(Commencement date of electronic provision measures: June 3, 2025)

OTHER MATTERS SUBJECT TO ELECTRONIC PROVISION MEASURES FOR THE FISCAL 2024 (164th) ORDINARY GENERAL MEETING OF SHAREHOLDERS (MATTERS OMITTED FROM THE PAPER COPY OF MEETING MATERIALS)

(From April 1, 2024 to March 31, 2025)

NSK Ltd.

Consolidated Financial Statements: Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	77,897	375,402	(10,422)
Net income	—	—	10,647	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	10,647	—
Purchase of treasury shares	—	—	—	(9)
Disposal of treasury shares	—	(8)	—	122
Share-based payment transactions	—	285	—	—
Cash dividends	—	—	(15,655)	—
Changes due to loss of control of subsidiaries	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	4,600	—
Other	—	—	9	—
Total transactions with owners, etc.	—	276	(11,046)	112
Closing balance	67,176	78,174	375,003	(10,310)

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Other components of equity					Other components of equity related to disposal groups classified as held for sale	Total		
	Exchange differences on translating foreign operations	Cashflow hedges	Net changes in financial assets measured at fair value through other comprehensive income	Remeasure-ments of net defined benefit liability (asset)	Total				
Opening balance	69,754	(161)	20,747	59,929	150,270	(345)	659,979	17,975	677,954
Net income	—	—	—	—	—	—	10,647	546	11,193
Other comprehensive income	(8,815)	(194)	1,074	3,682	(4,252)	345	(3,907)	213	(3,693)
Total comprehensive income for the period	(8,815)	(194)	1,074	3,682	(4,252)	345	6,740	759	7,499
Purchase of treasury shares	—	—	—	—	—	—	(9)	—	(9)
Disposal of treasury shares	—	—	—	—	—	—	113	—	113
Share-based payment transactions	—	—	—	—	—	—	285	—	285
Cash dividends	—	—	—	—	—	—	(15,655)	(1,255)	(16,911)
Changes due to loss of control of subsidiaries	—	—	—	—	—	—	—	247	247
Transfer from other components of equity to retained earnings	—	—	(4,613)	13	(4,600)	—	—	—	—
Other	—	—	—	—	—	—	9	—	9
Total transactions with owners, etc.	—	—	(4,613)	13	(4,600)	—	(15,257)	(1,007)	(16,265)
Closing balance	60,939	(356)	17,209	63,625	141,417	—	651,462	17,727	669,189

Note: Figures listed above are rounded down to the nearest million yen.

Notes to the Consolidated Financial Statements

Other important information on the basis for preparing the consolidated financial statements

1. Standards for Preparation of Consolidated Financial Statements

Consolidated Financial Statements of the NSK Group are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. However, there are some omissions of disclosure items designated by IFRS pursuant to the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting.

2. Scope of Consolidation

(1) Consolidated subsidiaries

The Company has 77 consolidated subsidiaries.

Major consolidated subsidiaries:

Amatsuji Steel Ball Mfg. Co., Ltd., NSK Americas, Inc., NSK Brasil Ltda., NSK Europe Ltd., NSK (China) Investment Co., Ltd., Kunshan NSK Co., Ltd., Pt. NSK Bearings Manufacturing Indonesia, NSK Korea Co., Ltd.

(2) Equity-method affiliated companies

The Company has 13 equity-method affiliates.

In addition to the above, there are 17 subsidiaries of equity-method affiliates with material impact to the consolidated financial statements and is included in the profit and loss of equity-method affiliates.

Major equity-method affiliates:

NSK-Warner K.K., NSK Steering & Control, Inc.

(3) Changes in consolidation and affiliation

Consolidated subsidiaries

Decrease due to absorption type merger : 2 companies

(NSK NETWORK AND SYSTEMS Co., Ltd., NSK HUMAN RESOURCE SERVICES Ltd.)

Decrease due to transfer of shares: 3 companies

(NEUWEG FERTIGUNG GmbH, RANE NSK STEERING SYSTEMS PRIVATE LTD., NSK LOGISTICS Co., Ltd.)

Equity-method affiliates and their subsidiaries

Increase due to transfer of shares: 1 company

(SBS NSK LOGISTICS Co., Ltd.)

3. Matters relating to accounting principles and standards

(1) Valuation rules and methods for significant assets

I. Trade receivables and other receivables

Trade receivables and other receivables are initially recognized on the day on which they arise, and are measured at fair value at initial recognition. They are measured thereafter at amortized cost using the effective interest method less allowance for doubtful accounts with respect to impairment.

Changes in the allowance for doubtful accounts are recognized in net income.

II. Other financial assets

Financial assets are recognized on the day on which the NSK Group becomes the party to the contract (trade date). They are classified either as financial assets measured at amortized cost or as financial assets measured at fair value through net income or other comprehensive income. The classification is determined at initial recognition. All financial instruments other than those classified as "financial assets measured at amortized cost" are classified as "financial assets measured at fair value." Financial assets measured at fair value except held-for-trading equity financial assets and derivative assets are designated either as measured at fair value through other comprehensive income or as measured at fair value through profit or loss and this designation is applied consistently.

At the end of the reporting period, classified and measured change in the fair value of financial assets that have been designated as measured at fair value through other comprehensive income is recognized in fair value as other comprehensive income, and financial assets that have been designated as measured at fair value through net income are recognized as net income. Dividends from financial assets are recognized as finance income.

A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset are expired or when the rights to receive cash flows from the financial asset are transferred and substantially all risks and rewards of ownership of the financial asset are transferred.

III. Inventories

Inventories are measured at the lower of cost or net realizable value. Cost consists of raw material costs, direct labor costs, and other direct costs and appropriate allocation of indirect costs of manufacturing. Net realizable value is the estimated selling price, less estimated selling expenses.

The cost of merchandise, finished goods, work in progress, and raw materials are calculated using the weighted average method, and the cost of supplies is calculated using the first-in first-out method.

(2) Accounting principles for depreciation of material depreciable assets

Property, plant and equipment

The straight-line method is used to calculate depreciation of depreciable assets.

(3) Accounting principles for material allowances

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the present value of the consideration required to settle the present obligation at the end of the reporting period. The present value is recognized at a discounted rate that takes into account the time value of money and the specific risks and uncertainties surrounding the obligation.

(4) Accounting principles for retirement benefit obligations

The Company and the NSK Group maintains defined benefit plans and defined contribution plans.

I. Defined benefit plans

Defined benefit plans are calculated by estimating the future benefit amount earned by employees in exchange for the service they have provided in prior years and the current year. Net defined benefit assets or liabilities are recognized as the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined contribution obligations and retirement benefit obligations are calculated using the projected unit credit method, and the discount rate is determined by reference to market yields at the end of the consolidated fiscal year of high-quality corporate bonds.

Current and past service cost and net interest on the net defined benefit liability (assets) are recognized in profit and loss. Actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling excluding the portion included in interest expense are recognized as remeasurements concerning defined benefit plans as other comprehensive income in the period in which they arose.

II. Defined contribution plans

Cost for defined contribution plans is recognized as expenses in the period during which services were rendered by employees.

(5) Revenue recognition

The NSK Group has adopted IFRS 15 “Revenue from Contracts with Customers” and except for revenue including interest and dividends income, etc. under IFRS 9 “Financial Instruments,” revenue from contracts with customers is recognized by applying the following five-step approach:

Step 1: Identify the contract 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 performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The NSK Group engages in the production and sale of industrial machinery bearings, precision machinery and parts, condition monitoring systems, etc., bearings for car manufacturers and automotive component manufacturers, and automotive components, etc. For sales of products such as bearings, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. For transactions in which control of products and services, etc. is transferred over time, such as the provision of condition monitoring systems and services, considering the nature of such products and services provided to customers, revenue is recognized by measuring progress toward complete satisfaction of performance obligations based on the output method and the input method. Revenue is measured by the amount after excluding discounts, rebates, and returned products from the value set forth in contracts with customers.

(6) Conversion of credit and liabilities in foreign currencies to Japanese currency

I. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of transaction or a rate that approximates such rate.

All foreign currency monetary assets and liabilities denominated at the end of the period are re-translated into to the functional currency at the spot exchange rate as at the end of the period, and the resulting difference is recognized as net income.

II. Financial statements of foreign operation

Assets and liabilities of foreign operations are translated into Japanese Yen using the exchange rate at the end of the period, and income and expenses are translated into Japanese Yen using the average exchange rate during the period.

Foreign exchange translation differences arising from the translation of financial statements of foreign operation are recognized in other comprehensive income. In cases where a foreign operation in disposed of, the cumulative amount of foreign exchange translation differences relating to such foreign operation is reclassified to net income at the time of disposal.

Notes on Accounting Estimates

In preparing the financial statements in accordance with IFRS, the Company applies accounting policies and makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results may differ materially from these estimates. These estimates and assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates will be recognized in the accounting period in which the estimates are changed and in future accounting periods.

Estimates and judgments that have a material impact on the amounts recognized in the consolidated financial statements are as follows.

1. Recoverability of deferred tax assets

(1) Account title and amount recorded for the current accounting period

Account title	Amount
Deferred tax assets	¥9,039 million
Deferred tax liabilities	¥21,403 million

(2) Other information contributing to the understanding of the content of the estimate

I. **Method of calculation**

For future deductible temporary differences, the recoverability of deferred tax assets is determined based on taxable income based on future profitability and tax planning. Estimates of taxable income take into account expected sales and sales growth rates.

II. **Key assumptions**

The key assumptions used in future business planning as the basis for estimating taxable income are expected sales and sales growth rates. The forecasted net sales take into account the expected orders received from major customers and market trends in each business segment. The sales growth rate is estimated by taking into account market conditions with reference to available external data.

III. **Impact on the consolidated financial statements for the next fiscal year**

Although the forecasted net sales and sales growth rates are calculated based on the best estimates of management, the actual results may differ due to the results of uncertain future changes in economic conditions, etc. If a significant revision is required, it may have a significant impact on the amounts recognized in the consolidated financial statements for the following fiscal year.

2. Measurement of defined benefit plan obligations

(1) Account title and amount recorded for the current fiscal year

Account title	Amount
Net defined benefit assets	¥58,998 million
Net defined benefit liabilities	¥13,806 million

(2) Other information contributing to the understanding of the content of the estimate

The Company and some of its domestic subsidiaries have defined benefit pension plans and lump-sum payment plans to provide post-retirement benefits to their employees. Certain overseas subsidiaries, such as those in the United Kingdom, also maintain defined benefit plans.

The present value of the defined benefit plan obligations and related service cost, etc. are calculated based on actuarial assumptions. The actuarial assumptions include various estimates such as discount rate, retirement rate, mortality rate, and salary increase rate. The Group obtains advice from external actuaries on the appropriateness of actuarial assumptions, including these variables. Such estimates are based on management's best estimates. However, actual results may differ due to the results of uncertain future changes in economic conditions and other factors, as well as revisions and promulgation of related laws and regulations. If a significant revision becomes necessary, it may have a significant impact on the amounts recognized in the consolidated financial statements for the next and subsequent fiscal years.

3. Fair value measurement of financial instruments

Amount recorded in the current fiscal year ¥6,651 million

In assessing the fair value of certain financial instruments, the Group uses valuation techniques that utilize inputs that are not based on observable market data. Inputs that are not based on observable market data may be affected by the outcome of uncertain future changes in economic conditions and other factors, and if a significant revision is required, it may have a material impact on the consolidated financial statements.

Notes to the Consolidated Statement of Financial Position

1. Accumulated depreciation of property, plant and equipment ¥892,823 million

2. Provisions

Summary of the Company's Provisions

Reserves for environmental measures	¥ 728 million
Other	¥1,481 million

Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded.

Expected outflow of economic benefits in the future is within one year from the end date of each reporting period.

Other

Other includes provisions for restructuring of ¥1,226 million.

Notes to Consolidated Statement of Income

1. Other operating income

Main components of other operating expenses in the consolidated fiscal year are as follows.

	(Millions of yen)
Income (loss) related to loss of control of subsidiaries	1,646
Total	1,646

(Note)

"Income (loss) related to loss of control of subsidiaries" was a gain from losing control of NSK Logistics Co., Ltd. by selling a partial share to SBS Holdings, Inc.

2. Other operating expenses

Main components of other operating expenses in the consolidated fiscal year are as follows.

	(Millions of yen)
Foreign exchange loss	2,507
Competition law expenses	85
Income (loss) related to loss of control of subsidiaries (Note 1)	1,206
Steering business related expenses (Note 2)	1,234
Litigation related expenses (Note 3)	869
Others	309
Total	6,213

(Note 1)

"Income (loss) related to loss of control of subsidiaries" was a loss from losing control of NEUWEG FERTIGUNG GmbH by selling shares to New Way Group Holdings Limited .

(Note 2)

"Steering business related expenses" include professional fees for business restructuring and warranty related expenses which dates back before the Share Purchase Agreement signed on May 12, 2023.

(Note 3)

On and after January 13, 2021 (local time), the plaintiffs, consisting of residents in the vicinity of a tank terminal and others, filed several lawsuits with district courts in the State of Texas, U.S. against Intercontinental Terminals Company LLC ("ITC"), a U.S. company which is the owner of the tank terminal, and other related parties, alleging that a fire occurred on March 17, 2019 (local time) at the tank terminal owned by ITC in Houston, Texas, and that the plaintiffs suffered damage, such as, among other damages, health problems due to the fire. Subsequently, the plaintiffs filed multiple lawsuits against the Company and certain subsidiaries, along with other related parties, alleging that the NSK Group's products were used for some of the equipment in the tank terminal. In addition, ITC and its' related parties also filed lawsuits against the Company and certain subsidiaries. The NSK Group fought against these claims, arguing that the NSK Group's products had nothing to do with the fire. However, after comprehensively considering various matters, the Company decided to settle the lawsuit. As a result, all legal proceedings in this case have been completed. Expenses related to this litigation are included in the "Litigation related expenses".

Notes to the Consolidated Statement of Changes in Equity

1. **Type of shares and total number of issued shares at the end of the consolidated fiscal year** Common stock 500,000,000 shares

2. **Dividends**

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 22, 2024 Board of Directors	Common stock	7,444	15.00	March 31, 2024	June 7, 2024
October 31, 2024 Board of Directors	Common stock	8,436	17.00	September 30, 2024	December 3, 2024
Total		15,880			

Note: The total amount of dividends includes dividend of ¥224 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(2) Regarding dividends with a record date within the consolidated fiscal year but with an effective date in the following consolidated fiscal year, the following distribution of capital surplus is to be proposed and deliberated at the Board of Directors meeting to be held on May 23, 2025.

I. Total amount of dividend	¥8,436 million
II. Financial source of dividend	Retained earnings
III. Dividend per share (yen)	¥17.00
IV. Record date	March 31, 2025
V. Effective date	June 6, 2025

Note: The total amount of dividend based on the resolution to be proposed at the meeting of the Board of Directors to be held on May 23, 2025 includes dividend of ¥118 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

3. **Number and type of shares to be issued upon exercise of share acquisition rights (excludes share acquisition rights of which the commencement date of exercise period has not yet arrived) as of the end of the consolidated fiscal year.**

Category	Share acquisition rights	Type of shares that are the object of share acquisition rights	Number of shares that are the object of share acquisition rights
NSK Ltd.	Share acquisition rights granted in 2015	Common stock	461,000 shares

Notes to the Statement of Financial Instruments

1. Financial Instruments

Management of financial risks

The NSK Group is exposed to financial risks (i.e. market risks, credit risks, and liquidity risks) in the course of conducting its business activities. The NSK Group executes risk management based on certain policies to deal with such risks.

(1) Market risks

I. Foreign exchange risks

The NSK Group, which is engaged in business activities on an international scale, is exposed to the risk of fluctuations in the exchange rates of various currencies, mainly in relation to the US Dollar and the Euro. Foreign exchange risks arise from recognized assets and liabilities denominated in foreign currencies.

In order to tackle exchange rate fluctuation risks, NSK Group companies seek to strike a balance between foreign currency receivables and payables and hedge risks through forward exchange contract as necessary in accordance with internal rules.

II. Interest rate risk

Some of NSK Group's borrowings are borrowings with floating rates and are exposed to the risk of interest rate fluctuations. Interest risks are also hedged by using derivatives transactions (interest swap transactions) as necessary in accordance with internal rules.

III. Price risks

The NSK Group holds equity instruments (shares) of entities primarily with which it has a business relationship, and is exposed to share price fluctuation risks. The market value, the issuer's financial position, etc. are identified periodically with respect to equity instruments (shares), and the holding statues is reviewed on an ongoing basis in consideration of its customers and financial institutions with which it has dealings.

(2) Credit risks

Trade receivables are exposed to customer credit risks. The NSK Group seeks to quickly identify and mitigate the risk of default in relation to customers' contractual obligation by such means as periodically monitoring the status of major customers.

At the end of the current consolidated fiscal year, the maximum amount of credit risk is the balance sheet amount of financial assets that are exposed to credit risks.

Also, the NSK Group manages past-due trade receivables by treating them as high-risk and monitors the status of customers.

There are no significant assets that are held as collateral or as part of other credit enhancements with respect to financial assets.

(3) Liquidity risks

The NSK Group is exposed to liquidity risk, which is risk of not earning enough cash and thus having difficulties in performing the obligation to pay financial liabilities. The NSK Group manages liquidity risks by such means as preparing and updating a financial plan in a timely manner based on reports from each department and major consolidated subsidiaries and maintaining liquidity in hand at an adequate level. Such risks are deemed to be limited in the NSK Group, given that it has established a ¥40,000 million line of commitment with financial institutions and has secured a ¥50,000 million facility for issuing commercial papers, in addition to its ability to generate cash flows through operating activities.

2. Carrying amount and fair value

The carrying amount and fair value of financial assets and liabilities are as follows.

The fair value of financial assets/liabilities measured at amortized cost other than corporate bonds and long-term debt is not included because they are close to their book values.

In addition, financial instruments that are measured at fair value on a recurring basis are not included because their fair value and book value are the same.

(Millions of yen)

	Carrying amount	Fair value
Financial liabilities		
Long-term debts	81,552	79,616
Corporate bonds	153,000	148,476

The fair value of trade receivables and other receivables, trade payables and other payables and short-term debts is deemed to be equal to their carrying amount as they are mainly instruments that are settled within a short-term period.

Among investment securities, the fair value of listed shares for which an active market exists is calculated based on the price at exchanges. The fair value of unlisted shares for which no active market exists is mainly calculated by using a price multiple valuation model based on price book-value ratio. Also, an illiquidity discount of 30%, which is an unobservable input, is used for measuring the fair value of unlisted shares.

Among derivative financial assets and liabilities, forward exchange contracts and interest rate swaps are based on the valuation presented by financial institutions with which the contracts were concluded.

The fair value of long-term debt is calculated based on the present value calculated by discounting the sum of the principal and interest by the interest rate that takes into account the remaining period and credit risk of such long-term debt. However, for long-term debt with variable interest rates, the interest rate is revised at certain intervals, and the fair value is approximately equal to the book value. Therefore, the fair value is based on the book value.

The fair value of the bonds issued by the Company was estimated based on market prices.

3. Matters relating to the fair value of financial instruments by level of fair value, etc.

The fair value hierarchy of financial instruments is classified from Level 1 to Level 3 as follows.

Level 1: Fair value measured at quoted market prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Fair value of the asset or liability measured using directly observable inputs or indirectly observable inputs other than quoted market prices included in Level 1.

Level 3: Fair value of the asset or liability measured by inputs that are not based on observable market data.

The hierarchical classification of the Group's financial assets and liabilities measured at fair value or for which fair value is disclosed is as follows.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income				
Shares and other securities	31,381	−	6,512	37,894
Financial assets at fair value through profit or loss				
Derivative financial assets	−	132	−	132
Other financial assets	−	−	139	139
Financial liabilities				
Financial liabilities measured at amortized cost				
Long-term debt	−	79,616	−	79,616
Corporate bonds	−	148,476	−	148,476
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	−	20	−	20
Derivatives to which hedge accounting is applied				
Derivative financial liabilities	−	471	−	471

Financial assets classified as Level 1 are listed stocks and other securities.

Financial assets classified as Level 2 are forward exchange contracts, and financial liabilities are borrowings, bonds, forward exchange contracts, and interest rate swaps.

Financial assets classified as Level 3 include unlisted equity securities.

The Group recognizes transfers between levels of these assets and liabilities at the end of each reporting period.

Per Share Information

1. Equity per share attributable to owners of the Parent	¥1,332.78
2. Basic net income per share	¥21.78
Continuing operations	¥25.34
Discontinued operations	¥(3.56)

Notes on Revenue Recognition

(1) Breakdown of Earnings

The Group’s operations consist of the Industrial Machinery and Automotive businesses, which are subject to periodic review by the Company's Board of Directors to determine the allocation of management resources and evaluate their performance.

Revenues are broken down by region for these reportable segments as follows.

(Millions of yen)

	Reportable segments			Others	Total
	Industrial Machinery Business	Automotive Business	Subtotal		
Japan	82,482	159,557	242,040	19,240	261,280
Americas	62,371	86,924	149,296	663	149,960
Europe	57,259	35,656	92,915	7,062	99,977
China	101,143	66,807	167,950	4,685	172,636
Other Asia	58,222	52,731	110,953	1,859	112,812
Total	361,478	401,677	763,156	33,511	796,667

(Notes)

1. *Sales are based on the location of customers and are classified by country or region.*
2. *Countries and regions are classified by geographic proximity.*
3. *Major countries or regions other than Japan and China:*
   Americas: U.S.A., Canada, Mexico, Brazil, etc.
   Europe: U.K., Germany, Poland, and other European countries, etc.
   Other Asia: East and South East Asia (apart from Japan and China), India, Australia, etc.
4. *"Others" refers to operating segments excluded from the reportable segments and includes businesses such as the production and sales of steel balls and production of machineries.*

The Industrial Machinery Business manufactures and sells bearings, precision machinery-related products, and condition monitoring systems to general industries, etc. while the Automotive Business manufactures and sells bearings and automotive parts to automobile and automotive parts manufacturers. For sales of products such as bearings, revenue is recognized when control of the goods is transferred to the customer, i.e., when the goods are delivered to the location designated by the customer. For transactions in which control of products and services, etc. is transferred over time, such as the provision of condition monitoring systems and services, considering the nature of such products and services provided to customers, revenue is recognized by measuring progress toward complete satisfaction of performance obligations based on the output method and the input method. Payment is received primarily within three months after delivery to the customer, and the amount of consideration promised does not include a significant financial component.

The Group determines the transaction price of goods at the inception of each transaction with each customer. However, there are some rebates based on transaction volume and other factors over a certain period of time, and the transaction price is adjusted for these variable consideration amounts based on contractual terms and conditions.

(2) Outstanding contracts

The Group's contract balances are primarily receivables arising from contracts with customers.

(3) Transaction prices allocated to remaining performance obligations

Since the Group does not recognize any significant transactions with an initial expected contract period exceeding one year, the practical expedient method is applied and no information regarding residual performance obligations is disclosed. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

Disposal Groups Classified as Held for Sale and Discontinued Operations

(1) Assets and liabilities related to disposal groups classified as held for sale

The Company has approved and on July 1, 2024, the Company has entered into an agreement with SBS Holdings, Inc. ("SBSHD") to transfer a portion of its shares of NSK Logistics Co., Ltd. ("NLK") to SBSHD. NLK had been classified as a disposal group classified as held for sale from the first quarter of the current fiscal year, and the transferring of a portion of NLK's shares was completed on October 1, 2024. For details, refer to "(4) Transfer of NLK shares".

The procedure for the transfer of shares of RNSS, an Indian subsidiary in the steering business, which was classified as a disposal group classified as held for sale in the previous fiscal year, was completed during the second quarter of the current fiscal year.

There are no assets and liabilities related to disposal groups classified as held for sale as of March 31, 2025.

(2) Discontinued operations

For the year ended March 31, 2025, transactions related to the loss of control of RNSS and RNSS prior to the loss of control are included in discontinued operations.

(Millions of yen)

	Fiscal 2024 (From April 1, 2024 to March 31, 2025)
Sales	14,341
Cost of sales and expenses	17,225
Income (loss) before income taxes	(2,883)
Income tax expense	(1,007)
Net income (loss)	(1,875)

Cost of sales and expenses include a net loss of ¥2,432 million related to the sale of shares and loss of control of RNSS. For details, refer to "(3) Transfer of RNSS shares".

(3) Transfer of RNSS shares

I. **Overview of the transaction**

Regarding RNSS, the Company's steering entity located in India, the Company has approved and has entered into an agreement effective July 1, 2024 with RHL to transfer the shares of RNSS that the Company owns. The share transfer associated with this agreement was executed on September 19, 2024.

II. **Assets and liabilities associated with the loss of control**

(Millions of yen)

	Amount
Current assets	6,012
Non-current assets	5,269
Total assets	11,282
Current liabilities	11,606
Non-current liabilities	181
Total liabilities	11,788

III. **Income (loss) associated with the loss of control of subsidiaries**

The Company recognised a net loss of ¥2,432 million related to the sale of shares and loss of control of RNSS in "Net income (loss) from discontinued operations" in the consolidated statements of income.

(4) Transfer of NLK shares

I. **Overview of the transaction**

During the first quarter of the current fiscal year, the Company resolved to transfer 1,199 of the 1,800 outstanding shares of NLK (66.61% of outstanding shares) to SBSHD and entered into an agreement with SBSHD on July 1, 2024, to transfer the shares. The share transfer associated with this agreement was executed on October 1, 2024. As a result, the Company lost control over NLK, and NLK became an equity method affiliate of the Company effective from the third quarter of the current fiscal year.

II. **Assets and liabilities associated with the loss of control of subsidiaries**

(Millions of yen)

	Amount
Current assets	2,280
Non-current assets	6,298
Total assets	8,578
Current liabilities	2,698
Non-current liabilities	5,003
Total liabilities	7,702

III. **Income (loss) associated with the loss of control of subsidiaries**

The income on transfer due to the loss of control over NLK for the third quarter of the current fiscal year was a gain of ¥1,646 million, which is included in "Other operating income" of the consolidated statements of income. The net gain includes a gain of ¥564 million resulting from the measurement of the remaining investments at the fair value at the date of loss of control.

The total fair value of NLK was determined using the income approach, and the future cash flows used in that measurement were calculated using key assumptions made by management, including sales and operating expenses. The fair value hierarchy of this fair value measurement is level 3.

Events after the reporting period

Signing of Share Purchase Agreement for Steering Companies

On May 12, 2025, the Company entered into a share purchase agreement ("the Agreement") with Japan Industrial Solutions III Investment Limited Partnership ("JIS") by which the Company will obtain control of NSK Steering & Control, Inc. ("NS&C"), an equity method affiliate which houses the global steering business, by acquiring all shares of NS&C (the "Transaction"). As a result of the Transaction, NS&C and its subsidiaries will become consolidated subsidiaries of the Company.

(1) Background and purpose

NS&C was a consolidated subsidiary controlling the Company's global steering business. Since August 1, 2023, NS&C had become an equity method affiliate with JIS holding 50.1% of the voting rights and the Company holding 49.9%. JIS and the Company have been working on various improvement measures.

Approximately two years have passed since the new structure and out of the four improvement measures, "Further structural reforms to improve profitability", "Promote independent operation (review governance structure and processes)" and "Strengthen monitoring system" are on track to be achieved and a profitable business structure has been realised as NS&C has turned profitable for the fiscal year ended March 31, 2025.

On the other hand, the business environment surrounding the automotive parts industry has changed dramatically in recent years, requiring a more agile response than ever before. Therefore, the Company has decided to move forward with the Transaction to take initiative to work on the last improvement measure, "Explore opportunities for all alliances with strategic partners".

(2) Outline of the Agreement

Subsidiary to be transferred (NS&C)

1) Number of shares held before transfer by the Company	Common shares: 10,000 shares (Number of voting rights: 10,000) (% of voting rights held: 49.9%)
2) Number of shares planned to be transferred from JIS	A class shares: 10,041 shares (Number of voting rights: 10,041) (% of voting rights held: 50.1%)
3) Number of shares held after transfer by the Company	Common shares: 10,000 shares A class shares: 10,041 shares (Number of voting rights: 20,041) (% of voting rights held: 100%)

(3) Schedule for execution of the Transaction

September 1, 2025 (Planned)

The execution date may vary depending on the procedures and responses required under domestic and foreign competition laws which is part of the terms and conditions of the Transaction.

(4) Outlook and impact on business performance

The impact of the Transaction on the consolidated financial results is currently under assessment.

IFRS 3 "Business Combinations" will be applied to the Transaction.

<Reference>

Operating performance of NS&C (Consolidated) for the fiscal year ended March 31, 2025

Sales	¥160 billion
Operating income	¥ 4 billion

Financial Statements: Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Capital surplus Total
As of April 1, 2024	67,176	77,923	–	77,923
Change of items during the period				
Cash dividends	–	–	–	–
Reversal of reserves	–	–	–	–
Adjustment to reserve due to change in tax rate	–	–	–	–
Net income	–	–	–	–
Forfeiture of share acquisition rights	–	–	–	–
Purchase of treasury shares	–	–	–	–
Disposal of treasury shares	–	–	5	5
Net change during the period, except for items under shareholders’ equity	–	–	–	–
Total changes of items during the period	–	–	5	5
As of March 31, 2025	67,176	77,923	5	77,929

	Equity attributable to owners of the parent				
	Retained earnings				
	Retained earnings	Other retained earnings			Retained earnings Total
		Reserve for advanced depreciation of noncurrent asset	General reserve	Retained earnings brought forward	
As of April 1, 2024	10,292	3,761	139,766	36,545	190,365
Change of items during the period					
Cash dividends	–	–	–	(15,880)	(15,880)
Reversal of reserves	–	(130)	–	130	–
Adjustment to reserve due to change in tax rate	–	(45)	–	45	–
Net income	–	–	–	30,421	30,421
Forfeiture of share acquisition rights	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–
Net change during the period, except for items under shareholders' equity	–	–	–	–	–
Total changes of items during the period	–	(176)	–	14,716	14,540
As of March 31, 2025	10,292	3,585	139,766	51,262	204,906

	Equity attributable to owners of the parent		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total equity attributable to owners of the parent	Other valuation difference on available-for-sale securities	Total valuation and translation adjustments		
As of April 1, 2024	(9,442)	326,023	19,819	19,819	269	346,113
Change of items during the period						
Cash dividends	–	(15,880)	–	–	–	(15,880)
Reversal of reserves	–	–	–	–	–	–
Adjustment to reserve due to change in tax rate	–	–	–	–	–	–
Net income	–	30,421	–	–	–	30,421
Forfeiture of share acquisition rights	–	–	–	–	(9)	(9)
Purchase of treasury shares	(0)	(0)	–	–	–	(0)
Disposal of treasury shares	108	113	–	–	–	113
Net change during the period, except for items under shareholders' equity	–	–	(3,165)	(3,165)	–	(3,165)
Total changes of items during the period	107	14,653	(3,165)	(3,165)	(9)	11,478
As of March 31, 2025	(9,334)	340,677	16,653	16,653	260	357,592

Note: Figures listed above are rounded down to the nearest million yen.

Notes to the Non-Consolidated Financial Statements

Notes on Significant Accounting Policies

1. Valuation of securities

Shares of subsidiaries and affiliates are stated at cost using the moving-average method. Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustment are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market value are stated at cost using the moving-average method.

2. Valuation of inventories

Finished products, raw materials and work in progress are valued at cost using the weighted average method (book values are recorded on the balance sheet based on decreased profitability of assets).

Supplies are valued at cost using the first-in first-out method (book values are recorded on the balance sheet based on decreased profitability of assets).

3. Depreciation and amortization of noncurrent assets

Depreciation for tangible noncurrent assets (excluding lease assets) and intangible non-current assets (excluding lease assets) is calculated using the straight-line method.

Depreciation for lease assets arising from finance lease transactions not involving transfer of ownership is calculated using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

4. Allowances

(1) Allowance for doubtful accounts

To prepare for possible losses from uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is concern regarding collectability, an estimate amount is recorded by studying the possibility of collection for each individual account.

(2) Provision for retirement benefits

In order to provide employee retirement benefits, the amount of retirement benefit obligations and pension assets recorded by the Company is based on projected retirement benefit obligations and pension assets at the end of the fiscal year.

(3) Provision for officer stock benefits

In order to provide compensation in the form of the Company's stock, etc. to directors and executive officers, the amount of stock benefits is recorded based on projected stock benefits at the end of the fiscal year.

(4) Provision for employee stock benefits

In order to provide compensation in the form of the Company's stock, etc. to certain officers and employees of the Company and certain subsidiaries, the amount of stock benefit obligations recorded by the Company is based on projected stock benefit obligations at the end of the fiscal year.

(5) Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded.

(6) Provision for loss on business of subsidiaries and affiliates

To prepare for losses related to the businesses of subsidiaries and affiliates, the estimated amount of losses is recorded taking into account the financial conditions of such companies.

5. Recognition criteria for revenue and expenses

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others, and recognizes revenue by applying the following five steps to customer contracts.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligation in the contract
Step 3: Calculate the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: The entity recognizes revenue when the performance obligations are satisfied

The Company manufactures and sells bearings to general industry, precision machinery-related products, bearings to automotive and automotive parts manufacturers, and parts for automatic transmissions. The Company recognizes revenue from the sale of such goods at the time of delivery of the goods because the performance obligation is deemed to be satisfied when the customer obtains control over the goods at the time of delivery. Revenue is measured at the amount of consideration promised in the contract with the customer, less discounts, rebates and returns.

Revenue is recognized on a net basis when the Company is involved in the sale of products as an agent.

Notes on Accounting Estimates

In preparing the financial statements, the Company applies accounting policies and makes judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results may differ from these estimates. The Company reviews these estimates and assumptions on an ongoing basis. The effect of changes in accounting estimates is recognized in the fiscal year in which the estimates are changed and in future fiscal years.

Estimates and judgments that have a material impact on the amounts recognized in the financial statements are as follows.

1. Recoverability of deferred tax assets

(1) Account title and amount recorded for the current fiscal year

Account title	Amount
Deferred tax assets (before deduction of valuation allowance)	¥63,850 million
Valuation allowance	¥(41,913) million

(2) Other information contributing to the understanding of the content of the estimate

Since the same information is provided in the same section of the consolidated financial statements [Notes on Accounting Estimates], the description has been omitted.

2. Measurement of defined benefit plan obligations

(1) Account title and amount recorded for the current fiscal year

Account title	Amount
Prepaid pension cost	¥16,136 million

(2) Other information contributing to the understanding of the content of the estimate

Since the same information is provided in the same section of the consolidated financial statements [Notes on Accounting Estimates], the description has been omitted.

3. Valuation of shares of affiliated companies

(1) Account title and amount recorded in the current fiscal year

Account title	Amount
Stocks of subsidiaries and affiliates	¥117,295 million
Investment in subsidiaries and affiliates	¥40,243 million

(2) Other information contributing to the understanding of the content of the estimate

The Company recognizes a valuation loss on stocks of subsidiaries and affiliates when the market value of the stocks at the end of the fiscal year has declined significantly and there is no possibility of recovery.

The possibility of recovery is determined based on the business plans of the shares of the subsidiaries and affiliates. However, the possibility of recovery may be affected by the outcome of uncertain future economic conditions, and if a review is required, the amount recognized in the financial statements for the following fiscal year or later may be materially affected.

Notes to Balance Sheet

1. Accumulated depreciation of tangible noncurrent assets ¥352,143 million

2. Loan guarantees

Loan guarantees	¥58,555 million
(Guarantees for bank loans of affiliates)	(¥58,073 million)
(Guarantees for bank guarantees of affiliates)	(¥481 million)

3. Receivables from affiliated companies and payables to affiliated companies

Short-term receivables	¥80,561 million
Long-term receivables	¥10,250 million
Short-term payables	¥84,210 million
Long-term payables	¥111 million

Notes to Statement of Income

1. Transactions with affiliated companies

Operating transactions	Sales	¥122,536 million
	Purchases	¥118,433 million
Other non-operating transaction		¥61,096 million

2. Gain on refunding of retirement benefit trust

The Company has established a stock-based retirement benefit trust for the purpose of providing for future retirement benefits. In recent years, however, pension assets including the retirement benefit trust have been significantly overfunded relative to retirement benefit obligations, and this situation is expected to continue in the future. Therefore, the Company has received a partial refund of the retirement benefit trust. As a result of the refund, a portion of unrecognized actuarial gains and losses arising from changes in the amount of trust assets was amortized and has been recorded as extraordinary income.

3. Gain on sale of shares of associates

Gain on sale of shares of associates under extraordinary income was recorded due to the partial sale of shares in NSK Logistics Co., Ltd., which was a consolidated subsidiary.

4. Gain on extinguishment of tie-in shares

Gain on extinguishment of tie-in shares under extraordinary income was recorded due to the absorption-type merger of NSK Human Resource Services Ltd. and NSK Network And Systems Co., Ltd., which were both consolidated subsidiaries of the Company.

5. Loss on valuation of stocks of subsidiaries and affiliates

The Company recorded extraordinary losses totaling ¥28,167 million in loss on valuation of stocks of affiliated companies; ¥18,814 million for NSK Europe Ltd., ¥8,207 million for Brüel & Kjær Vibro GmbH, ¥1,052 million NSK Micro Precision (M) Sdn. Bhd., and ¥92 million for AKS Precision Ball Europe Ltd.

6. Business restructuring related expenses

The Company recorded ¥3,330 million in business restructuring related expenses under extraordinary loss. The main details are losses related to the sale of shares and loss of control of Rane NSK Steering Systems Private Limited and expenses arising from the joint venture agreement with Japan Industrial Solutions III Investment Limited Partnership.

7. Loss on litigation

On and after January 13, 2021 (local time), the plaintiffs, consisting of residents in the vicinity of a tank terminal and others, filed several lawsuits with district courts in the State of Texas, U.S. against Intercontinental Terminals Company LLC ("ITC"), a U.S. company which is the owner of the tank terminal, and other related parties, alleging that a fire occurred on March 17, 2019 (local time) at the tank terminal owned by ITC in Houston, Texas, and that the plaintiffs suffered damage, such as, among other damages, health problems due to the fire. Subsequently, the plaintiffs filed multiple lawsuits against the Company and certain subsidiaries, along with other related parties, alleging that the NSK Group's products were used for some of the equipment in the tank terminal. In addition, ITC and its' related parties also filed lawsuits against the Company and certain subsidiaries. The NSK Group fought against these claims, arguing that the NSK Group's products had nothing to do with the fire. However, after comprehensively considering various matters, the Company decided to settle the lawsuit. As a result, all legal proceedings in this case have been completed. Expenses related to this litigation are included in the "Loss on Litigation".

Notes to Statement of Changes in Shareholders' Equity

Type and number of treasury stock at end of period	Common stock	10,684,444 shares

Notes on Tax Effect Accounting

The main causes for the deferred tax assets and deferred tax liabilities are as follows.

Deferred tax assets	
Accrued retirement benefits	¥11,499 million
Accrued bonuses	¥3,056 million
Valuation loss on stock of subsidiaries and affiliates	¥39,275 million
Loss on devaluation of investment securities	¥256 million
Foreign tax credit carryforward	¥1,420 million
Tax loss carryforward	¥3,403 million
Other	¥4,937 million
Subtotal of deferred tax assets	¥63,850 million
Valuation allowance	¥(41,913 million)
Total deferred tax assets	¥21,937 million
Deferred tax liabilities	
Reserve for advanced depreciation of noncurrent assets	¥(1,638 million)
Valuation difference on available-for-sale securities	¥(7,365 million)
Other	¥(967 million)
Total deferred tax liabilities	¥(9,971 million)
Net deferred tax assets (liabilities)	¥11,965 million

Practical solution on the accounting and disclosure under the group tax sharing system

The Company applies the group tax sharing system and conducts accounting and disclosure for corporate and local income taxes and related tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

Revision of deferred tax assets and liabilities resulting from changes in corporate tax rates

Following the enactment of the "Act to Partially Amend the Income Tax Act, etc." by the National Diet on March 31, 2025, a Special Defense Corporation Tax will be imposed starting from fiscal years beginning on or after April 1, 2026.

As a result, the statutory effective tax rate used in calculating deferred tax assets and liabilities for the current fiscal year has been revised from 30.5% in the previous fiscal year to 31.4% for amounts expected to be recovered or paid in fiscal years beginning on or after April 1, 2026.

Consequently, the net amount of deferred tax assets (after offsetting deferred tax liabilities) increased by ¥159 million, income taxes – deferred recognized in the current fiscal year decreased by ¥370 million, and valuation difference on available-for-sale securities decreased by ¥211 million.

Notes on Leased Noncurrent Assets

In addition to the noncurrent assets recorded on the balance sheet, the Company has other significant noncurrent assets which it uses under lease contracts, notably selected computer equipment and related devices.

Notes on Related-Party Transactions

Subsidiaries and affiliates, etc.

(Millions of yen)

Type	Company Name	Possession of Voting Rights	Relationship with Related Party	Types of Transaction	Transaction Amount	Title of Account	Balance as of March 31, 2025
Subsidiary	NSK Toyama Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Recovery of funds[1]	611	Long-term loans	8,975
Subsidiary	Amatsuji Steel Ball Mfg. Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Borrowings[1]	50	Short-term debts	25,523
Affiliate	NSK-Warner K.K.	50.0%	Purchase of finished goods Executive posts concurrently held	Purchase of automotive-related finished goods[2]	35,492	Accounts payable	7,587
Affiliate	NSK Steering & Control, Inc.	49.9%	Purchase of finished goods	Purchase of automotive-related finished goods[3]	–	Other payables	13,804

Corporate pension plans for employees, etc.

Corporate pension	Retirement benefit trust	–	Pension assets for retirement benefit accounting	Partial return of assets	70,000	–	–

Terms and conditions of transactions, and policies on such terms and transactions

Notes:

1. *Interest rates for borrowing and lending are set in a rational manner taking into account market rates.*
2. *The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the counterparty.*
3. *The transaction amounts for purchases of automotive-related products, etc., are presented on a net basis because the Company acted as an agent in these transactions.*

Per Share Information

Net assets per share	¥730.27
Net income per share	¥62.18

Notes on Significant Subsequent Events

Signing of Share Purchase Agreement for Steering Companies

On May 12, 2025, the Company entered into a share purchase agreement ("the Agreement") with Japan Industrial Solutions III Investment Limited Partnership ("JIS") by which the Company will obtain control of NSK Steering & Control, Inc. ("NS&C"), an equity method affiliate which houses the global steering business, by acquiring all shares of NS&C (the "Transaction"). As a result of the Transaction, NS&C and its subsidiaries will become consolidated subsidiaries of the Company.

(1) Background and purpose

NS&C was a consolidated subsidiary controlling the Company's global steering business. Since August 1, 2023, NS&C had become an equity method affiliate with JIS holding 50.1% of the voting rights and the Company holding 49.9%. JIS and the Company have been working on various improvement measures.

Approximately two years have passed since the new structure and out of the four improvement measures, "Further structural reforms to improve profitability", "Promote independent operation (review governance structure and processes)" and "Strengthen monitoring system" are on track to be achieved and a profitable business structure has been realised as NS&C has turned profitable for the fiscal year ended March 31, 2025.

On the other hand, the business environment surrounding the automotive parts industry has changed dramatically in recent years, requiring a more agile response than ever before. Therefore, the Company has decided to move forward with the Transaction to take initiative to work on the last improvement measure, "Explore opportunities for all alliances with strategic partners".

(2) Outline of the Agreement

Subsidiary to be transferred (NS&C)

1) Number of shares held before transfer by the Company	Common shares: 10,000 shares (Number of voting rights: 10,000) (% of voting rights held: 49.9%)
2) Number of shares planned to be transferred from JIS	A class shares: 10,041 shares (Number of voting rights: 10,041) (% of voting rights held: 50.1%)
3) Number of shares held after transfer by the Company	Common shares: 10,000 shares A class shares: 10,041 shares (Number of voting rights: 20,041) (% of voting rights held: 100%)

(3) Schedule for execution of the Transaction

September 1, 2025 (Planned)

The execution date may vary depending on the procedures and responses required under domestic and foreign competition laws which is part of the terms and conditions of the Transaction.

(4) Outlook and impact on business performance

The impact of the Transaction on the consolidated financial results is currently under assessment.

Notes to the Company's consolidated dividend regulations

The Company is a company subject to consolidated dividend regulations.

Notes to Revenue Recognition

The information that forms the basis for understanding revenue from contracts with customers is identical to that in the “Notes to Revenue Recognition” in the Notes to the Consolidated Financial Statements, and therefore, the notes have been omitted here.

Notes on Business Combinations

Transactions under common control, etc.

(Absorption-type merger of consolidated subsidiaries)

At the Board of Directors meeting held on February 2, 2024, the Company resolved to absorb and merge its wholly-owned subsidiaries, NSK Human Resource Services Ltd. and NSK Network And Systems Co., Ltd., and carried out the absorption-type merger on April 1, 2024.

1. Overview of the transaction

(1) Names and business descriptions of the combined companies

Name of the combined companies	Business description
NSK Human Resource Services Ltd.	Payroll calculation and welfare benefit services
NSK Network And Systems Co., Ltd.	Design and development of computer systems, etc.

(2) Date of business combination

April 1, 2024

(3) Legal form of business combination

An absorption-type merger with the Company as the surviving company and NSK Human Resource Services Ltd. and NSK Network And Systems Co., Ltd. as the absorbed companies

(4) Name of the company after the combinations

NSK Ltd.

(5) Other matters related to the overview of the transaction

The purpose is to consolidate management resources and streamline operations within the NSK Group.

2. Overview of the accounting treatment applied

The transaction has been accounted for as a transaction under common control based on the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019). The difference of ¥349 million between the book value of the subsidiary shares and the net assets acquired through the merger has been recognized as extraordinary income (gain on extinguishment of tie-in shares).