherwise converted. The net realizable value was estimated based on real estate appraisal standards, etc. The value in use is calculated by using a discount rate of mainly ranging between 7.1% and 11.0%, net of tax for future cash flows for each business segment. In addition, fair value is measured by using either the cost approach or the income approach. Under the income approach, future cash flows are discounted by using a discount rate of 7.0%.

### 8. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2025 and 2024 is summarized as follows:

	<i>Millions of yen</i>					
	<b>2025</b>			<b>2024</b>		
	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
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	<b>9</b>	<b>9</b>	<b>0</b>	10	10	0
Total	<b>¥ 9</b>	<b>¥ 9</b>	<b>0</b>	¥ 57	¥ 34	¥ 23

	<i>Thousands of U.S. dollars</i>		
	<b>2025</b>		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities			
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	<b>60</b>	<b>60</b>	<b>0</b>
Total	<b>\$ 60</b>	<b>\$ 60</b>	<b>0</b>

\* The unlisted stocks without a market price are not included in the above table in the amount of ¥1,196 million(\$7,992 thousand) and ¥1,293 million for the years ended March 31, 2025 and 2024, respectively.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Securities (continued)

##### (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 ¥52 million (\$347 thousand) and ¥1,701 million, and recognized gain of ¥27 million (\$180 thousand) and ¥257 million for the years ended March 31, 2025 and 2024, respectively.

#### 9. 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 3.39% and 4.19% at March 31, 2025 and 2024, respectively.

Long-term debt and lease obligations at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Loans from banks and other financial institutions, due through 2029, at an average annual interest rate of 1.08%	¥ 170,314	¥ 183,230	\$ 1,138,082
0.405% bonds due 2025	-	10,000	-
0.490% bonds due 2027	10,000	10,000	66,823
0.430% bonds due 2028	10,000	10,000	66,823
2.5% bonds due 2051(*1)	50,000	50,000	334,113
Euro-yen Zero Coupon Convertible Bonds due 2025 (bonds with share acquisition rights) (*2)	22,035	22,084	147,244
Lease obligations due through 2115	16,498	16,447	110,243
Total	<u>278,847</u>	<u>301,761</u>	<u>1,863,328</u>
Less current portion	<u>(125,301)</u>	<u>(62,994)</u>	<u>(837,294)</u>
Total	<u>¥ 153,546</u>	<u>¥ 238,767</u>	<u>\$ 1,026,034</u>

\*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.

Based on a covenant that allows for early redemption, the bonds are included in the current portion of bonds payable as it is redeemable on an optional basis after March 18, 2026.

\*2: Euro yen zero coupon convertible bonds due in 2025 with a gross amount of ¥22,000 million (\$147,010 thousand) are convertible into shares of common stock of the Company at ¥339.5 (\$2.27) per share exercisable from October 6, 2023 to December 5, 2025.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**9. Short-Term Bank Loans, Long-Term Debt and Lease Obligations (continued)**

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2025 are summarized as follows:

Year ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2026	<b>¥ 125,301</b>	<b>\$ 837,294</b>
2027	<b>46,165</b>	<b>308,486</b>
2028	<b>43,516</b>	<b>290,785</b>
2029	<b>29,438</b>	<b>196,712</b>
2030	<b>29,813</b>	<b>199,218</b>
2031 and thereafter	<b>4,614</b>	<b>30,833</b>
Total	<b>¥ 278,847</b>	<b>\$ 1,863,328</b>

**10. 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, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2025	2024	2025
Retirement benefit obligation at the beginning of the year	<b>¥ 96,203</b>	¥ 97,007	<b>\$ 642,853</b>
Service cost	<b>3,902</b>	3,648	<b>26,074</b>
Interest cost	<b>1,966</b>	2,007	<b>13,137</b>
Actuarial gain	<b>(1,091)</b>	(1,045)	<b>(7,290)</b>
Benefits paid	<b>(7,011)</b>	(8,062)	<b>(46,849)</b>
Other	<b>(74)</b>	2,648	<b>(494)</b>
Retirement benefit obligation at the end of the year	<b>¥ 93,895</b>	¥ 96,203	<b>\$ 627,431</b>

\* 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)

**10. Retirement Benefits (continued)**

2. Defined benefit pension plans (continued)

(2) The changes in plan assets for the years ended March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Plan assets at fair value at the beginning of the year	<b>¥ 80,930</b>	¥ 65,457	<b>\$ 540,795</b>
Expected return on plan assets	<b>1,662</b>	1,782	<b>11,106</b>
Actuarial gain	<b>676</b>	10,514	<b>4,517</b>
Contributions by the employers	<b>1,828</b>	4,816	<b>12,215</b>
Benefits paid	<b>(3,522)</b>	(3,585)	<b>(23,535)</b>
Other	<b>(215)</b>	1,946	<b>(1,436)</b>
Plan assets at fair value at the end of the year	<b>¥ 81,359</b>	¥ 80,930	<b>\$ 543,662</b>

(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, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Funded retirement benefit obligation	<b>¥ 85,674</b>	¥ 88,273	<b>\$ 572,496</b>
Plan assets at fair value	<b>(81,359)</b>	(80,930)	<b>(543,662)</b>
	<b>4,315</b>	7,343	<b>28,834</b>
Unfunded retirement benefit obligation	<b>8,221</b>	7,930	<b>54,935</b>
Net amount of liabilities and assets recognized in the consolidated balance sheet	<b>12,536</b>	15,273	<b>83,769</b>
Liability for retirement benefits	<b>19,748</b>	21,578	<b>131,961</b>
Asset for retirement benefits	<b>(7,212)</b>	(6,304)	<b>(48,192)</b>
Net amount of liabilities and assets recognized in the consolidated balance sheet	<b>¥ 12,536</b>	¥ 15,274	<b>\$ 83,769</b>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**10. Retirement Benefits (continued)**

2. Defined benefit pension plans (continued)

- (4) The components of retirement benefit expenses for the years ended March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Service cost	¥ 3,902	¥ 3,648	\$ 26,074
Interest cost	1,966	2,007	13,137
Expected return on plan assets	(1,662)	(1,782)	(11,106)
Amortization:			
Actuarial gain or loss	(1,315)	193	(8,787)
Past service cost	—	—	—
Retirement benefit expenses	<u>¥ 2,891</u>	<u>¥ 4,066</u>	<u>\$ 19,318</u>

- (5) The components of retirement benefit liability adjustments included in other comprehensive income (before income taxes and tax effect) for the years ended March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Actuarial loss	¥ 453	¥ 11,751	\$ 3,027
Past service cost	—	—	—
Total	<u>¥ 453</u>	<u>¥ 11,751</u>	<u>\$ 3,027</u>

- (6) The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before income taxes and tax effect) as of March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrecognized actuarial gain	¥ 14,704	¥ 14,251	\$ 98,256
Unrecognized past service cost	—	—	—
Total	<u>¥ 14,704</u>	<u>¥ 14,251</u>	<u>\$ 98,256</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**10. 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, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Bonds	<b>46.3%</b>	38.4%
Equities	<b>23.9</b>	29.1
General accounts at life insurance companies	<b>6.2</b>	6.5
Other	<b>23.6</b>	26.0
Total	<b><u>100.0%</u></b>	<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>2025</u>	<u>2024</u>
Discount rate	<b>Principally 1.2%</b>	Principally 1.2%
Expected long-term rate of return on plan assets	<b>Principally 1.8%</b>	Principally 1.7%

3. Defined contribution pension plans

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Contributions to defined contribution pension plans	<b>¥ 2,298</b>	¥ 2,221	<b>\$ 15,356</b>

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 11. 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 (\$57,728 thousand) at March 31, 2025 and 2024

- (b) Movements in shares issued and treasury stock during the years ended March 31, 2025 and 2024 are summarized as follows:

	<i>Number of shares</i>			
	<b>2025</b>			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares issued:				
Common stock	<b>532,463,527</b>	–	–	<b>532,463,527</b>
Treasury stock:				
Common stock	<b>1,494,526</b>	<b>2,112,238</b>	<b>568,669</b>	<b>3,038,095</b>

The increase in treasury stock of 2,112,238 shares was due to acquisition of shares by the “Officer Remuneration BIP Trust” and purchases of shares of less than one voting unit, and the decrease in treasury stock of 568,669 shares was mainly due to disposal of shares by the “Officer Remuneration BIP Trust” for the year ended March 31, 2025. Refer to “Performance-linked stock compensation scheme” in Note 5 “Additional Information.” Additionally, the Company included 2,186,380 shares held by the “Officer Remuneration BIP Trust” in the number of treasury stock at March 31, 2025.

	<i>Number of shares</i>			
	2024			
	April 1, 2023	Increase	Decrease	March 31, 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

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 11. Shareholders' Equity (continued)

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 5 "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.

#### 12. 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>
	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>March 31, 2025</u>
PT. Astra NTN Driveshaft Indonesia	¥ –	¥ 140	\$ –

##### Lawsuits, etc.

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 (€8.3 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.

On September 5, 2024, Renault revised its claim to €2.49 million (provisional amount).

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 13. 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). Refer to “(k) Leases” in Note 2.

##### 2. Operating lease

Future minimum lease payments subsequent to March 31, 2025 for non-cancelable operating leases are as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 739	\$ 4,938
2027 and thereafter	732	4,892
Total	¥ 1,471	\$ 9,830

#### 14. Financial Instruments

##### Overview

##### (a) Policy for financial instruments

The Group utilize 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 mitigate the credit risk of customers related to trade receivables in accordance with its internal rules and procedures for receivables management.

The Group have adopted a policy to utilize forward foreign currency exchange agreements, currency option agreements, currency swap agreements, interest rate option agreements, and interest rate swap agreements for the purpose of avoiding foreign exchange fluctuation risks associated with foreign currency-denominated receivables and payables, and mitigating interest rate fluctuation risks related to corporate bonds and borrowings.

During the consolidated fiscal year, the Group utilized forward foreign currency exchange agreements, interest rate swap agreements, and interest rate and currency swap agreements. The Group do not hold them for speculative purposes.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **14. 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 operate 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 have 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, 2025. 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 have 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, 2025.

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)

#### **14. 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 utilize certificate of deposits with high credit ratings, up to a limited amount, which is approved by the Company.

The Group believe 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)

#### **14. 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 utilize 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 utilize forward foreign currency exchange contracts for forecasted export transactions with a maximum period of 6 months.

The Group utilize 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 review 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 have 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 derivative 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 manage 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)

### 14. 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 15 “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, 2025 and 2024, are shown in the following table.

<i>Millions of yen</i>						
2025			2024			
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Investment securities (*2)	¥ 9	¥ 9	¥ 0	¥ 57	¥ 57	¥ 0
Total assets	¥ 9	¥ 9	¥ 0	¥ 57	¥ 57	¥ 0
(2) Bonds (*3)	¥ 70,000	¥ 69,290	¥ (710)	¥ 80,000	¥ 79,505	¥ (495)
(3) Convertible-bond-type bonds with share acquisition rights	22,035	21,846	(189)	22,084	23,518	1,434
(4) Long-term bank loans	120,666	118,510	(2,156)	134,265	133,662	(603)
Total liabilities	¥ 212,701	¥ 209,646	¥ (3,055)	¥ 236,349	¥ 236,685	¥ 336
Derivative transactions (*4)	¥ (65)	¥ (65)	¥ –	¥ (1,269)	¥ (1,269)	¥ –

<i>Thousands of U.S. dollars</i>			
2025			
	Carrying value	Fair value	Difference
(1) Investment securities (*2)	\$ 60	\$ 60	\$ 0
Total assets	\$ 60	\$ 60	\$ 0
(2) Bonds (*3)	\$ 467,758	\$ 463,014	\$ (4,744)
(3) Convertible-bond-type bonds with share acquisition rights	147,244	145,981	(1,263)
(4) Long-term bank loans	806,321	791,914	(14,407)
Total liabilities	\$ 1,421,323	\$ 1,400,909	\$ (20,414)
Derivative transactions (*4)	\$ (434)	\$ (434)	\$ –

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 14. Financial Instruments (continued)

##### Fair value of financial instruments (continued)

\*1: 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, and Accrued income taxes are omitted since these items are cash or are settled in short time period and thus fair value is similar to their carrying amounts.

\*2: Unlisted stocks without a market price are not included in (1) Investment securities. This financial instruments on the consolidate balance sheets as of March 31, 2025 and 2024, are shown in the following table.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Unlisted stocks	<b>¥ 23,226</b>	¥ 22,213	<b>\$ 155,202</b>
Total	<b>¥ 23,226</b>	¥ 22,213	<b>\$ 155,202</b>

\*3: The current portion of bonds payable is included in bonds payable.

\*4: 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)

**14. 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, 2025 and 2024 are as follows:

	<i>Millions of yen</i>			
	<b>2025</b>			
	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	¥ 127,713	¥ –	¥ –	¥ –
Short-term investments	3,805	–	–	–
Trade receivables	111,963	–	–	–
Electronically recorded monetary claims	7,584	–	–	–
Short-term loans receivable included in other current assets	71	–	–	–
<b>Total</b>	<b>¥ 251,136</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥ –</b>

  

	<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	–	–	–
<b>Total</b>	<b>¥ 257,986</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥ –</b>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**14. Financial Instruments (continued)**

**Fair value of financial instruments (continued)**

	<i>Thousands of U.S. dollars</i>			
	<b>2025</b>			
	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	\$ 853,411	\$ –	\$ –	\$ –
Short-term investments	25,426	–	–	–
Trade receivables	748,166	–	–	–
Electronically recorded monetary claims	50,678	–	–	–
Short-term loans receivable included in other current assets	475	–	–	–
<b>Total</b>	<b>\$ 1,678,156</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

Note 2: The redemption schedule for long-term debt is disclosed in Note 9 “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)

**14. Financial Instruments (continued)**

**Fair value hierarchy (continued)**

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

	<i>Millions of yen</i>			
	<b>2025</b>			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ 8	¥ –	¥ –	¥ 8
Total assets	¥ 8	¥ –	¥ –	¥ 8
Derivative transactions				
Currency related	¥ –	¥ (65)	¥ –	¥ (65)
Total liabilities	¥ –	¥ (65)	¥ –	¥ (65)

	<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>Thousands of U.S. dollars</i>			
	<b>2025</b>			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	\$ 53	\$ –	\$ –	\$ 53
Total assets	\$ 53	\$ –	\$ –	\$ 53
Derivative transactions				
Currency related	\$ –	\$ (434)	\$ –	\$ (434)
Total liabilities	\$ –	\$ (434)	\$ –	\$ (434)

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**14. 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>				
<b>2025</b>				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ –	¥ 1	¥ –	¥ 1
Total assets	¥ –	¥ 1	¥ –	¥ 1
Bonds	¥ –	¥ 69,290	¥ –	¥ 69,290
Convertible bonds	–	21,846	–	21,846
Long-term bank loans	–	118,510	–	118,510
Total liabilities	¥ –	¥ 209,646	¥ –	¥ 209,646

<i>Millions of yen</i>				
<b>2024</b>				
	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>Thousands of U.S. dollars</i>				
<b>2025</b>				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	\$ –	\$ 7	\$ –	\$ 7
Total assets	\$ –	\$ 7	\$ –	\$ 7
Bonds	\$ –	\$ 463,014	\$ –	\$ 463,014
Convertible bonds	–	145,981	–	145,981
Long-term bank loans	–	791,914	–	791,914
Total liabilities	\$ –	\$ 1,400,909	\$ –	\$ 1,400,909

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 14. 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 the 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 are 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 and therefore is classified into Level 2.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**15. 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, 2025 and 2024 is summarized as follows:

**Currency-related transactions**

Classification	Transaction	<i>Millions of yen</i>			
		Notional amount	More than one year	Fair value	Valuation gain (loss)
		<b>2025</b>			
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 3,143	¥ –	¥ (33)	¥ (33)
	U.S. dollars	24,479	–	(59)	(59)
	Other	1,065	–	19	19
Over-the-counter transactions	Interest-rate and cross currency swaps				
	Receive/fixed yen and pay/fixed Euro				
	Receive/fixed yen and pay/fixed U.S. dollars	17,953	–	8	8
	Total	<u>¥ 46,640</u>	<u>¥ –</u>	<u>¥ (65)</u>	<u>¥ (65)</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**15. 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>				
		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	¥ 6,363	¥ –	¥ (134)	¥ (134)	
	U.S. dollars	30,486	–	(802)	(802)	
	Other	3,836	–	(87)	(87)	
	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)	
	<b>Total</b>		<u>¥ 64,160</u>	<u>¥ –</u>	<u>¥ (1,269)</u>	<u>¥ (1,269)</u>
			<i>Thousands of U.S. dollars</i>			
		2025				
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)	
Over-the-counter transactions	Forward foreign currency exchange contracts					
	Selling:					
	Euro	\$ 21,002	\$ –	\$ (221)	\$ (221)	
	U.S. dollars	163,575	–	(394)	(394)	
	Other	7,117	–	128	128	
	Interest-rate and cross currency swaps					
	Receive/fixed yen and pay/fixed Euro					
	Receive/fixed yen and pay/fixed U.S. dollars	119,967	–	53	53	
	<b>Total</b>		<u>\$ 311,661</u>	<u>\$ –</u>	<u>\$ (434)</u>	<u>\$ (434)</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**15. Derivative Financial Instruments and Hedging Activities (continued)**

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

There were no derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2025.

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

Method of hedge accounting	Transaction	Millions of yen		
		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)

\*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 14 “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, 2025 and 2024, respectively, their fair value is included in that of accounts-trade receivable.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 16. Selling, General and Administrative Expenses

Main items of “Selling, General and Administrative Expenses” for the years ended March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Salaries and wages to employees	¥ <b>44,533</b>	¥ 42,738	\$ <b>297,581</b>
Packing and transportation costs	<b>14,883</b>	15,540	<b>99,452</b>
Outsourcing expenses	<b>14,031</b>	13,452	<b>93,759</b>
Research and development costs	<b>12,781</b>	11,385	<b>85,406</b>
Retirement benefit expenses	<b>1,106</b>	1,671	<b>7,391</b>

#### 17. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥19,656 million (\$131,346 thousand) and ¥18,234 million for the years ended March 31, 2025 and 2024, respectively.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 18. Gain on Sales of Fixed Assets

A breakdown of gain on sales of fixed assets recognized by the Group for the years ended March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Gain on sales of land and buildings of the Company's consolidated subsidiaries in Americas	¥ 465	–	\$ 3,107
Gain on sales of land and buildings of the Company's consolidated subsidiaries in Europe	¥ 112	¥ 2,171	\$ 748
Others	¥ 170	¥ 162	\$ 1,137
Total	<u>¥ 747</u>	<u>¥ 2,333</u>	<u>\$ 4,992</u>

#### 19. Loss on Business Restructuring

Loss on business restructuring for the years ended March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Loss on business restructuring in Americas	¥ (3,083)	¥ (1,379)	\$ (20,601)
Loss on business restructuring in Europe	¥ (3,688)	¥ (1,740)	\$ (24,644)
Loss on business restructuring in Asia	¥ (401)	–	\$ (2,680)
Total	<u>¥ (7,172)</u>	<u>¥ (3,119)</u>	<u>\$ (47,925)</u>

#### 20. Loss on Surcharge Payments under the Anti-Monopoly Act

In the consolidated fiscal year ended March 31, 2025, the Company has negotiated the compensation of damages with some customers in association with investigations by the authorities about the competition laws. We considered the effects on our business of the long-term negotiation and reached a conclusion to pay a settlement to make the benefits for both parties for amicable and early resolution.

With regard to this settlement, the Company recorded 909 million yen in the fiscal year ended March 31, 2025 as loss related to Anti-Monopoly Act in extraordinary losses.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**21. Other Comprehensive Income**

The following table presents the analysis of other comprehensive income for the years ended March 31, 2025 and 2024.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Net unrealized holding loss on securities:			
Amount arising during the year	¥ (93)	¥ 715	\$ (621)
Reclassification adjustments for gains included in profit	(27)	(2,231)	(181)
Before income taxes and tax effect	(120)	(1,516)	(802)
Income taxes and tax effect	7	472	47
Total	(113)	(1,044)	(755)
Translation adjustments:			
Amount arising during the year	(3,094)	29,438	(20,675)
Reclassification adjustments for gains included in profit	—	—	—
Before income taxes and tax effect	(3,094)	29,438	(20,675)
Income taxes and tax effect	—	—	—
Total	(3,094)	29,438	(20,675)
Retirement benefit liability adjustments:			
Amount arising during the year	1,735	11,615	11,594
Reclassification adjustments for gains included in profit	(1,413)	205	(9,442)
Before income taxes and tax effect	322	11,820	2,152
Income taxes and tax effect	127	(3,213)	848
Total	449	8,607	3,000
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	947	1,080	6,328
Reclassification adjustments for gains included in profit	—	—	—
Total	947	1,080	6,328
Other comprehensive (loss) income, net	¥ (1,811)	¥ 38,081	\$ (12,102)

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 22. Income Taxes

Income taxes applicable to the Group 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, 2025 and 2024, 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, 2025 and 2024 differ from the Company's statutory tax rate for the following reasons:

	<b>2025</b>	2024
Statutory tax rate	(*1)	29.9%
Permanent non-deductible expenses		6.6
Permanent non-taxable income		(0.1)
Elimination of dividend income		9.6
Equity in earnings of affiliates		(0.8)
Difference in overseas consolidated subsidiaries' applicable tax rate		(11.4)
Decrease in valuation allowance		(1.9)
Tax credit for research and development expenses		(5.9)
Unrealized inter-company profit		0.0
Undistributed earnings of subsidiaries and affiliates		(1.7)
Other		2.2
Effective tax rate	(1)	26.5%

\*1 The details of the differences between the statutory tax rate and effective tax rate for the year ended March 31, 2025 are omitted because the Group recorded a loss before income taxes for the year.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**22. 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, 2025 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Deferred tax assets:			
Tax loss carryforwards	¥ <b>40,640</b>	¥ 36,232	\$ <b>271,567</b>
Liability for retirement benefits	<b>12,623</b>	12,384	<b>84,350</b>
Impairment loss	<b>7,926</b>	7,679	<b>52,964</b>
Accrued expenses	<b>3,582</b>	3,055	<b>23,936</b>
Inventories	<b>2,435</b>	2,872	<b>16,271</b>
Other	<b>6,367</b>	5,995	<b>42,546</b>
Gross deferred tax assets	<b>73,573</b>	68,217	<b>491,634</b>
Valuation allowance for tax loss carryforwards	<b>(38,700)</b>	(33,790)	<b>(258,603)</b>
Valuation allowance for taxable temporary differences	<b>(16,085)</b>	(9,214)	<b>(107,484)</b>
Less: valuation allowance	<b>(54,785)</b>	(43,004)	<b>(366,087)</b>
Total deferred tax assets	<b>18,788</b>	25,213	<b>125,547</b>
Deferred tax liabilities:			
Undistributed earnings of subsidiaries and affiliates	<b>(7,951)</b>	(6,986)	<b>(53,131)</b>
Depreciation and amortization	<b>(4,481)</b>	(6,004)	<b>(29,943)</b>
Gain on contribution of securities to retirement benefit trust	<b>(1,185)</b>	(1,843)	<b>(7,918)</b>
Asset for retirement benefits	<b>(1,614)</b>	(1,223)	<b>(10,785)</b>
Reserve for deferred gain on property included in retained earnings	<b>(884)</b>	(885)	<b>(5,907)</b>
Unrealized holding gain on securities	<b>1</b>	(5)	<b>6</b>
Other	<b>(1,480)</b>	(1,624)	<b>(9,890)</b>
Total deferred tax liabilities	<b>(17,594)</b>	(18,570)	<b>(117,568)</b>
Net deferred tax assets (liabilities)	<b>¥ 1,194</b>	¥ 6,643	<b>\$ 7,979</b>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**22. Income Taxes (continued)**

Note: Tax loss carryforwards and related deferred tax assets as of March 31, 2025 and 2024 expired or will expire as follows:

Year ending March 31,	<i>Millions of yen</i>		
	<b>2025</b>		
	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2026	¥ 77	¥ (77)	¥ –
2027	168	(168)	–
2028	339	(339)	–
2029	300	(300)	–
2030	692	(672)	20
2031 and thereafter	39,064	(37,144)	1,920
Total	¥ 40,640	¥ (38,700)	(*2) ¥ 1,940

  

Year ending March 31,	<i>Millions of yen</i>		
	<b>2024</b>		
	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

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**22. Income Taxes (continued)**

Note: Tax loss carryforwards and related deferred tax assets as of March 31, 2025 and 2024 expired or will expire as follows (continued):

Year ending March 31,	<i>Thousands of U.S. dollars</i>		
	<b>2025</b>		
	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2026	\$ 515	\$ (515)	\$ –
2027	1,123	(1,123)	–
2028	2,265	(2,265)	–
2029	2,005	(2,005)	–
2030	4,624	(4,490)	134
2031 and thereafter	261,035	(248,205)	12,830
Total	<u>\$ 271,567</u>	<u>\$ (258,603)</u>	<u>(*2) \$ 12,964</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 ¥1,940 million (\$12,964 thousand) and ¥2,442 million arising from tax loss carryforwards of ¥40,640 million (\$271,567 thousand) and ¥36,232 million calculated after multiplying the loss amount with the statutory tax rates as of March 31, 2025 and 2024, 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.

Note: Revision of Deferred Tax Assets and Liabilities Due to Changes in Tax Rates  
On March 31, 2025, the “Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)” was enacted by the National Diet of Japan. As a result, the “Special Defense Corporate Tax” will be imposed from the fiscal year beginning on or after April 1, 2026. Accordingly, deferred tax assets and liabilities related to temporary differences expected to be reversed on or after April 1, 2026 have been recalculated using the revised statutory effective tax rate, which was changed from 29.9% to 30.8%. As a result of this tax rate change, deferred tax assets (after deducting the amount of deferred tax liabilities) increased by ¥134 million (\$895 thousand), income taxes – deferred decreased by ¥255 million (\$1,704 thousand) and retirement benefit liability adjustments decreased by 121 million (\$809 thousand), respectively.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 23. Amounts per Share

Amounts per share at March 31, 2025 and 2024 and for the years then ended are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>2025</b>	2024	<b>2025</b>
Net assets	<b>¥ 439.89</b>	¥ 497.83	<b>\$ 2.94</b>
(Loss) profit attributable to owners of parent:			
Basic	<b>(44.90)</b>	19.91	<b>(0.30)</b>
Diluted	—	18.65	—
Cash dividends	<b>11.00</b>	10.00	<b>0.07</b>

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

Basic (loss) profit attributable to owners of parent per share is computed based on the (loss) 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 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 year ended March 31, 2025. Diluted profit attributable to owners of parent per share for the year ended March 31, 2025 is not presented, because the loss per share was reported despite the existence of potentially dilutive shares of common stock.

The Company recorded shares held by the “Officer Remuneration BIP Trust” (Refer to “Performance-linked stock compensation scheme” in Note 5 “Additional Information”) as treasury stock in the consolidated financial statements as of March 31, 2025 and 2024. Accordingly, to compute “net assets per share,” the Company’s shares held by the trust (2,186,380 shares and 644,949 shares at March 31, 2025 and 2024, respectively) are included in treasury stock that is excluded from the number of shares outstanding as of March 31, 2025 and 2024. In addition, to compute “(loss) profit attributable to owners of parent per share,” the Company’s shares held by the trust (1,527,127 and 665,617 average number of shares for the years ended March 31, 2025 and 2024, respectively) are included in treasury stock that is excluded from the computation of the average number of shares for the years ended March 31, 2025 and 2024.

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)

### 24. Revenue Recognition

#### 1. Breakdown of revenue from contracts with customers

The Group are mainly engaged in the manufacture and sale of bearing and others, CVJ/Axle to the aftermarket, general industrial machinery market and the automotive market.

The breakdown of revenue arising from contracts with customers for the years ended March 31, 2025 and 2024 is summarized as follows:

<i>Millions of yen</i>					
<b>2025</b>					
	Japan	Americas	Europe	Asia and other areas	Total
Bearing and Others	¥ 113,575	¥ 65,104	¥ 85,978	¥ 76,047	¥ 340,704
CVJ/Axle	101,670	204,399	100,351	78,464	484,884
<b>Total</b>	<b>¥ 215,245</b>	<b>¥ 269,503</b>	<b>¥ 186,329</b>	<b>¥ 154,511</b>	<b>¥ 825,588</b>
<i>Millions of yen</i>					
<b>2024</b>					
	Japan	Americas	Europe	Asia and other areas	Total
Bearing and Others	¥ 117,818	¥ 64,319	¥ 86,789	¥ 77,851	¥ 346,777
CVJ/Axle	98,259	207,935	101,192	82,122	489,508
<b>Total</b>	<b>¥ 216,077</b>	<b>¥ 272,254</b>	<b>¥ 187,981</b>	<b>¥ 159,973</b>	<b>¥ 836,285</b>
<i>Thousands of U.S. dollars</i>					
<b>2025</b>					
	Japan	Americas	Europe	Asia and other areas	Total
Bearing and Others	\$ 758,938	\$ 435,042	\$ 574,527	\$ 508,166	\$ 2,276,672
CVJ/Axle	679,385	1,365,847	670,572	524,316	3,240,121
<b>Total</b>	<b>\$ 1,438,323</b>	<b>\$ 1,800,889</b>	<b>\$ 1,245,099</b>	<b>\$ 1,032,482</b>	<b>\$ 5,516,793</b>

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 24. Revenue Recognition (continued)

##### 2. Breakdown of revenue from contracts with customers (continued)

- \*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.
- \*3 The segmentation for breakdown of revenue, which for the year ended March 31, 2024 was “for the aftermarket,” “for the general industrial machinery market,” and “for the automotive market” based on the similarity of face-to-face markets, has been changed to the “bearings and others” and “CVJ/Axle” segments in consolidated fiscal year. This change is due to the change from a market-oriented organization to a product-oriented organization in the “DRIVE NTN100” Final mid-term management plan started in the consolidated fiscal year, with the aim of improving profit margins for OEMs and strengthening supply capabilities for aftermarket. Therefore, the figures for the year ended March 31, 2024 have been reclassified to reflect this change.

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **24. 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 Group are omitted for the years ended March 31, 2025 and 2024 since the Group 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 Group is omitted for the years ended March 31, 2025 and 2024 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, 2025 and 2024.

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 25. Segment Information

#### 1. Outline of reporting segments

The Group's 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 are mainly engaged in the manufacture and sale of bearing and others, CVJ/Axle to the aftermarket, general industrial machinery market and the 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 have 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 and others, CVJ/Axle.

#### 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)

**25. 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, 2025 and 2024

Reportable segment information for the years ended March 31, 2025 and 2024 is summarized as follows:

	<i>Millions of yen</i>						
	<b>2025</b>						
	Reporting segments					Adjustments	Consolidated
	Japan	Americas	Europe	Asia and other areas	Total	(*1)	
<b>Sales, profit and assets or liabilities by reporting segments:</b>							
Net sales:							
Sales to third parties	¥ 215,245	¥ 269,503	¥ 186,329	¥ 154,511	¥ 825,588	¥ –	¥ 825,588
Inter-segment sales and transfers	139,236	2,386	4,189	14,046	159,857	(159,857)	–
Total	354,481	271,889	190,518	168,557	985,445	(159,857)	825,588
Segment profit or loss	¥ 11,207	¥ (395)	¥ (4,163)	¥ 14,757	¥ 21,406	¥ 1,554	¥ 22,960
Segment assets	¥ 714,260	¥ 172,498	¥ 159,922	¥ 224,807	¥ 1,271,487	¥ (415,061)	¥ 856,426
Segment liabilities	¥ 458,916	¥ 146,523	¥ 96,720	¥ 36,978	¥ 739,137	¥ (131,410)	¥ 607,727
<b>Other items:</b>							
Depreciation and amortization	¥ 16,538	¥ 11,213	¥ 8,095	¥ 6,534	¥ 42,380	¥ –	¥ 42,380
Capital expenditures	¥ 17,725	¥ 3,404	¥ 9,692	¥ 4,351	¥ 35,172	¥ (58)	¥ 35,114

# NTN Corporation and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 25. 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, 2025 and 2024 (continued)

<i>Millions of yen</i>							
2024							
Reporting segments							
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments (*1)	Consolidated
<b>Sales, profit and assets or liabilities by reporting segments:</b>							
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	<u>¥ 15,223</u>	<u>¥ (199)</u>	<u>¥ (2,228)</u>	<u>¥ 15,797</u>	<u>¥ 28,593</u>	<u>¥ (444)</u>	<u>¥ 28,149</u>
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
<b>Other items:</b>							
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)

#### 25. 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, 2025 and 2024 (continued)

<i>Thousands of U.S. dollars</i>							
2025							
Reporting segments							
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments (*1)	Consolidated
<b>Sales, profit and assets or liabilities by reporting segments:</b>							
Net sales:							
Sales to third parties	\$ 1,438,323	\$ 1,800,889	\$ 1,245,099	\$ 1,032,482	\$ 5,516,793	\$ –	\$ 5,516,793
Inter-segment sales and transfers	<u>930,411</u>	<u>15,944</u>	<u>27,992</u>	<u>93,859</u>	<u>1,068,206</u>	<u>(1,068,206)</u>	<u>–</u>
Total	<u>2,368,734</u>	<u>1,816,833</u>	<u>1,273,091</u>	<u>1,126,341</u>	<u>6,584,999</u>	<u>(1,068,206)</u>	<u>5,516,793</u>
Segment profit or loss	<u>\$ 74,888</u>	<u>\$ (2,639)</u>	<u>\$ (27,818)</u>	<u>\$ 98,610</u>	<u>\$ 143,041</u>	<u>\$ 10,384</u>	<u>\$ 153,425</u>
Segment assets	<u>\$ 4,772,870</u>	<u>\$ 1,152,676</u>	<u>\$ 1,068,640</u>	<u>\$ 1,502,219</u>	<u>\$ 8,496,405</u>	<u>\$ (2,773,545)</u>	<u>\$ 5,722,860</u>
Segment liabilities	<u>\$ 3,066,595</u>	<u>\$ 979,105</u>	<u>\$ 646,308</u>	<u>\$ 247,097</u>	<u>\$ 4,939,105</u>	<u>\$ (878,116)</u>	<u>\$ 4,060,989</u>
<b>Other items:</b>							
Depreciation and amortization	\$ 110,511	\$ 74,928	\$ 54,093	\$ 43,662	\$ 283,194	\$ –	\$ 283,194
Capital expenditures	\$ 118,443	\$ 22,746	\$ 64,764	\$ 29,075	\$ 235,028	\$ (387)	\$ 234,641

(\*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 ¥417,261 million (\$2,788,246 thousand) and ¥413,026 million and the corporate assets of the Group of ¥2,200 million (\$14,701 thousand) and ¥1,346 million for the years ended March 31, 2025 and 2024, respectively. The corporate assets are mainly long-term investment funds (investment securities) for the years ended March 31, 2025 and 2024.

(\*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)

**25. 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, 2025 and 2024 are summarized as follows:

	<i>Millions of yen</i>		
	<b>2025</b>		
	Bearing and Others	CVJ/Axle	Total
Sales to third parties	<b>¥ 340,704</b>	<b>¥ 484,884</b>	<b>¥ 825,588</b>

  

	<i>Millions of yen</i>		
	2024		
	Bearing and Others	CVJ/Axle	Total
Sales to third parties	¥ 346,777	¥ 489,508	¥ 836,285

  

	<i>Thousands of U.S. dollars</i>		
	<b>2025</b>		
	Bearing and Others	CVJ/Axle	Total
Sales to third parties	<b>\$ 2,276,672</b>	<b>\$ 3,240,121</b>	<b>\$ 5,516,793</b>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**25. 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, 2025 and 2024 are summarized as follows:

<i>Millions of yen</i>				
<b>2025</b>				
Japan	Americas	Europe	Asia and other areas	Total
<b>¥ 210,675</b>	<b>¥ 273,409</b>	<b>¥ 167,265</b>	<b>¥ 174,239</b>	<b>¥ 825,588</b>
<i>Millions of yen</i>				
<b>2024</b>				
Japan	Americas	Europe	Asia and other areas	Total
<b>¥ 210,025</b>	<b>¥ 274,726</b>	<b>¥ 171,460</b>	<b>¥ 180,074</b>	<b>¥ 836,285</b>
<i>Thousands of U.S. dollars</i>				
<b>2025</b>				
Japan	Americas	Europe	Asia and other areas	Total
<b>\$ 1,407,785</b>	<b>\$ 1,826,990</b>	<b>\$ 1,117,708</b>	<b>\$ 1,164,310</b>	<b>\$ 5,516,793</b>

“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 ¥224,081 million (\$1,497,367 thousand) and ¥227,053 million for the years ended March 31, 2025 and 2024, respectively.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**25. 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, 2025 and 2024 are summarized as follows:

<i>Millions of yen</i>				
<b>2025</b>				
Japan	Americas	Europe	Asia and other areas	Total
<b>¥ 104,079</b>	<b>¥ 73,162</b>	<b>¥ 45,767</b>	<b>¥ 31,067</b>	<b>¥ 254,075</b>

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

<i>Thousands of U.S. dollars</i>				
<b>2024</b>				
Japan	Americas	Europe	Asia and other areas	Total
<b>\$ 695,483</b>	<b>\$ 488,887</b>	<b>\$ 305,827</b>	<b>\$ 207,598</b>	<b>\$ 1,697,795</b>

1. Property, plant and equipment in “Americas” in the amount of ¥65,496 million (\$437,661 thousand) and ¥74,906 million is located in the U.S.A. at March 31, 2025 and 2024, respectively.
2. Property, plant and equipment in “Europe” in the amount of ¥33,694 million (\$225,152 thousand) and ¥32,060 million is located in France at March 31, 2025 and 2024, respectively.
3. Property, plant and equipment in “Asia and other areas” in the amount of ¥20,013 million (\$133,732 thousand) and ¥25,182 million is located in China at March 31, 2025 and 2024, respectively.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**25. 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, 2025 and 2024 is summarized as follows:

<i>Millions of yen</i>					
<b>2025</b>					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
<b>¥ 5,735</b>	<b>¥ 1,959</b>	<b>¥ 2,226</b>	<b>¥ 1,815</b>	<b>¥ –</b>	<b>¥ 11,735</b>

<i>Millions of yen</i>					
<b>2024</b>					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
¥ 2,359	¥ –	¥ 768	¥ 1,041	¥ –	¥ 4,168

<i>Thousands of U.S. dollars</i>					
<b>2025</b>					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
<b>\$ 38,322</b>	<b>\$ 13,091</b>	<b>\$ 14,875</b>	<b>\$ 12,128</b>	<b>\$ –</b>	<b>\$ 78,416</b>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**25. 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, 2025 and 2024 is summarized as follows:

	<i>Millions of yen</i>					
	<b>2025</b>					
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	<b>¥214</b>	¥–	¥–	¥–	¥–	<b>¥214</b>
Unamortized balance of goodwill as of March 31, 2025	¥ –	¥–	¥–	¥–	¥–	¥ –
	<i>Millions of yen</i>					
	<b>2024</b>					
	<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>Thousands of U.S. dollars</i>					
	<b>2025</b>					
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	<b>\$ 1,430</b>	\$ –	\$ –	\$ –	\$ –	<b>\$ 1,430</b>
Unamortized balance of goodwill as of March 31, 2025	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

## NTN Corporation and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 26. 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, 2025 and for the year then ended, was approved at the annual general meeting of the shareholders held on June 25, 2025:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Year-end cash dividends (¥5.5 (U.S. \$0.04) per share)	¥2,924	\$19,539

Note : The total amount of cash dividends approved at the annual general meeting of the shareholders held on June 25, 2025 includes ¥12 million (\$80 thousand) of the dividends for the shares of the Company held by the BIP Trust.