

Consolidated Financial Statements

NTN Corporation

*Year Ended March 31, 2026
with Independent Auditor's Report*

NTN Corporation and Consolidated Subsidiaries

Consolidated Financial Statements

Year Ended March 31, 2026

Contents

Consolidated Financial Statements

Independent Auditor's Report	1
Consolidated Balance Sheet	6
Consolidated Statement of Operations	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Changes in Net Assets	10
Consolidated Statement of Cash Flows	13
Notes to Consolidated Financial Statements	15

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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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.

Emphasis of Matter

We draw attention to Note 26 "Subsequent Events" to the consolidated financial statements.

The Company and NSK Ltd. ("NSK"; together with NTN, the "Companies") hereby announce that they have reached a basic agreement to establish a joint holding company by way of a joint share transfer and to integrate their businesses (the "Business Integration"). The Companies have executed a memorandum of understanding for the Business Integration after passing resolutions at their respective board of directors meetings as of May 12, 2026, to execute the said agreement.

Our opinion is not qualified in respect of this matter.



Shape the future
with confidence

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.

Reasonableness of determination of recognition of impairment loss on fixed assets	
Description of Key Audit Matter	Auditor’s Response
<p>Property, plant and equipment, net of 259,320 million yen and intangible fixed assets of 26,463 million yen included in other assets were recorded on the consolidated balance sheet of the Group as at March 31, 2026 and collectively accounting for 32.5% of total assets.</p> <p>As described in the Notes to the Consolidated Financial Statements (3. Significant Accounting Estimates and Judgments), the Group determined that an indication of impairment existed for certain asset groups; however, 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 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, with respect to the estimate of the total amount of undiscounted future cash flows used to determine whether an impairment loss should be recognized for certain asset groups:</p> <ul style="list-style-type: none"> • We compared the estimation period of future cash flows with the remaining economic lives of the major assets. • We evaluated the consistency of the business plan. Furthermore, we compared the business plan for prior years with actual results to evaluate the accuracy of the estimation of future cash flows. • We discussed with the management the sales volume and sales price, 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. • 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.



Shape the future
with confidence

Other Information

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

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

Responsibilities of Management 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.



Shape the future
with confidence

- 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.
- 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, 2026 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.



Shape the future
with confidence

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, 2026 are 540 million yen and 123 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Osaka, Japan

June 17, 2026

Yusaku Iriyama

Designated Engagement Partner
Certified Public Accountant

Daiki Takai

Designated Engagement Partner
Certified Public Accountant

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Assets			
Current assets:			
Cash and cash equivalents <i>(Note 14)</i>	¥ 131,256	¥ 127,713	\$ 821,608
Short-term investments <i>(Note 14)</i>	1,375	3,805	8,607
Trade receivables <i>(Note 14)</i> :			
Notes	833	1,189	5,214
Accounts	119,339	110,774	747,013
Electronically recorded monetary claims <i>(Note 14)</i>	10,487	7,584	65,644
Allowance for doubtful accounts	(670)	(924)	(4,194)
	<u>129,989</u>	<u>118,623</u>	<u>813,677</u>
Inventories <i>(Note 6)</i>	245,851	244,367	1,538,925
Other current assets <i>(Note 14)</i>	36,530	39,354	228,664
Total current assets	<u>545,001</u>	<u>533,862</u>	<u>3,411,481</u>
Property, plant and equipment, at cost <i>(Note 7)</i> :			
Land <i>(Note 2(g))</i>	31,960	31,331	200,056
Buildings and structures <i>(Note 2(g))</i>	279,678	264,539	1,750,668
Machinery, equipment and vehicles <i>(Note 2(g))</i>	917,187	900,356	5,741,210
Construction in progress	24,411	17,193	152,803
	<u>1,253,236</u>	<u>1,213,419</u>	<u>7,844,737</u>
Less accumulated depreciation	(993,915)	(959,344)	(6,221,495)
Property, plant and equipment, net <i>(Notes 3 and 25)</i>	<u>259,321</u>	<u>254,075</u>	<u>1,623,242</u>
Investments and other assets:			
Investment securities <i>(Notes 8 and 14)</i>	1,219	1,205	7,630
Investments in unconsolidated subsidiaries and affiliates <i>(Note 14)</i>	23,132	22,030	144,797
Asset for retirement benefits <i>(Note 10)</i>	11,836	7,212	74,088
Deferred income taxes <i>(Note 22)</i>	6,951	3,375	43,510
Other assets	31,216	34,667	195,399
Total investments and other assets	<u>74,354</u>	<u>68,489</u>	<u>465,424</u>
Total assets <i>(Note 25)</i>	<u>¥ 878,676</u>	<u>¥ 856,426</u>	<u>\$ 5,500,147</u>

NTN Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet (continued)

March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (<i>Notes 9 and 14</i>)	¥ 102,072	¥ 91,645	\$ 638,928
Current portion of bonds payable	10,000	50,000	62,596
Current portion of convertible-bond-type bonds with share acquisition rights	–	22,035	–
Current portion of long-term debt and lease obligations (<i>Notes 9 and 14</i>)	38,411	53,266	240,437
Trade payables (<i>Note 14</i>):			
Notes	37	228	232
Accounts	63,015	58,876	394,448
Electronically recorded obligations	66,261	69,239	414,766
	<u>129,313</u>	<u>128,343</u>	<u>809,446</u>
Accrued income taxes (<i>Notes 14 and 22</i>)	5,203	5,179	32,569
Other current liabilities	76,934	72,047	481,575
Total current liabilities (<i>Note 25</i>)	<u>361,933</u>	<u>422,515</u>	<u>2,265,551</u>
Long-term liabilities:			
Bonds payable	20,000	20,000	125,192
Long-term loans and lease obligations (<i>Notes 9 and 14</i>)	165,747	133,546	1,037,507
Liability for retirement benefits (<i>Note 10</i>)	11,138	19,748	69,719
Provision for product defect compensation	682	445	4,269
Deferred income taxes (<i>Note 22</i>)	478	2,181	2,992
Other long-term liabilities	7,308	9,293	45,745
Total long-term liabilities (<i>Note 25</i>)	<u>205,353</u>	<u>185,213</u>	<u>1,285,424</u>
Contingent liabilities (<i>Note 12</i>)			
Net assets:			
Shareholders' equity (<i>Note 11</i>):			
Common stock:			
Authorized – 1,800,000,000 shares			
Issued – 597,533,017 shares in 2026 and 532,463,527 shares in 2025	65,347	54,347	409,045
Capital surplus	78,970	67,970	494,319
Retained earnings	54,643	46,387	342,043
Treasury stock, at cost: 3,026,733 shares in 2026 and 3,038,095 shares in 2025 (<i>Note 5</i>)	(1,199)	(1,203)	(7,505)
Total shareholders' equity	<u>197,761</u>	<u>167,501</u>	<u>1,237,902</u>
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities (<i>Note 8</i>)	111	98	695
Translation adjustments	82,053	55,544	513,618
Retirement benefit liability adjustments (<i>Note 10</i>)	16,971	9,742	106,231
Total accumulated other comprehensive income, net	<u>99,135</u>	<u>65,384</u>	<u>620,544</u>
Non-controlling interests	14,494	15,813	90,726
Total net assets	<u>311,390</u>	<u>248,698</u>	<u>1,949,172</u>
Total liabilities and net assets	<u>¥ 878,676</u>	<u>¥ 856,426</u>	<u>\$ 5,500,147</u>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Operations

Year Ended March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Net sales (<i>Notes 24 and 25</i>)	¥ 826,344	¥ 825,588	\$ 5,172,570
Cost of sales (<i>Note 17</i>)	<u>674,569</u>	<u>684,222</u>	<u>4,222,521</u>
Gross profit	151,775	141,366	950,049
Selling, general and administrative expenses (<i>Notes 16 and 17</i>)	<u>120,740</u>	118,406	<u>755,783</u>
Operating income (<i>Note 25</i>)	<u>31,035</u>	<u>22,960</u>	<u>194,266</u>
Other income (expenses):			
Interest and dividend income	1,759	1,999	11,011
Interest expense	(7,823)	(8,968)	(48,969)
Equity in earnings of affiliates	131	857	820
Foreign exchange (loss) gain, net	488	(4,397)	3,055
Loss on valuation of derivatives	(47)	–	(294)
Gain on sales of investment securities (<i>Note 8</i>)	–	79	–
Gain on sales of fixed assets (<i>Note 18</i>)	3,075	747	19,248
Loss on impairment of fixed assets (<i>Notes 3, 7 and 25</i>)	(8,090)	(11,735)	(50,640)
Loss on business restructuring (<i>Note 19</i>)	(3,160)	(7,172)	(19,780)
Loss on sale of shares of subsidiaries and affiliates	(107)	–	(670)
Loss on surcharge payments under the Anti- Monopoly Act (<i>Note 20</i>)	–	(909)	–
Other, net	(2,059)	(2,054)	(12,889)
Profit (loss) before income taxes	<u>15,202</u>	<u>(8,593)</u>	<u>95,158</u>
Income taxes (<i>Note 22</i>):			
Current	8,934	8,718	55,923
Deferred	(7,717)	5,471	(48,305)
	<u>1,217</u>	<u>14,189</u>	<u>7,618</u>
Profit (loss)	13,985	(22,782)	87,540
Profit (loss) attributable to:			
Non-controlling interests	(1,114)	1,020	(6,973)
Owners of parent	<u>¥ 12,871</u>	<u>¥ (23,802)</u>	<u>\$ 80,567</u>

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income

Year Ended March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Profit (loss)	¥ 13,985	¥(22,782)	\$ 87,540
Other comprehensive (loss) income (Note 21):			
Net unrealized holding gain (loss) on securities	13	(113)	81
Translation adjustments	28,674	(3,094)	179,487
Retirement benefit liability adjustments	7,143	449	44,712
Share of other comprehensive income of affiliates accounted for by the equity method	609	947	3,813
Other comprehensive income (loss), net	<u>36,439</u>	<u>(1,811)</u>	<u>228,093</u>
Comprehensive income (loss)	<u>¥ 50,424</u>	<u>¥(24,593)</u>	<u>\$ 315,633</u>
 Total comprehensive income (loss) attributable to:			
Owners of parent	¥ 47,977	¥(25,493)	\$ 300,316
Non-controlling interests	¥ 2,447	¥ 900	\$ 15,317

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2026

	<i>Millions of yen</i>				
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2024	532,463,527	54,347	67,970	75,771	(834)
Cash dividends paid	–	–	–	(5,582)	–
Loss attributable to owners of parent	–	–	–	(23,802)	–
Change in scope of consolidation	–	–	–	–	–
Purchases of treasury stock	–	–	–	–	(540)
Sales of treasury stock	–	–	–	–	171
Other changes	–	–	–	–	–
Balance at April 1, 2025	532,463,527	54,347	67,970	46,387	(1,203)
Conversion of convertible bonds	65,069,490	11,000	11,000	–	–
Cash dividends paid	–	–	–	(5,848)	–
Profit attributable to owners of parent	–	–	–	12,871	–
Change in scope of consolidation	–	–	–	1,233	–
Purchases of treasury stock	–	–	–	–	(0)
Sales of treasury stock	–	–	–	–	4
Other changes	–	–	–	–	–
Balance at March 31, 2026	597,533,017	¥ 65,347	¥ 78,970	¥ 54,643	¥(1,199)

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2026

	<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, 2024	211	57,533	9,332	16,491	280,822
Cash dividends paid	–	–	–	–	(5,582)
Loss attributable to owners of parent	–	–	–	–	(23,802)
Change in scope of consolidation	–	–	–	–	–
Purchases of treasury stock	–	–	–	–	(540)
Sales of treasury stock	–	–	–	–	171
Other changes	(113)	(1,989)	410	(678)	(2,371)
Balance at April 1, 2025	98	55,544	9,742	15,813	248,698
Conversion of convertible bonds	–	–	–	–	22,000
Cash dividends paid	–	–	–	–	(5,848)
Profit attributable to owners of parent	–	–	–	–	12,871
Change in scope of consolidation	–	–	–	–	1,233
Purchases of treasury stock	–	–	–	–	(0)
Sales of treasury stock	–	–	–	–	4
Other changes	13	26,509	7,229	(1,319)	32,432
Balance at March 31, 2026	¥ 111	¥ 82,053	¥16,971	¥ 14,494	¥ 311,390

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets (continued)

Year Ended March 31, 2026

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, 2025	\$ 340,190	\$ 425,464	\$ 290,363	\$ (7,530)	\$ 613
Conversion of convertible bonds	68,855	68,855	—	—	—
Cash dividends paid	—	—	(36,606)	—	—
Profit attributable to owners of parent	—	—	80,567	—	—
Change in scope of consolidation	—	—	7,719	—	—
Purchases of treasury stock	—	—	—	(0)	—
Sales of treasury stock	—	—	—	25	—
Other changes	—	—	—	—	82
Balance at March 31, 2026	<u>\$ 409,045</u>	<u>\$ 494,319</u>	<u>\$ 342,043</u>	<u>\$ (7,505)</u>	<u>\$ 695</u>

Thousands of U.S. dollars (Note 1)

	Translation adjustments	Retirement benefit liability adjustments	Non- controlling interests	Total net assets
Balance at April 1, 2025	\$ 347,682	\$ 60,981	\$ 98,982	\$ 1,556,745
Conversion of convertible bonds	—	—	—	137,710
Cash dividends paid	—	—	—	(36,606)
Profit attributable to owners of parent	—	—	—	80,567
Change in scope of consolidation	—	—	—	7,719
Purchases of treasury stock	—	—	—	(0)
Sales of treasury stock	—	—	—	25
Other changes	165,936	45,250	(8,256)	203,012
Balance at March 31, 2026	<u>\$ 513,618</u>	<u>\$106,231</u>	<u>\$ 90,726</u>	<u>\$ 1,949,172</u>

NTN Corporation and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

Year Ended March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Cash flows from operating activities:			
Profit (loss) before income taxes	¥ 15,202	¥ (8,593)	\$ 95,158
Adjustments for:			
Depreciation and amortization	40,494	42,380	253,476
Loss on impairment of fixed assets	8,090	11,735	50,640
Loss on sale of shares of subsidiaries and affiliates	107	–	670
Amortization of goodwill	–	214	–
Loss on business restructuring	3,160	7,172	19,780
Loss on surcharge payments under the Anti-Monopoly Act	–	909	–
Decrease in allowance for doubtful accounts	(508)	(392)	(3,180)
Increase (decrease) in provision for directors' and audit & supervisory board members' bonuses	22	(7)	138
Increase (decrease) in provision for product defect compensation	237	(298)	1,484
Decrease in liability for retirement benefits	(2,162)	(1,317)	(13,533)
Increase in asset for retirement benefits	(4,535)	(922)	(28,387)
Interest and dividend income	(1,759)	(1,999)	(11,011)
Interest expense	7,823	8,968	48,969
Translation adjustments and foreign exchange gain (loss), net	(345)	2,588	(2,160)
(Loss) gain on valuation of derivatives, net	47	(1,219)	294
Equity in earnings of affiliates	(131)	(857)	(820)
Gain on sales of fixed assets	(3,075)	(747)	(19,248)
Increase (decrease) in trade receivable	(2,932)	7,218	(18,353)
Decrease in inventories	14,641	15,993	91,647
Decrease in trade payables	(2,819)	(9,897)	(17,646)
Other	3,506	(6,197)	21,946
Subtotal	75,063	64,732	469,864
Interest and dividend income received	2,578	2,402	16,137
Interest paid	(7,542)	(9,808)	(47,210)
Business restructuring paid	(3,533)	–	(22,115)
Surcharge payments under the Anti-Monopoly Act	–	(909)	–
Income taxes paid	(9,386)	(10,794)	(58,752)
Net cash provided by operating activities	¥ 57,180	¥ 45,623	\$ 357,924

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

Year Ended March 31, 2026

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2026	2025	2026
Cash flows from investing activities:			
(Decrease) increase in short-term investments, net	¥ 2,563	¥ (1,073)	\$ 16,043
Purchases of property, plant and equipment	(29,118)	(23,536)	(182,267)
Proceeds from sales of property, plant and equipment	3,213	1,283	20,112
Purchases of other assets	(3,066)	(2,911)	(19,192)
Proceeds from sales of investments in affiliated company	55	299	344
Other	76	(23)	476
Net cash used in investing activities	(26,277)	(25,961)	(164,484)
Cash flows from financing activities:			
Decrease in short-term bank loans, net	3,527	15,590	22,078
Proceeds from long-term debt	78,500	34,000	491,377
Repayment of long-term debt, including current portion	(102,887)	(46,723)	(644,030)
Redemption of bonds	–	(10,000)	–
Cash dividends paid	(5,848)	(5,582)	(36,606)
Repayment of lease obligations	(4,817)	(4,045)	(30,152)
Other	(3,799)	(1,947)	(23,780)
Net cash used in financing activities	(35,324)	(18,707)	(221,113)
Effect of exchange rate changes on cash and cash equivalents	8,063	(509)	50,471
Net increase in cash and cash equivalents	3,642	446	22,798
Cash and cash equivalents at beginning of the year	127,713	127,267	799,430
Decrease in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	(99)	–	(620)
Cash and cash equivalents at end of the year <i>(Note 15)</i>	¥ 131,256	¥ 127,713	\$ 821,608

See accompanying notes to the consolidated financial statements.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2026

1. Basis of Preparation

The accompanying consolidated financial statements of NTN Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) 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 IFRS accounting Standards (“IFRS”), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

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

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

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at $\text{¥}159.755 = \text{U.S. } \1.00 , the exchange rate prevailing on March 31, 2026. 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 method.

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, 2026 include the accounts of the Company, its 58 subsidiaries (14 domestic and 44 overseas) and 9 companies accounted for using the equity method (2 non-consolidated subsidiaries and 7 affiliated companies).

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 realizable value.

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

Property, plant and equipment are stated at carrying amount. 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, 2026 and 2025 were reduced by the following amounts:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Land	¥ 773	¥ 773	\$ 4,839
Buildings and structures	414	390	2,591
Machinery, equipment and vehicles	145	132	908
Total	<u>¥ 1,332</u>	<u>¥ 1,295</u>	<u>\$ 8,338</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 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, 2026 and 2025 consisting of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Loss on impairment of fixed assets	¥ 8,090	¥ 11,735	\$ 50,640
Property, plant and equipment	259,321	254,075	1,623,242
Intangible assets	26,463	29,760	165,647

The Group determine whether there is an indication that an asset or each asset group may be impaired based on internal company information including profit or loss information or the business plan.

The Group also identify indications of impairment based on external information, including the business environment or fair value of assets.

In assessing impairment loss, the Group consider whether there is concern about recovery of the carrying amount due to changes in the corporate environment or economic events. If it is determined that an impairment loss should be recognized, the book value is reduced to the recoverable amount.

The Group may determine the recognition of impairment loss is unnecessary if the total amount of the undiscounted future cash flow exceeds carrying amount 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 sales volume, the sales price and the expected net realizable value of property upon ultimate disposal in the business plan. In addition, to measure impairment loss on an asset or asset group, the main assumptions used to calculate the recoverable amount are the sales volume, the sales price, the expected net realizable value of property upon ultimate disposal and discount rate.

If these assumptions are varied mainly due to changes in external information including market environment or management environment, there is a possibility that impairment losses may be recognized additionally in the fiscal year ending March 31, 2027.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Accounting Standards Issued but Not Yet Effective

- Accounting Standard for Leases (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, 2026 totaled ¥559 million (\$3,499 thousand) and 2,173,564 shares, and at March 31, 2025 totaled ¥562 million and 2,186,380 shares, respectively.

6. Inventories

Inventories at March 31, 2026 and 2025 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Finished goods	¥ 133,484	¥ 127,160	\$ 835,555
Work in process	56,122	58,714	351,300
Raw materials and supplies	56,245	58,493	352,070
Total	¥ 245,851	¥ 244,367	\$ 1,538,925

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Impairment of Fixed Assets

The 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 ¥8,090 million (\$50,640 thousand) and ¥11,735 million in the accompanying consolidated statement of operations for the years ended March 31, 2026 and 2025, respectively:

Location	Usage	Classification	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
			2026	2025	2026
Japan	Production equipment and other	Buildings and structures	¥ 343	¥ 702	\$ 2,147
		Machinery, equipment and vehicles	4,278	2,373	26,779
		Land	–	628	–
		Construction in progress	–	644	–
		Goodwill	–	1,340	–
		Other	368	47	2,303
Americas	Production equipment and other	Machinery, equipment and vehicles	1,555	1,892	9,734
		Other	2	67	13
Europe	Production equipment and other	Buildings and structures	46	12	288
		Machinery, equipment and vehicles	–	2,166	–
		Other	55	48	344
Asia and other areas	Production equipment and other	Buildings and structures	–	1,324	–
		Machinery, equipment and vehicles	1,273	452	7,968
		Construction in progress	152	40	951
		Other	18	–	113
Total			¥ 8,090	¥11,735	\$ 50,640

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. 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 7.1%, 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, 2026 and 2025 is summarized as follows:

	<i>Millions of yen</i>					
	2026			2025		
	Carrying value	Acquisition costs	Unrealized gain (loss)	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	9	9	0	9	9	0
Total	¥ 9	¥ 9	0	¥ 9	¥ 9	0

	<i>Thousands of U.S. dollars</i>		
	2026		
	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	56	56	0
Total	\$ 56	\$ 56	0

* The unlisted stocks without market prices are not included in the above table in the amount of ¥1,210 million (\$7,574 thousand) and ¥1,196 million for the years ended March 31, 2026 and 2025, 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 for the years ended March 31, 2025.

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 2.80% and 3.39% at March 31, 2026 and 2025, respectively.

Long-term debt and lease obligations at March 31, 2026 and 2025 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Loans from banks and other financial institutions, due through 2031, at an average annual interest rate of 1.70%	¥ 187,101	¥ 170,314	\$ 1,171,175
0.490% bonds due 2027	10,000	10,000	62,596
0.430% bonds due 2028	10,000	10,000	62,596
2.5% bonds due 2051(*1)	–	50,000	–
3.431% bonds due 2055(*2)	10,000	–	62,596
Euro-yen Zero Coupon Convertible Bonds due 2025 (bonds with share acquisition rights) (*3)	–	22,035	–
Lease obligations due through 2115	17,057	16,498	106,769
Total	234,158	278,847	1,465,732
Less current portion	(48,411)	(125,301)	(303,033)
Total	¥ 185,747	¥ 153,546	\$ 1,162,699

*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 is 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: A fixed interest rate of 3.431% is applied from December 19, 2025 to December 18, 2030. After December 19, 2030, the interest rate will be variable.

*3: Euro yen zero coupon convertible bonds due in 2025 with a gross amount of ¥22,000 million (\$137,711 thousand) are convertible into shares of common stock of the Company at ¥338.1 (\$2.12) per share exercisable from October 6, 2023 to December 5, 2025. All convertible bonds have been exercised and converted into common stocks of the Company have been completed.

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, 2026 are summarized as follows:

Year ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2027	¥ 48,411	\$ 303,033
2028	48,619	304,335
2029	36,643	229,370
2030	42,603	266,677
2031	21,517	134,687
2032 and thereafter	36,365	227,630
Total	¥ 234,158	\$ 1,465,732

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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Retirement benefit obligation at the beginning of the year	¥ 93,895	¥ 96,203	\$ 587,744
Service cost	4,223	3,902	26,434
Interest cost	1,945	1,966	12,175
Actuarial gain	(6,777)	(1,091)	(42,421)
Benefits paid	(9,158)	(7,011)	(57,325)
Other	2,277	(74)	14,252
Retirement benefit obligation at the end of the year	¥ 86,405	¥ 93,895	\$ 540,859

* 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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Plan assets at fair value at the beginning of the year	¥ 81,359	¥ 80,930	\$ 509,274
Expected return on plan assets	1,703	1,662	10,660
Actuarial gain	4,457	676	27,899
Contributions by the employers	1,728	1,828	10,817
Benefits paid	(3,616)	(3,522)	(22,635)
Other	1,472	(215)	9,213
Plan assets at fair value at the end of the year	¥ 87,103	¥ 81,359	\$ 545,228

(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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Funded retirement benefit obligation	¥ 77,571	¥ 85,674	\$ 485,562
Plan assets at fair value	(87,103)	(81,359)	(545,228)
	(9,532)	4,315	(59,666)
Unfunded retirement benefit obligation	8,834	8,221	55,297
Net amount of liabilities and assets recognized in the consolidated balance sheet	(698)	12,536	(4,369)
Liability for retirement benefits	11,138	19,748	69,719
Asset for retirement benefits	(11,836)	(7,212)	(74,088)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ (698)	¥ 12,536	\$ (4,369)

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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Service cost	¥ 4,223	¥ 3,902	\$ 26,434
Interest cost	1,945	1,966	12,175
Expected return on plan assets	(1,703)	(1,662)	(10,660)
Amortization:			
Actuarial gain or loss	(1,218)	(1,315)	(7,624)
Past service cost	—	—	—
Retirement benefit expenses	¥ 3,247	¥ 2,891	\$ 20,325

- (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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Actuarial loss	¥ 10,016	¥ 453	\$ 62,696
Past service cost	—	—	—
Total	¥ 10,016	¥ 453	\$ 62,696

- (6) The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before income taxes and tax effect) as of March 31, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Unrecognized actuarial gain	¥ 24,720	¥ 14,704	\$154,737
Unrecognized past service cost	—	—	—
Total	¥ 24,720	¥ 14,704	\$154,737

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, 2026 and 2025 are as follows:

	<u>2026</u>	<u>2025</u>
Bonds	44.6%	46.3%
Equities	21.6	23.9
General accounts at life insurance companies	9.2	6.2
Other	24.6	23.6
Total	<u>100.0%</u>	<u>100.0%</u>

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

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

	<u>2026</u>	<u>2025</u>
Discount rate	Principally 2.8%	Principally 1.2%
Expected long-term rate of return on plan assets	Principally 1.8%	Principally 1.8%

3. Defined contribution pension plans

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Contributions to defined contribution pension plans	¥ 2,237	¥ 2,298	\$ 14,003

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Shareholders' Equity

- (a) In accordance with the Companies Act of Japan and upon approval at the Annual General Meeting of Shareholders, the Company reduced its legal reserve by ¥8,639 million (\$54,077 thousand) during the year ended March 31, 2026, and the entire amount was transferred to retained earnings brought forward.

This transaction represents a reclassification within retained earnings, and has no impact on the total amount of retained earnings or the results of operations.

The legal reserve of the Company included in retained earnings amounted to ¥8,639 million as of March 31, 2025, whereas no such balance remained as of March 31, 2026.

- (b) Movements in shares issued and treasury stock during the years ended March 31, 2026 and 2025 are summarized as follows:

	<i>Number of shares</i>			
	2026			
	April 1, 2025	Increase	Decrease	March 31, 2026
Shares issued:				
Common stock	532,463,527	65,069,490	–	597,533,017
Treasury stock:				
Common stock	3,038,095	1,454	12,816	3,026,733

The increase in treasury stock of 1,454 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 12,816 shares was mainly due to disposal of shares by the “Officer Remuneration BIP Trust” for the year ended March 31, 2026. Refer to “Performance-linked stock compensation scheme” in Note 5 “Additional Information.” Additionally, the Company included 2,173,564 shares held by the “Officer Remuneration BIP Trust” in the number of treasury stock at March 31, 2026.

	<i>Number of shares</i>			
	2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares issued:				
Common stock	532,463,527	–	–	532,463,527
Treasury stock:				
Common stock	1,496,526	2,112,238	568,669	3,038,095

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Shareholders' Equity (continued)

The increase in treasury stock of 2,112,238 shares was due to 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.

12. Contingent Liabilities

Lawsuits

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

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

On September 5, 2024, Renault revised its claim to €62.49 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, 2026 for non-cancelable operating leases are as follows:

Years ended March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2027	¥ 659	\$ 4,125
2028 and thereafter	843	5,277
Total	¥ 1,502	\$ 9,402

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 fiscal year, the Group utilized forward foreign currency exchange agreements, 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.

Short-term loans are mainly utilized for financing of operating activities. Long-term loans and bonds payable are mainly utilized for capital investments and financing. These have maturity dates of 30 years or less, at the longest, subsequent to March 31, 2026. Certain loans are exposed to fluctuation risk of interest rates and fluctuation risk of exchange rates and these risks are hedged by derivative transactions of interest-rate and cross currency swap agreements and 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, currency swap agreements for the year ended March 31, 2026.

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 and cross currency swap agreements and 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, 2026 and 2025, are shown in the following table.

	<i>Millions of yen</i>					
	2026			2025		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Investment securities (*2)	¥ 9	¥ 9	¥ 0	¥ 9	¥ 9	¥ 0
Total assets	¥ 9	¥ 9	¥ 0	¥ 9	¥ 9	¥ 0
(2) Bonds (*3)	¥ 30,000	¥ 29,441	¥ (559)	¥ 70,000	¥ 69,290	¥ (710)
(3) Convertible-bond-type bonds with share acquisition rights	—	—	—	22,035	21,846	(189)
(4) Long-term bank loans	153,147	149,836	(3,311)	120,666	118,510	(2,156)
Total liabilities	¥ 183,147	¥ 179,277	¥ (3,870)	¥ 212,701	¥ 209,646	¥ (3,055)
Derivative transactions (*4)	¥ (132)	¥ (132)	¥ —	¥ (65)	¥ (65)	¥ —

	<i>Thousands of U.S. dollars</i>		
	2026		
	Carrying value	Fair value	Difference
(1) Investment securities (*2)	\$ 56	\$ 56	\$ 0
Total assets	\$ 56	\$ 56	\$ 0
(2) Bonds (*3)	\$ 187,788	\$ 184,288	\$ (3,500)
(3) Convertible-bond-type bonds with share acquisition rights	—	—	—
(4) Long-term bank loans	958,637	937,911	(20,726)
Total liabilities	\$ 1,146,425	\$ 1,122,199	\$ (24,226)
Derivative transactions (*4)	\$ (826)	\$ (826)	\$ —

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, Trade payable and notes, 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, 2026 and 2025, are shown in the following table.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Unlisted stocks	¥ 24,342	¥23,226	\$ 152,371
Total	¥ 24,342	¥23,226	\$ 152,371

*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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>			
	2026			
	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	¥ 131,256	¥ –	¥ –	¥ –
Short-term investments	1,375	–	–	–
Trade receivables	120,172	–	–	–
Electronically recorded monetary claims	10,487	–	–	–
Short-term loans receivable included in other current assets	61	–	–	–
Total	¥ 263,351	¥ –	¥ –	¥ –

	<i>Millions of yen</i>			
	2025			
	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	–	–	–
Total	¥ 251,136	¥ –	¥ –	¥ –

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>			
	2026			
	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	\$ 821,608	\$ –	\$ –	\$ –
Short-term investments	8,607	–	–	–
Trade receivables	752,227	–	–	–
Electronically recorded monetary claims	65,644	–	–	–
Short-term loans receivable included in other current assets	382	–	–	–
Total	\$ 1,648,468	\$ –	\$ –	\$ –

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>				
2026				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ –	¥ 8	¥ –	¥ 8
Total assets	¥ –	¥ 8	¥ –	¥ 8
Derivative transactions				
Currency related	¥ –	¥ (132)	¥ –	¥ (132)
Total liabilities	¥ –	¥ (132)	¥ –	¥ (132)
 <i>Millions of yen</i>				
2025				
	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>Thousands of U.S. dollars</i>				
2026				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	\$ –	\$ 50	\$ –	\$ 50
Total assets	\$ –	\$ 50	\$ –	\$ 50
Derivative transactions				
Currency related	\$ –	\$ (826)	\$ –	\$ (826)
Total liabilities	\$ –	\$ (826)	\$ –	\$ (826)

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>				
2026				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	¥ –	¥ 1	¥ –	¥ 1
Total assets	¥ –	¥ 1	¥ –	¥ 1
Bonds	¥ –	¥ 29,441	¥ –	¥ 29,441
Convertible bonds	–	–	–	–
Long-term bank loans	–	149,836	–	149,836
Total liabilities	¥ –	¥ 179,277	¥ –	¥ 179,277

<i>Millions of yen</i>				
2025				
	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>Thousands of U.S. dollars</i>				
2026				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other current assets				
Stocks	\$ –	\$ 6	\$ –	\$ 6
Total assets	\$ –	\$ 6	\$ –	\$ 6
Bonds	\$ –	\$ 184,288	\$ –	\$ 184,288
Convertible bonds	–	–	–	–
Long-term bank loans	–	937,911	–	937,911
Total liabilities	\$ –	\$ 1,122,199	\$ –	\$ 1,122,199

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 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 provided by financial institutions who are counterparties to the transaction 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, 2026 and 2025 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)
		2026			
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 2,998	¥ –	¥ 13	¥ 13
	U.S. dollars	10,518	–	(144)	(144)
Over-the-counter transactions	Other	12,802	–	(123)	(123)
	Interest-rate and cross currency swaps				
	Receive/fixed CNY and pay/fixed yen	9,568	–	122	122
	Total	<u>¥ 35,886</u>	<u>¥ –</u>	<u>¥(132)</u>	<u>¥(132)</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>			
		2025			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	¥ 3,143	¥ –	¥ (33)	¥ (33)
Over-the-counter transactions	U.S. dollars	24,479	–	(59)	(59)
	Other	1,065	–	19	19
	Interest-rate and cross currency swaps				
	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>
		<i>Thousands of U.S. dollars</i>			
		2026			
Classification	Transaction	Notional amount	More than one year	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts				
	Selling:				
	Euro	\$ 18,766	\$ –	\$ 81	\$ 81
Over-the-counter transactions	U.S. dollars	65,838	–	(901)	(901)
	Other	80,135	–	(770)	(770)
	Interest-rate and cross currency swaps				
	Receive/fixed CNY and pay/fixed yen	59,892	–	764	764
	Total	<u>\$ 224,631</u>	<u>\$ –</u>	<u>\$ (826)</u>	<u>\$ (826)</u>

(b) Derivative transactions to which hedge accounting is applied

There were no derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2026 and 2025, respectively.

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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Salaries and wages to employees	¥ 46,545	¥ 44,533	\$ 291,352
Packing and transportation costs	15,058	14,883	94,257
Outsourcing expenses	14,022	14,031	87,772
Research and development costs	13,050	12,781	81,688
Retirement benefit expenses	1,264	1,106	7,912

17. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥19,950 million (\$124,879 thousand) and ¥19,656 million for the years ended March 31, 2026 and 2025, respectively.

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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Gain on sales of land and buildings of the Company’s consolidated subsidiaries in Europe	¥ 2,561	¥ 112	\$ 16,031
Gain on sales of land and buildings of the Company’s consolidated subsidiaries in Americas	¥ 344	¥ 465	\$ 2,153
Others	¥ 170	¥ 170	\$ 1,064
Total	<u>¥ 3,075</u>	<u>¥ 747</u>	<u>\$ 19,248</u>

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Loss on Business Restructuring

Loss on business restructuring for the years ended March 31, 2026 and 2025 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Loss on business restructuring in Europe	¥ (1,145)	¥ (3,083)	\$ (7,167)
Loss on business restructuring in Americas	¥ (925)	¥ (3,688)	\$ (5,790)
Loss on business restructuring in Asia	¥ (751)	¥ (401)	\$ (4,701)
Loss on business restructuring in Japan	¥ (339)	¥ –	\$ (2,122)
Total	<u>¥ (3,160)</u>	<u>¥ (7,172)</u>	<u>\$ (19,780)</u>

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

In the fiscal year ended March 31, 2025, the Company negotiated compensation of damages with some customers in connection with investigations by the authorities regarding violations of competition laws. Considering the impact of prolonged negotiations on the Company's business, the Company concluded that paying a settlement would be in the best interests of both parties in order to achieve an amicable and early resolution.

In connection with this settlement, the Company recorded ¥909 million loss on surcharge payments under the Anti-Monopoly Act under extraordinary losses for the year ended March 31, 2025.

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, 2026 and 2025.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2026	2025	2026
Net unrealized holding loss on securities:			
Amount arising during the year	¥ 14	¥ (93)	\$ 87
Reclassification adjustments for gains included in profit	—	(27)	—
Before income taxes and tax effect	14	(120)	87
Income taxes and tax effect	(1)	7	(6)
Total	13	(113)	81
Translation adjustments:			
Amount arising during the year	28,674	(3,094)	179,487
Reclassification adjustments for gains included in profit	—	—	—
Before income taxes and tax effect	28,674	(3,094)	179,487
Income taxes and tax effect	—	—	—
Total	28,674	(3,094)	179,487
Retirement benefit liability adjustments:			
Amount arising during the year	11,316	1,735	70,833
Reclassification adjustments for gains included in profit	(1,259)	(1,413)	(7,881)
Before income taxes and tax effect	10,057	322	62,952
Income taxes and tax effect	(2,914)	127	(18,240)
Total	7,143	449	44,712
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	604	947	3,781
Reclassification adjustments for gains included in profit	5	—	32
Total	609	947	3,813
Other comprehensive (loss) income, net	¥ 36,439	¥ (1,811)	\$ 228,093

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, 2026 and 2025, 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, 2026 and 2025 differ from the Company's statutory tax rate for the following reasons:

	2026	2025
Statutory tax rate	29.9%	(*1)
Permanent non-deductible expenses	3.6	
Permanent non-taxable income	(1.0)	
Elimination of dividend income	15.7	
Equity in earnings of affiliates	0.4	
Difference in overseas consolidated subsidiaries' applicable tax rate	(10.3)	
Decrease in valuation allowance	(1.4)	
Tax credit for research and development expenses	(4.8)	
Unrealized inter-company profit	(12.4)	
Undistributed earnings of subsidiaries and affiliates	0.2	
Tax rate change	(6.6)	
Other	(5.3)	
Effective tax rate	8.0	

*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, 2026 and 2025 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Deferred tax assets:			
Tax loss carryforwards	¥ 43,380	¥ 40,640	\$ 271,541
Liability for retirement benefits	10,188	12,623	63,773
Impairment loss	8,325	7,926	52,111
Accrued expenses	4,320	3,582	27,041
Inventories	3,996	2,435	25,013
Other	8,615	6,367	53,926
Gross deferred tax assets	<u>78,824</u>	<u>73,573</u>	<u>493,405</u>
Valuation allowance for tax loss carryforwards	(41,221)	(38,700)	(258,026)
Valuation allowance for taxable temporary differences	(12,949)	(16,085)	(81,055)
Less: valuation allowance	<u>(54,170)</u>	<u>(54,785)</u>	<u>(339,081)</u>
Total deferred tax assets	<u>24,654</u>	<u>18,788</u>	<u>154,324</u>
Deferred tax liabilities:			
Undistributed earnings of subsidiaries and affiliates	(7,977)	(7,951)	(49,933)
Depreciation and amortization	(5,349)	(4,481)	(33,483)
Gain on contribution of securities to retirement benefit trust	(512)	(1,185)	(3,205)
Asset for retirement benefits	(1,924)	(1,614)	(12,043)
Reserve for deferred gain on property included in retained earnings	(865)	(884)	(5,415)
Unrealized holding gain on securities	-	1	-
Other	(1,554)	(1,480)	(9,727)
Total deferred tax liabilities	<u>(18,181)</u>	<u>(17,594)</u>	<u>(113,806)</u>
Net deferred tax assets (liabilities)	<u>¥ 6,473</u>	<u>¥ 1,194</u>	<u>\$ 40,518</u>

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, 2026 and 2025 expired or will expire as follows:

Year ending March 31,	<i>Millions of yen</i>		
	2026		
	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2027	¥ 163	¥ (163)	¥ –
2028	378	(378)	–
2029	336	(336)	–
2030	600	(600)	–
2031	895	(895)	–
2032 and thereafter	41,008	(38,849)	2,159
Total	¥ 43,380	¥ (41,221)	(*2) ¥ 2,159

Year ending March 31,	<i>Millions of yen</i>		
	2025		
	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

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, 2026 and 2025 expired or will expire as follows (continued):

Year ending March 31,	<i>Thousands of U.S. dollars</i>		
	2026		
	Tax loss carryforwards (*1)	Valuation allowance for tax loss carryforwards	Deferred tax assets for tax loss carryforwards
2027	\$ 1,020	\$ (1,020)	\$ –
2028	2,366	(2,366)	–
2029	2,103	(2,103)	–
2030	3,756	(3,756)	–
2031	5,602	(5,602)	–
2032 and thereafter	256,694	(243,179)	13,515
Total	<u>\$ 271,541</u>	<u>\$ (258,026)</u>	<u>(*2) \$ 13,515</u>

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

(*2) The balance of deferred tax assets of ¥2,159 million (\$13,515 thousand) and ¥1,940 million arising from tax loss carryforwards of ¥43,380 million (\$271,541 thousand) and ¥40,640 million calculated after multiplying the loss amount with the statutory tax rates as of March 31, 2026 and 2025, respectively. A certain portion of tax loss carryforwards was considered to be recoverable in future income taxes because it is probable that future taxable profit would be available.

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

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Amounts per Share

Amounts per share at March 31, 2026 and 2025 and for the years then ended are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	2026	2025	2026
Net assets	¥ 499.40	¥ 439.89	\$ 3.13
Profit (loss) attributable to owners of parent:			
Basic	23.40	(44.90)	0.15
Diluted	—	—	—
Cash dividends	11.00	11.00	0.07

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

Basic profit (loss) attributable to owners of parent per share is computed based on the profit (loss) 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, 2026. 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. Diluted profit attributable to owners of parent per share for the year ended March 31, 2026 is not presented, because no potential shares existed.

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, 2026 and 2025. Accordingly, to compute “net assets per share,” the Company’s shares held by the trust (2,173,564 shares and 2,186,380 shares at March 31, 2026 and 2025, respectively) are included in treasury stock that is excluded from the number of shares outstanding as of March 31, 2026 and 2025. In addition, to compute “profit (loss) attributable to owners of parent per share,” the Company’s shares held by the trust (2,177,014 and 1,527,127 average number of shares for the years ended March 31, 2026 and 2025, respectively) are included in treasury stock that is excluded from the computation of the average number of shares for the years ended March 31, 2026 and 2025.

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, 2026 and 2025 is summarized as follows:

<i>Millions of yen</i>					
2026					
	Japan	Americas	Europe	Asia and other areas	Total
Bearing and Others	¥ 115,459	¥ 64,214	¥ 91,407	¥ 77,810	¥ 348,890
CVJ/Axle	100,933	198,310	102,155	76,056	477,454
Total	¥ 216,392	¥ 262,524	¥ 193,562	¥ 153,866	¥ 826,344
<i>Millions of yen</i>					
2025					
	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
Total	¥ 215,245	¥ 269,503	¥ 186,329	¥ 154,511	¥ 825,588
<i>Thousands of U.S. dollars</i>					
2026					
	Japan	Americas	Europe	Asia and other areas	Total
Bearing and Others	\$ 722,725	\$ 401,953	\$ 572,170	\$ 487,058	\$ 2,183,906
CVJ/Axle	631,799	1,241,338	639,448	476,079	2,988,664
Total	\$ 1,354,524	\$ 1,643,291	\$ 1,211,618	\$ 963,137	\$ 5,172,570

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Revenue Recognition (continued)

1. 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.

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, 2026 and 2025 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, 2026 and 2025 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, 2026 and 2025.

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, 2026 and 2025

Reportable segment information for the years ended March 31, 2026 and 2025 is summarized as follows:

	<i>Millions of yen</i>						
	2026						
	Reporting segments					Adjustments	Consolidated
	Japan	Americas	Europe	Asia and other areas	Total	(*1)	
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 216,392	¥ 262,524	¥ 193,562	¥ 153,866	¥ 826,344	¥ –	¥ 826,344
Inter-segment sales and transfers	135,770	1,068	3,900	13,866	154,604	(154,604)	–
Total	352,162	263,592	197,462	167,732	980,948	(154,604)	826,344
Segment profit or loss	¥ 9,193	¥ 5,470	¥ (1,061)	¥ 17,573	¥ 31,175	¥ (140)	¥ 31,035
Segment assets	¥ 705,866	¥ 177,258	¥ 173,068	¥ 232,354	¥ 1,288,546	¥ (409,870)	¥ 878,676
Segment liabilities	¥ 419,591	¥ 126,100	¥ 104,923	¥ 39,864	¥ 690,478	¥ (123,192)	¥ 567,286
Other items:							
Depreciation and amortization	¥ 16,327	¥ 9,788	¥ 8,216	¥ 6,163	¥ 40,494	¥ –	¥ 40,494
Capital expenditures	¥ 15,922	¥ 3,992	¥ 11,258	¥ 4,536	¥ 35,708	¥ (165)	¥ 35,543

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, 2026 and 2025 (continued)

<i>Millions of yen</i>							
2025							
Reporting segments							
	Japan	Americas	Europe	Asia and other areas	Total	Adjustments (*1)	Consolidated
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	¥ 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
Other items:							
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, 2026 and 2025 (continued)

Thousands of U.S. dollars

	2026						
	Reporting segments					Adjustments (*1)	Consolidated
	Japan	Americas	Europe	Asia and other areas	Total		
Sales, profit and assets or liabilities by reporting segments:							
Net sales:							
Sales to third parties	\$ 1,354,524	\$ 1,643,291	\$ 1,211,618	\$ 963,137	\$ 5,172,570	\$ –	\$ 5,172,570
Inter-segment sales and transfers	<u>849,864</u>	<u>6,686</u>	<u>24,412</u>	<u>86,795</u>	<u>967,757</u>	<u>(967,757)</u>	<u>–</u>
Total	<u>2,204,388</u>	<u>1,649,977</u>	<u>1,236,030</u>	<u>1,049,932</u>	<u>6,140,327</u>	<u>(967,757)</u>	<u>5,172,570</u>
Segment profit or loss	<u>\$ 57,544</u>	<u>\$ 34,240</u>	<u>\$ (6,641)</u>	<u>\$ 110,000</u>	<u>\$ 195,143</u>	<u>\$ (877)</u>	<u>\$ 194,266</u>
Segment assets	\$ 4,418,428	\$ 1,109,562	\$ 1,083,334	\$ 1,454,440	\$ 8,065,764	\$ (2,565,617)	\$ 5,500,147
Segment liabilities	\$ 2,626,466	\$ 789,334	\$ 656,774	\$ 249,532	\$ 4,322,106	\$ (771,131)	\$ 3,550,975
Other items:							
Depreciation and amortization	\$ 102,200	\$ 61,269	\$ 51,429	\$ 38,578	\$ 253,476	\$ –	\$ 253,476
Capital expenditures	\$ 99,666	\$ 24,988	\$ 70,470	\$ 28,393	\$ 223,517	\$ (1,033)	\$ 222,484

(*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 ¥411,086 million (\$2,573,228 thousand) and ¥417,261 million and the corporate assets of the Group of ¥1,215 million (\$7,605 thousand) and ¥2,200 million for the years ended March 31, 2026 and 2025, respectively. The corporate assets are mainly long-term investment funds (investment securities) for the years ended March 31, 2026 and 2025.

(*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, 2026 and 2025 are summarized as follows:

	<i>Millions of yen</i>		
	2026		
	Bearing and Others	CVJ/Axle	Total
Sales to third parties	¥ 348,890	¥ 477,454	¥ 826,344

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

	<i>Thousands of U.S. dollars</i>		
	2026		
	Bearing and Others	CVJ/Axle	Total
Sales to third parties	\$ 2,183,906	\$ 2,988,664	\$ 5,172,570

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, 2026 and 2025 are summarized as follows:

<i>Millions of yen</i>				
2026				
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Total</u>
¥ 211,592	¥ 267,200	¥ 173,583	¥ 173,969	¥ 826,344
<i>Millions of yen</i>				
2025				
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Total</u>
¥ 210,675	¥ 273,409	¥ 167,265	¥ 174,239	¥ 825,588
<i>Thousands of U.S. dollars</i>				
2026				
<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Total</u>
\$ 1,324,477	\$ 1,672,561	\$ 1,086,558	\$ 1,088,974	\$ 5,172,570

“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 ¥219,535 million (\$1,374,198 thousand) and ¥224,081 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 are summarized as follows:

<i>Millions of yen</i>				
2026				
Japan	Americas	Europe	Asia and other areas	Total
¥ 102,828	¥ 70,993	¥ 54,460	¥ 31,040	¥ 259,321

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

<i>Thousands of U.S. dollars</i>				
2026				
Japan	Americas	Europe	Asia and other areas	Total
\$ 643,660	\$ 444,387	\$ 340,897	\$ 194,298	\$ 1,623,242

1. Property, plant and equipment in “Americas” in the amount of ¥63,315 million (\$396,326 thousand) and ¥65,496 million is located in the U.S.A. at March 31, 2026 and 2025, respectively.
2. Property, plant and equipment in “Europe” in the amount of ¥42,446 million (\$265,694 thousand) and ¥33,694 million is located in France at March 31, 2026 and 2025, respectively.
3. Property, plant and equipment in “Asia and other areas” in the amount of ¥17,634 million (\$110,382 thousand) and ¥20,013 million is located in China at March 31, 2026 and 2025, 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, 2026 and 2025 is summarized as follows:

<i>Millions of yen</i>					
2026					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
¥ 4,989	¥ 1,557	¥ 101	¥ 1,443	¥ –	¥ 8,090

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

<i>Thousands of U.S. dollars</i>					
2026					
Japan	Americas	Europe	Asia and other areas	Adjustments	Total
\$ 31,229	\$ 9,746	\$ 632	\$ 9,033	\$ –	\$ 50,640

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, 2026 and 2025 is summarized as follows:

<i>Millions of yen</i>						
2026						
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	¥–	¥–	¥–	¥–	¥–	¥–
Unamortized balance of goodwill as of March 31, 2026	¥–	¥–	¥–	¥–	¥–	¥–
<i>Millions of yen</i>						
2025						
	<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, 2025	¥ –	¥–	¥–	¥–	¥–	¥ –
<i>Thousands of U.S. dollars</i>						
2026						
	<u>Japan</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia and other areas</u>	<u>Adjustments</u>	<u>Total</u>
Amortization of goodwill	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Unamortized balance of goodwill as of March 31, 2026	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event

1. Among the dividends for which the record date falls within the current fiscal year, the portion of the dividend for which the effective date falls in the next fiscal year

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements as of March 31, 2026 and for the year then ended, is scheduled to be resolved at the annual general meeting of the shareholders held on June 24, 2026:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Year-end cash dividends (¥5.5 (U.S. \$0.03) per share)	¥3,282	\$20,544

Note : The total amount of cash dividends approved at the annual general meeting of the shareholders held on June 24, 2026 includes ¥12 million (\$75 thousand) of the dividends for the shares of the Company held by the BIP Trust.

2. Execution of Memorandum of Understanding Regarding Business Integration

The Company and NSK Ltd. (“NSK”; together with NTN, the “Companies”) hereby announce that they have reached a basic agreement to establish a joint holding company (the “Holding Company”) by way of a joint share transfer (the “Share Transfer”) and to integrate their businesses (the “Business Integration”). The Companies have executed a memorandum of understanding for the Business Integration (the “Memorandum of Understanding”) after passing a resolution at their respective board of directors meetings as of May 12, 2026, to execute the said agreement.

(1) Background and Objectives of Management Consolidation

NTN has developed its business since its foundation in 1918 with bearings, drive shafts, and precision equipment as its main products, building a social reputation with its quality-first approach and its high level of technological expertise. NTN aims to achieve a "NAMERAKA (smooth) society" - a society where people can easily lead a secure and fulfilling life in harmony with nature - by practicing its corporate philosophy, "contribute to international society through creating new technologies and developing new products."

On the other hand, since its foundation in 1916, NSK has supported global industrial development by producing a variety of innovative products and technologies, including bearings, automotive products, and precision machine components. NSK's mission statement is to contribute to a safer, smoother society, help protect the global environment through its innovative technology integrating Motion & Control™, and work across national boundaries to improve relationships between people throughout the world.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(1) Background and Objectives of Management Consolidation (continued)

In this way, the Companies have grown through healthy competition as Japan-origin companies centered on bearings with more than 100 years of history. However, the business environment surrounding the Companies has seen rapid changes in recent years due to the slowdown in China's economic growth, weak conditions in the European manufacturing sector, as well as delays in market recovery and increasing uncertainty resulting from the impact of U.S. tariff policies, among other factors. The Companies are working on structural reforms, including production restructuring, to respond to these changes and achieve sustainable growth.

Under these circumstances, the Companies have reached a shared understanding that it is necessary to pursue the Business Integration in order to achieve long-term profitable growth going forward and to secure Japan's position as an industrial base in the world. Accordingly, they have entered into the Memorandum of Understanding.

As Japan-origin companies operating global businesses in fields such as bearings and precision equipment, the Companies will, through the integration, bring together their respective strengths to build a resilient and sustainable business foundation and contribute to industry, the environment, and society through business growth and value creation, while at the same time maintaining and enhancing their international competitiveness over the long term. With these objectives in mind, the Companies will step up discussions and deliberations for achieving the Business Integration based on a spirit of equality. Through the Business Integration, the Companies aim to (a) achieve long-term profitable growth backed by a sense of urgency, rather than mere expansion of the business scale, (b) ensure the effective succession of Japan-origin technologies, quality, and management and secure Japan's position as an industrial base in the world, and (c) contribute to achievement of a sustainable society.

(2) Summary of Management Consolidation

(a) Method of Management Consolidation

The Companies plan to implement the Business Integration in the form of a joint share transfer, under which the Companies will become wholly owned subsidiaries of a joint holding company to be established and the joint holding company will become the wholly owning parent company of the Companies, subject to shareholders meeting approval of each Company and the permits and approvals of the relevant authorities necessary for the Business Integration.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(2) Summary of Management Consolidation(continued)

(b) Schedule of Management Consolidation

Date of resolution at board of directors meeting	May 12, 2026
Date of execution of Memorandum of Understanding	May 12, 2026
Date of execution of Definitive Agreement for Business Integration (including preparation of share transfer plan)	Within around six (6) months after execution of the Memorandum of Understanding
Date of Companies' annual shareholders meetings (resolution to approve Share Transfer)	June 2027 (scheduled)
Date of establishment of Holding Company (effective date) and listing date	October 2027 (scheduled)

Note: The schedule above is the current plan and is subject to change due to future discussions between the Companies. The Companies will promptly announce if the schedule of the Business Integration changes or consideration thereof is suspended due to responses relating to U.S. securities laws, domestic and foreign competition laws necessary for implementation of the Business Integration, or other circumstances.

(c) Matters Related to Listing Application for Holding Company

The Companies plan to apply for a new listing (technical listing) of the shares of common stock of the newly established Holding Company on the Prime Market of Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"). The listing date is scheduled to be October 2027.

The Companies will become wholly owned subsidiaries of the Holding Company through the Share Transfer and will accordingly be delisted from the Tokyo Stock Exchange in connection with the listing of the Holding Company. However, shareholders of the Companies will continue to be able to trade the shares of the Holding Company delivered at the time of the Share Transfer on the Tokyo Stock Exchange due to the listing of the shares of the Holding Company.

The date of listing of the Holding Company and the date of delisting of the Companies will be determined in accordance with the rules of the Tokyo Stock Exchange.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(2) Summary of Management Consolidation(continued)

(d) Share Transfer Ratio

Based on the results of due diligence to be conducted in the future, the results of calculation of the share transfer ratio by the third-party valuation agencies respectively used by the Companies, the market stock price, and other factors, the Companies will, through good-faith discussions and deliberations, specify the share transfer ratio in a definitive agreement for the Business Integration (the “Definitive Agreement”).

(e) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Connection with Share Transfer

Neither of the Companies has issued stock acquisition rights or bonds with stock acquisition rights.

(f) Integration Preparatory Committee

The Companies will establish an integration preparatory committee to ensure the smooth realization of the Business Integration and will hold intensive discussions on the Business Integration.

(3) Overview of Holding Company

(a) Trade Name and Other Information

The trade name, head office location, representative, description of business, stated capital, and other particulars of the Holding Company will be decided by the execution of the Definitive Agreement upon future discussions between the Companies.

(b) Organization and Other Matters

(i) Organization

The Holding Company will be a company with nominating committee, etc.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(3) Overview of Holding Company(continued)

(b) Organization and Other Matters(continued)

(ii) Authority, functions, officers, etc.

At the time of its establishment, the Holding Company will have only the minimum functions required to ensure governance as a listed company and to promote the Business Integration. For the time being, the Companies will operate as wholly owned operating subsidiaries of the Holding Company, assuming responsibility for business operations while maintaining a balance between managerial autonomy and agility on the one hand and smooth execution of the group management strategy on the other. The future organizational structure will be examined by prioritizing early achievement of the synergies expected from the Business Integration.

The composition and other particulars of the board of directors of the Holding Company at the time of its establishment are planned to be as follows:

Chairman of board of directors (Chair of board meetings, Non-executive)	Nominated by NTN
Director, Representative Executive Officer, President and CEO	Nominated by NSK
Director, Representative Executive Officer, Vice President	Nominated by NTN
Director, Representative Executive Officer, Managing Officer and CFO	Nominated by NSK
Director (Audit Committee Member)(one (1) person)	Nominated by NSK
Outside Directors (Independent Officer)(five (5) persons)	To be decided after discussions between the Companies. However, there will be three (3) Outside Directors appointed from among candidates proposed by NSK and two (2) Outside Directors appointed from among candidates proposed by NTN.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(3) Overview of Holding Company(continued)

(b) Organization and Other Matters(continued)

(ii) Authority, functions, officers, etc. (continued)

The composition of the nominating committee of the Holding Company at the time of its establishment is planned to be as follows:

Director, Representative Executive Officer, President and CEO	
Director, Representative Executive Officer, Vice President	
Outside Director (Chair) (one (1) person)	To be decided after discussions between the Companies. However, the Outside Director (Chair) will be an Outside Director appointed from among candidates proposed by NSK.
Outside Directors other than the Outside Director above (three (3) persons)	To be decided after discussions between the Companies. However, there will be one (1) Outside Director appointed from among candidates proposed by NSK and two (2) Outside Directors appointed from among candidates proposed by NTN.

NTN Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Event (continued)

2. Execution of Memorandum of Understanding Regarding Business Integration (continued)

(4) Overview of Parties to Share Transfer

Trade name	NTN Corporation	NSK Ltd.
Date of incorporation	March 1918	November 1916
Location of head office	3-6-32 Nakanoshima, Kita-ku, Osaka	1-6-3 Osaki, Shinagawa-ku, Tokyo
Representative	Eiichi Ukai Director, Representative Executive Officer, President CEO	Akitoshi Ichii Director, Representative Executive Officer, President and CEO
Amount of stated capital	65,346 million yen (as of March 31, 2026)	67,176 million yen (as of March 31, 2026)
Description of business	Manufacture and sale of bearings, drive shafts, precision equipment products, etc.	Industrial Machinery Business (production and sales of industrial machinery bearings, precision machinery & parts, condition monitoring systems, etc.), Automotive Business (production and sales of bearings and automatic transmission components for car manufacturers and automotive component manufacturers, etc.), Steering Business (production and sales of steering systems and related products for car manufacturers.)
Total number of issued shares	597,533,017 shares (as of March 31, 2026)	500,000,000 shares (as of March 31, 2026)
Fiscal year-end	March 31	March 31

(5) Others

If the Business Integration is implemented, shares of the Holding Company will be delivered to shareholders of the Companies. It is likely that, pursuant to the U.S. Securities Act of 1933, the Companies will file a Form F-4 registration statement for the Business Integration with the U.S. Securities and Exchange Commission.