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Securities Code: 6471

June 6, 2023

(Commencement date of electronic provision measures: June 2, 2023)

**NOTICE OF  
THE FISCAL 2022 (162nd) ORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

Dear Shareholders with Voting Rights:

Notice is hereby given that the Fiscal 2022 (162nd) Ordinary General Meeting of Shareholders of NSK Ltd. (hereinafter referred to as “the Company”) will be held as follows.

In convening this year’s General Meeting of Shareholders, the Company has taken electronic provision measures for the information contained in the reference materials for the General Meeting of Shareholders, etc. (“matters subject to electronic provision measures”) and posted the matters subject to electronic provision measures as the “NOTICE OF THE FISCAL 2022 (162nd) ORDINARY GENERAL MEETING OF SHAREHOLDERS” on the Company’s website.

Company website:

<https://www.nsk.com/investors/stockandbond/meeting.html>

In addition to the above, the matters subject to electronic provision measures have also been posted on the following website:

Tokyo Stock Exchange website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above website, enter “NSK” in the “Issue name (company name)” field or the Company’s securities code “6471” in the “Code” field to run a search, and select “Basic information” and then “Documents for public inspection/PR information” to view the matters subject to electronic provision measures in the section of “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”)

If you are not attending the meeting in person, you may exercise your voting rights by postal mail or via the internet, etc. in advance. Please review the “Reference Documents for the General Meeting of Shareholders” which follow this notice, and exercise your voting rights no later than 5:15 p.m. on Thursday, June 22, 2023 (Japan time).

Yours very truly,

Akitoshi Ichii

Director,

President and Chief Executive Officer

NSK Ltd.

1-6-3, Ohsaki, Shinagawa-ku, Tokyo, Japan

- 1. Date and Time:** Friday, June 23, 2023, at 10:00 a.m. (reception opens at 9:00 a.m.)
- 2. Place:** Nissei Building, 3F (Nissei Hall)  
1-6-3, Ohsaki, Shinagawa-ku, Tokyo
- 3. Agenda of the Meeting**
- Matters to be reported:** (1) Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements for the 162nd Fiscal Term (from April 1, 2022 to March 31, 2023)
- Matter to be resolved:**
- Proposal 1** Amendment to the Articles of Incorporation
- Proposal 2** Election of Nine Directors

**4. Note regarding Measures for Electronic Provision:**

- Pursuant to laws and regulations as well as Article 15 of the Articles of Incorporation of the Company, among the matters subject to electronic provision measures, the Consolidated Statements of Changes in Equity, the Notes to the Consolidated Financial Statements, the Non-consolidated Statements of Changes in Net Assets, and the Notes to the Non-Consolidated Financial Statements are not included in the paper copy sent to shareholders.  
Accordingly, the paper copy sent to shareholders is a portion of the documents audited by the Accounting Auditor and the Audit Committee in the preparation of audit reports.
- If there are any revisions to the matters subject to electronic provision measures, etc., the revisions will be posted on each website mentioned earlier.

- Please cooperate with measures to prevent infection when attending the meeting.
- Company employees will continue to wear masks while checking their physical conditions.

*Note: Based on the COVID-19 situation and requests from governmental authorities up to the day of the General Meeting of Shareholders, we may change or update the infection prevention measures implemented. Please refer to the following website for the latest information.*

**The Company's Website:**  
**<https://www.nsk.com/investors/stockandbond/meeting.html>**

## Reference Documents for General Meeting of Shareholders

### Proposal 1: Amendment to the Articles of Incorporation

#### 1. Reason for the change

The response measures to large-scale purchases of the Company shares (takeover defenses; hereinafter the “Plan”) that were renewed with approval of our shareholders at the Company’s 159th Ordinary General Meeting of Shareholders held on June 30, 2020 will expire at the conclusion of the 162nd Ordinary General Meeting of Shareholders.

As the effective period of the Plan expires, the Company has evaluated the opinions of our shareholders including domestic and overseas institutional investors, the spread of Japan’s Corporate Governance Code, recent trends in takeover defense measures, and other factors.

As a result, the Company passed a resolution not to renew and instead to abolish the Plan at the meeting of the Board of Directors of the Company held on May 12, 2023. Accordingly, the Company proposes to delete the current Article 13 and Article 35 of the Articles of Incorporation.

#### 2. Details of the Amendments

The changes are as follows.

(Amended sections are underlined.)

| Current Articles of Incorporation  | After Amendment  |
|--|--|
| <u>(Decision-making Organs of the Allotment of Stock Acquisition Rights without Charge)</u><br><u>(Article 13)</u><br><br><u>The Company may determine the matters concerning the allotment of stock acquisition rights without charge by resolution of the Board of Directors, by resolution of Shareholders Meeting, or by resolution of the Board of Directors with delegated authority from resolution of a Shareholders Meeting.</u><br><br>(Articles <u>14</u> to <u>34</u> )<br><br>(Omitted)   | (Deleted)<br><br><br><br><br><br>(Articles <u>13</u> to <u>33</u> )<br><br>(Unchanged) |
| <u>CHAPTER 7 Takeover Defense</u><br><u>(Response Measures to Large-scale Purchases of the Company’s Shares)</u><br><u>(Article 35)</u><br><br><u>(1) In addition to what is provided for in the Companies Act or in these Articles of Incorporation, a Shareholders Meeting can determine the introduction, amendment, continuation or abolishment of the response measures to large-scale purchases of the Company’s Shares by its resolution.</u><br><br><u>(2) The Response Measures to Large-scale Purchases of the Company’s shares provided for in the preceding paragraph means “endeavors to prevent decisions concerning the Company’s financial and business policies from being controlled by inappropriate persons in light of the basic policy.”</u> | (Deleted)<br>(Deleted)   |

**Proposal 2: Election of Nine Directors**

The terms of office of all nine Directors will expire at the conclusion of the 162nd Ordinary General Meeting of Shareholders of the Company (hereinafter the “Meeting”). Accordingly, election of nine Directors is proposed based on the Nomination Committee’s decision. An overview of the candidates and the policy and procedure for the election of Directors is provided below.

**Policy and procedure for the election of Directors:**

The Company believes that the Company’s Board of Directors should be well versed in the Company’s businesses and be capable of supervising important managerial judgments related to business execution, with the aim of enhancing the sustainable and mid- to long-term corporate value of the NSK Group. Career diversity in field of expertise and business experience are considered to ensure that the Board maintains a well-balanced composition, and the size of the Board is also considered to enhance the effectiveness of deliberations.

In appointing individual Directors, in addition to selecting based on experience in business and management in general or experience in their area of expertise, high ethical standards in management and their insight into corporate governance is also in the selection criteria.


The selected were subsequently decided by the Nomination Committee held on March 23, 2023, and were deliberated at the Board meeting on May 23, 2023, and the candidates are outlined in a Proposal to shareholders and taken up at the Ordinary General Meeting of Shareholders.

## The List of the Candidates for Director


| No. | Name               | Current Position and Area of Responsibility in the Company   | Years as Director at NSK Ltd. | Attendance at Board of Directors and Committee Meetings  | Concurrent Positions at Other Listed Companies |
|-----|--------------------|--|-------------------------------|--|--|
| 1   | Akitoshi Ichii     | Reappointment<br>Director, Representative,<br>President and Chief Executive Officer<br>Member of the Nomination Committee                      | 6                             | Board of Directors:<br>100% (10/10)<br>Nomination Committee<br>100% (6/6)  | 0  |
| 2   | Keita Suzuki       | New Appointment<br>Representative, Executive Vice President<br>Chief Financial Officer   | —                             | —  | 0  |
| 3   | Saimon Nogami      | Reappointment<br>Director<br>Member of the Compensation Committee  | 10                            | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (4/4)                                     | 0  |
| 4   | Kenichi Yamana     | Reappointment<br>Director,<br>Member of the Audit Committee  | 2                             | Board of Directors:<br>100% (10/10)<br>Audit Committee:<br>100% (14/14)  | 0  |
| 5   | Mitsuhiro Nagahama | Reappointment<br>Outside Director<br>Independent Director<br>Director,<br>Chair of the Compensation Committee<br>Member of the Audit Committee | 3                             | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (4/4)<br>Audit Committee:<br>100% (14/14) | 2  |
| 6   | Kouichi Obara      | Reappointment<br>Outside Director<br>Independent Director<br>Director,<br>Member of the Compensation Committee                                 | 2                             | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (4/4)                                     | 0  |
| 7   | Junji Tsuda        | Reappointment<br>Outside Director<br>Independent Director<br>Director,<br>Member of the Nomination Committee                                   | 1                             | Board of Directors:<br>75% (6/8)<br>Nomination Committee:<br>100% (5/5)  | 2  |
| 8   | Sayoko Izumoto     | Reappointment<br>Outside Director<br>Independent Director<br>Director,<br>Chair of the Audit Committee   | 1                             | Board of Directors:<br>100% (8/8)<br>Audit Committee:<br>100% (9/9)  | 1  |
| 9   | Mikio Fujitsuka    | New Appointment<br>Outside Director<br>Independent Director  | —                             | —  | 2  |

### Notes:


- Regarding attendance of meetings of the Board of Directors and Committees: The data shows each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2022 (April 1, 2022, through March 31, 2023). On June 28, 2022 (the date of the Fiscal 2021 (161st) Ordinary General Meeting of Shareholders), Junji Tsuda was appointed to the Board of Directors and to the Nomination Committee, and Sayoko Izumoto was appointed to the Board of Directors and to Chair of the Audit Committee. Accordingly, attendance is counted only during the period of appointment.
- Number of concurrent positions is noted as expected on June 23, 2023, the date of the 162nd Ordinary General Meeting of Shareholders.
- The planned members of each Committee if all nine candidates for Director are elected at this Meeting are described on page 16.
- Outside Director:** Candidate for Outside Director.
- Independent Director:** Candidate for Outside Director who satisfies the Company's Criteria for Independence of Outside Directors (page 16) and the criteria for independence prescribed by the Tokyo Stock Exchange (<https://www.jpx.co.jp/english/equities/listing/independent/>), and who has been reported by the Company as Independent Director to the Tokyo Stock Exchange, subject to the approval of their election at this Meeting.


|   |  |                            |   |
|---|--|----------------------------|---|
| <b>No. 1</b>  |  | <b>Akitoshi Ichii</b>      |  |
| <b>Reappointment</b>  |  |                            |   |
| Company Shares Owned: 74,161  |  | Age: 60 (DoB: May 8, 1963) |   |
| Attendance:<br>(FY22)   | Board of Directors: 100% (10/10)<br>Nomination Committee 100% (6/6)  |                            |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |  |                            |   |
| Apr. 1986   | Joined the Company   |                            |   |
| Dec. 2008   | Deputy Head of Automotive Bearings Division HQ (Automotive Business Division HQ)   |                            |   |
| Jun. 2012   | Head of Operations in India  |                            |   |
| Jun. 2015   | Executive Officer, Deputy Head of Corporate Planning Division HQ   |                            |   |
| Jun. 2016   | Head of Corporate Planning Division HQ, Responsible for Asia   |                            |   |
| Apr. 2017   | Senior Vice President  |                            |   |
| Jun. 2017   | Director (current)   |                            |   |
| Apr. 2019   | Representative (current), Executive Vice President, President's Assistant, Responsible for Administrative Divisions, Responsible for Investor Relations Office |                            |   |
| Jun. 2019   | Member of the Compensation Committee   |                            |   |
| Apr. 2020   | Responsible for Europe and the Americas  |                            |   |
| Apr. 2021   | President and Chief Executive Officer (current)  |                            |   |
| Jun. 2021   | Member of the Nomination Committee (current)   |                            |   |
| <b>Reasons for nominating the candidate for Director:</b>   |  |                            |   |
| <p>Akitoshi Ichii is well versed in the Company's businesses and markets and has a broad range of experience in areas such as corporate planning, the automotive business, and overseas business. The Company has designated him as a Director nominee with the expectation that by having the President and CEO concurrently serve as a Director, he will be better positioned to fulfill his accountability for management execution to the Board of Directors, while at the same time contributing to the development and execution of strategies aimed at increasing corporate value.</p> |  |                            |   |

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| No. 2   | Keita Suzuki  |                               |  |
| New appointment   |   |                               |   |
| Company Shares Owned: 21,383  |   | Age: 58 (DoB: March 11, 1965) |   |
| Attendance:<br>(FY22)   | —   |                               |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |   |                               |   |
| Apr. 1987   | Joined the Company  |                               |   |
| Jun. 2015   | Senior Manager of Group Financial Control Department (Finance Division HQ)  |                               |   |
| Apr. 2018   | Executive Officer, Deputy Head of Finance Division HQ                       |                               |   |
| Apr. 2019   | Deputy Head of Corporate Planning Division HQ                               |                               |   |
| Apr. 2020   | Senior Vice President, Head of Finance Division HQ (current)                |                               |   |
| Apr. 2023   | Representative, Executive Vice President, Chief Financial Officer (current) |                               |   |
| <b>Reasons for nominating the candidate for Director:</b>   |   |                               |   |
| <p>Keita Suzuki is well versed in the Company's businesses and markets through his business experience in corporate planning, the finance and accounting departments, and overseas assignments at the Company, and has high ethical standards and insight into corporate governance. The Company has designated him as a Director nominee because we believe that by having the Representative, Executive Vice President and Chief Financial Officer concurrently serve as a Director, he will be better positioned to fulfill his accountability for management execution to the Board of Directors, while at the same time contributing to the development and execution of strategies aimed at increasing corporate value.</p> |   |                               |   |


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| <h1>No. 3</h1>  |   | <h1>Saimon Nogami</h1>            |  |
| <h2>Reappointment</h2>  |   |                                   |   |
| Company Shares Owned: 68,800  |   | Age: 62 (DoB: September 19, 1960) |   |
| Attendance:<br>(FY22)   | Board of Directors: 100% (10/10)<br>Compensation Committee: 100% (4/4)  |                                   |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |   |                                   |   |
| Apr. 1984   | Joined the Company  |                                   |   |
| Feb. 2011   | Deputy Head of Industrial Machinery Business Division HQ  |                                   |   |
| Jun. 2011   | Executive Officer   |                                   |   |
| Jun. 2013   | Director (current), Senior Vice President, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Offices  |                                   |   |
| Jun. 2015   | Representative, Executive Vice President, Member of the Compensation Committee, President's<br>Assistant, Responsible for Administrative Divisions, Responsible for Asia, Head of Corporate<br>Strategy Division HQ |                                   |   |
| Jun. 2017   | Chief Financial Officer   |                                   |   |
| Apr. 2019   | Senior Executive Vice President   |                                   |   |
| Jun. 2021   | Member of the Compensation Committee (current)  |                                   |   |
| <b>Reasons for nominating the candidate for Director:</b>   |   |                                   |   |
| Saimon Nogami is well versed in the Company's businesses and markets and has a broad range of experience in areas such as the industrial machinery business, overseas business, and corporate and financial planning. The Company has designated him as a Director nominee because we believe that he will more appropriately supervise the Company's management based on his experience and insight and contribute to the development of strategies aimed at increasing corporate value. |   |                                   |   |





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| <b>No. 4</b>   |  | <b>Kenichi Yamana</b>          |  |
| <b>Reappointment</b>   |  |                                |   |
| Company Shares Owned: 21,979   |  | Age: 61 (DoB: January 4, 1962) |   |
| Attendance:<br>(FY22)  | Board of Directors: 100% (10/10)<br>Audit Committee: 100% (14/14)                      |                                |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>  |  |                                |   |
| Apr. 1986  | Joined the Company   |                                |   |
| Jun. 2013  | Head of Consolidated Accounting Department (Finance Division HQ)                       |                                |   |
| Jun. 2015  | Executive Officer, Deputy Head of Finance Division HQ, Deputy Head of IR & CSR Offices |                                |   |
| Jun. 2016  | Deputy Head of IR Office   |                                |   |
| Apr. 2018  | Senior Vice President, Responsible for ASEAN Operations                                |                                |   |
| Apr. 2021  | Executive Advisor  |                                |   |
| Jun. 2021  | Director (current), Member of the Audit Committee (current)                            |                                |   |
| <b>Reasons for nominating the candidate for Director:</b>  |  |                                |   |
| <p>Kenichi Yamana has extensive business experience at the Company, mainly in the finance and accounting departments, and through his management experience as the general manager of the ASEAN region, he is familiar with the Company's business and has insight into corporate governance. Based on his experience and insight, we have nominated Mr. Yamana as a candidate for Director because we believe that he is qualified to supervise the Company's management and will contribute to improving the Company's corporate value over the medium to long term.</p> |  |                                |   |

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| <b>No. 5</b>  |   | <b>Mitsuhiro Nagahama</b>       |  |
| Reappointment<br>Outside Director<br>Independent Director   |   |                                 |   |
| Company Shares Owned: 0   |   | Age: 69 (DoB: October 24, 1953) |   |
| Attendance:<br>(FY22)   | Board of Directors: 100% (10/10)<br>Compensation Committee: 100% (4/4)<br>Audit Committee: 100% (14/14)   |                                 |   |
| Years since assuming office as Outside Director of the Company: 3 years   |   |                                 |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |   |                                 |   |
| Apr. 1976<br>Apr. 2002<br>Mar. 2003<br>Apr. 2005<br>Mar. 2006<br>Apr. 2010<br>Apr. 2013<br>Apr. 2015<br>Jun. 2020   | Joined The Fuji Bank, Ltd.<br>Head of US Sales Department 2, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)<br>Vice President, Mizuho Corporate Bank, Ltd, Head of Otemachi Sales Departments 6 and 7<br>Senior Vice President, Mizuho Corporate Bank, Ltd., Responsible for Sales Divisions<br>Senior Vice President, Mizuho Corporate Bank, Ltd., Responsible for the Americas<br>Director, Vice Chairman, Mizuho Corporate Bank, Ltd., Responsible for the Americas (Stepped down April 2013)<br>Director, Chairman, Mizuho Securities Co., Ltd., and Director, Chairman of Mizuho Securities USA, Inc.<br>Executive Advisor, Mizuho Securities Co., Ltd. (stepped down March 2020)<br>Director (current), Chair of the Compensation Committee (current), Member of the Audit Committee (current) |                                 |   |
| <b>Reasons for nominating the candidate for Outside Director and overview of expected roles:</b>  |   |                                 |   |
| <p>We expect Mitsuhiro Nagahama to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As chairman of the Compensation Committee, he plays a leading role in the discussion and deliberation of executive compensation policies and decisions on compensation. Furthermore, as a member of the Audit Committee, he has played an appropriate role in enhancing the audit system and its operation through discussions and deliberations at committee meetings. We nominated Mr. Nagahama as a candidate for Outside Director because we believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p> |   |                                 |   |
| <b>Assessment of special interests and the independence of the candidate:</b>   |   |                                 |   |
| <p>Mitsuhiro Nagahama has not been engaged in operations at Mizuho Securities, Co., Ltd. since April 2015. Although there are mutual transactions between the Company and Mizuho Securities, the value of such transactions was less than 0.1% of net sales of Mizuho Securities, constituting no special interest between the Company and Mr. Nagahama. Mr. Nagahama fulfills the Company's Criteria for Independence of Outside Directors (Page 16) and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Nagahama as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p>   |   |                                 |   |
| <b>Significant Concurrent Positions outside the Company:</b>  |   |                                 |   |
| External Auditor of Kuraray Co., Ltd., Outside Director of Azbil Corporation  |   |                                 |   |

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|---|---|------------------------------|---|
| <h1>No. 6</h1>  |   | <h1>Kouichi Obara</h1>       |  |
| <b>Reappointment<br/>Outside Director<br/>Independent Director</b>  |   |                              |   |
| Company Shares Owned: 1,300   |   | Age: 73 (DoB: June 22, 1949) |   |
| Attendance:<br>(FY22)   | Board of Directors: 100% (10/10)<br>Compensation Committee: 100% (4/4)  |                              |   |
| Years since assuming office as Outside Director of the Company: 2 years   |   |                              |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |   |                              |   |
| Apr. 1972<br>Nov. 2003<br>Jan. 2005<br>Jan. 2007<br>Jun. 2007<br>Nov. 2007<br>Jun. 2008<br><br>Apr. 2009<br>Apr. 2016<br>Apr. 2019<br>Jun. 2019<br>Apr. 2020<br>Jun. 2021<br>Jul. 2021  | Joined Maeda Corporation<br>General Manager of Corporate Planning Department of Maeda Corporation<br>Vice President of Maeda Corporation<br>Deputy General Manager of Procurement Division of Maeda Corporation<br>Director of Maeda Corporation<br>General Manager of Procurement Division of Maeda Corporation<br>Director, Managing Officer and General Manager, Business Administration Division of Maeda Corporation<br><br>President and Representative Director of Maeda Corporation<br>Chairman and Representative Director of Maeda Corporation<br>Advisor and Representative Director of Maeda Corporation<br>Advisor of Maeda Corporation<br>Executive Advisor of Maeda Corporation<br>Director (current), Member of the Compensation Committee (current)<br>Consultant of Maeda Corporation (current) |                              |   |
| <b>Reasons for nominating the candidate for Outside Director and overview of expected roles:</b>  |   |                              |   |
| <p>We expect Kouichi Obara to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Compensation Committee, he has played an appropriate role through discussions and deliberations on executive compensation policies and compensation decisions. We nominated Mr. Obara as a candidate for Outside Director because we believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p> |   |                              |   |
| <b>Assessment of special interests and the independence of the candidate:</b>   |   |                              |   |
| <p>Koichi Obara has not engaged in business execution at Maeda Corporation since July 2019. Although there are mutual transactions between the Company and Maeda Corporation, the value of such transactions was less than 0.1% of net sales of Maeda Corporation, constituting no special interest between the Company and Mr. Obara. Mr. Obara fulfills the Company's Criteria for Independence of Outside Directors (Page 16) and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Obara as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p>                                     |   |                              |   |
| <b>Significant Concurrent Positions outside the Company:</b>  |   |                              |   |
| Consultant of Maeda Corporation   |   |                              |   |

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|---|--|-------------------------------|---|
| <h1>No. 7</h1>  |  | <h1>Junji Tsuda</h1>          |  |
| <b>Reappointment<br/>Outside Director<br/>Independent Director</b>  |  |                               |   |
| Company Shares Owned: 1,000   |  | Age: 72 (DoB: March 15, 1951) |   |
| Attendance:<br>(FY22)   | Board of Directors: 75% (6/8)<br>Nomination Committee: 100% (5/5)  |                               |   |
| Years since assuming office as Outside Director of the Company: 1 year  |  |                               |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |  |                               |   |
| Mar. 1976<br>Jun. 1998<br>Aug. 2003<br>Mar. 2004<br>Jun. 2005<br><br>Mar. 2006<br>Mar. 2007<br>Jun. 2009<br><br>Mar. 2010<br>Mar. 2013<br>Mar. 2016<br>Mar. 2022<br>May 2022<br>Jun. 2022   | <p>Joined Yaskawa Electric Mfg Co., Ltd (currently Yaskawa Electric Corporation)</p> <p>Executive Vice President of Yaskawa Electric America, Inc.</p> <p>Marketing Manager, Drives Division, Motion Control Division of Yaskawa Electric Corporation</p> <p>General Manager, Drives Division, Motion Control Division of Yaskawa Electric Corporation</p> <p>Director/Member of the Board, General Manager, Drives Division, Motion Control Division, Yaskawa Electric Corporation</p> <p>Director/Member of the Board, General Manager, Drives Division of Yaskawa Electric Corporation</p> <p>Director/Member of the Board, General Manager, Robotics Division of Yaskawa Electric Corporation</p> <p>Managing Director/Member of the Board, General Manager, Robotics Division of Yaskawa Electric Corporation</p> <p>Representative Director, President of Yaskawa Electric Corporation</p> <p>Representative Director Chairman of the Board/President of Yaskawa Electric Corporation</p> <p>Representative Director Chairman of the Board of Yaskawa Electric Corporation</p> <p>Director of Yaskawa Electric Corporation</p> <p>Senior Advisor of Yaskawa Electric Corporation (current)</p> <p>Director (current), Member of the Nomination Committee (current)</p> |                               |   |
| <b>Reasons for nominating the candidate for Outside Director and overview of expected roles:</b>  |  |                               |   |
| <p>We expect Junji Tsuda to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Nomination Committee, he has played an appropriate role through discussions and deliberations on proposals for the appointment of Directors and CEO succession planning. We nominated Mr. Tsuda as a candidate for Outside Director because we believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p> |  |                               |   |
| <b>Assessment of special interests and the independence of the candidate:</b>   |  |                               |   |
| <p>Junji Tsuda has not been engaged in the execution of Yaskawa Electric Corporation's business since June 2022. Although the Company and Yaskawa Electric have transactions with each other, the amount of both transactions is less than 0.1% of the net sales of both companies, and there is no special interest in any of them. Mr. Tsuda fulfills the Company's Criteria for Independence of Outside Directors (Page 16) and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Tsuda as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p>   |  |                               |   |
| <b>Significant Concurrent Positions outside the Company:</b>  |  |                               |   |
| <p>Senior Advisor of Yaskawa Electric Corporation, Outside Director of TOTO LTD., External Member of Directors of Kyushu Electric Power Company, Incorporated.</p>  |  |                               |   |

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|--|--|-----------------------------|---|
| <h1>No. 8</h1>   |  | <h2>Sayoko Izumoto</h2>     |  |
| <b>Reappointment<br/>Outside Director<br/>Independent Director</b>   |  |                             |   |
| Company Shares Owned: 0  |  | Age: 69 (DoB: July 8, 1953) |   |
| Attendance:<br>(FY22)  | Board of Directors: 100% (8/8)<br>Audit Committee: 100% (9/9)  |                             |   |
| Years since assuming office as Outside Director of the Company: 1 year   |  |                             |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>  |  |                             |   |
| Mar. 1976  | Tohmatsu Awoki & Co. (currently known as Deloitte Touche Tohmatsu LLC)   |                             |   |
| Mar. 1979  | Registered as a Certified Public Accountant  |                             |   |
| Jul. 1995  | Partner, Deloitte Touche Tohmatsu LLC  |                             |   |
| Jan. 2015  | Member, Information and Communications Council, Ministry of Internal Affairs and Communications                                    |                             |   |
| Jul. 2016  | Left Deloitte Touche Tohmatsu LLC  |                             |   |
| Aug. 2016  | Established Izumoto Certified Public Accountant Office (current)   |                             |   |
| Apr. 2017  | Member of Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications |                             |   |
| Jun. 2022  | Director (current), Chair of the Audit Committee (current)   |                             |   |
| <b>Reasons for nominating the candidate for Outside Director and overview of expected roles:</b>   |  |                             |   |
| <p>We expect Sayoko Izumoto to supervise management and provide advice on general management from an independent and fair standpoint, drawing on her extensive experience as a certified public accountant, high ethical standards, and broad insight, and she has actively participated in Board of Directors meetings. As the Chair of the Audit Committee, she has played a leading role through discussions and deliberations at committee meetings regarding the enhancement of the audit system and its operation. We nominated Ms. Izumoto as a candidate for Outside Director because we believe that she will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p> |  |                             |   |
| <b>Assessment of special interests and the independence of the candidate:</b>  |  |                             |   |
| <p>Sayoko Izumoto has not been engaged in the management of Deloitte Touche Tohmatsu LLC since August 2016. There are no transactions and no special interests between the Company and the said auditing firm. Ms. Izumoto fulfills the Company's Criteria for Independence of Outside Directors (Page 16) and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Ms. Izumoto as an Independent Director with the Tokyo Stock Exchange, under the condition that she is elected at this meeting.</p>   |  |                             |   |
| <b>Significant Concurrent Positions outside the Company:</b>   |  |                             |   |
| External Audit and Supervisory Board Member of Freund Corporation  |  |                             |   |

|   |  |                               |   |
|---|--|-------------------------------|---|
| <b>No. 9</b>  |  | <b>Mikio Fujitsuka</b>        |  |
| New appointment<br>Outside Director<br>Independent Director   |  |                               |   |
| Company Shares Owned: 0   |  | Age: 68 (DoB: March 13, 1955) |   |
| Attendance:<br>(FY22)   | —  |                               |   |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>   |  |                               |   |
| Apr. 1977<br>Jun. 2001<br>Apr. 2005<br>Apr. 2008<br>Feb. 2009<br><br>Apr. 2010<br>Apr. 2011<br>Jun. 2011<br>Apr. 2013<br>Apr. 2016<br>Apr. 2019   | <p>Joined Komatsu Ltd.</p> <p>General Manager of Corporate Controlling Department of Komatsu Ltd.</p> <p>Executive Officer of Komatsu Ltd.</p> <p>Executive Officer, President of Global Retail Finance Business Division of Komatsu Ltd.</p> <p>Executive Officer, General Manager of Corporate Planning Division, President of Global Retail Finance Business Division of Komatsu Ltd.</p> <p>Senior Executive Officer of Komatsu Ltd.</p> <p>CFO of Komatsu Ltd.</p> <p>Director and Senior Executive Officer of Komatsu Ltd.</p> <p>Director and Senior Executive Officer of Komatsu Ltd.</p> <p>Executive Vice President and Representative Director of Komatsu Ltd.</p> <p>Director of Komatsu Ltd. (stepped down June 2019)</p> |                               |   |
| <b>Reasons for nominating the candidate for Outside Director and overview of expected roles:</b>  |  |                               |   |
| <p>We believe that Mikio Fujitsuka has a wealth of experience as a corporate manager, high ethical standards, and broad insight, which he will utilize in supervising management from an independent and fair standpoint. We have nominated Mr. Fujitsuka as a candidate for Outside Director because we believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value by supervising management and providing advice on overall management as an Outside Director.</p>   |  |                               |   |
| <b>Assessment of special interests and the independence of the candidate:</b>   |  |                               |   |
| <p>Mikio Fujitsuka has not been engaged in the execution of Komatsu Ltd.'s business since April 2019. Although the Company and Komatsu Ltd. have transactions with each other, the amount of such transactions is less than 0.3% of net sales of the Company and less than 0.1% of net sales of Komatsu Ltd., and there is no special interest in any of them. Mr. Fujitsuka fulfills the Company's Criteria for Independence of Outside Directors (Page 16) and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Fujitsuka as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p> |  |                               |   |
| <b>Significant Concurrent Positions outside the Company:</b>  |  |                               |   |
| <p>Outside Director of Yamaha Corporation, Outside Corporate Auditor of Mitsui Chemicals, Inc.</p>  |  |                               |   |

## Notes:

### 1. Liability Limitation Agreement with Directors

The Company has entered into an agreement with each of Saimon Nogami, Kenichi Yamana, Mitsuhiro Nagahama, Kouichi Obara, Junji Tsuda, and Sayoko Izumoto to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation, and if each is re-elected in this Proposal, the above liability limitation agreement will continue with each of them.

If Mikio Fujitsuka is elected as a Director, the Company plans to enter into a similar liability limitation agreement with him.

The maximum amount of compensation for damages under such a contract is the minimum liability limit stipulated by law.

### 2. Indemnity Agreement with Directors

The Company has entered into indemnification agreements with all Directors as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify the indemnitees to the extent provided by law for expenses stipulated in Item 1 and losses stipulated in Item 2 of the same Paragraph. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by the indemnitees is not impaired by setting a ceiling on the amount of compensation, requiring the indemnitees to take measures to mitigate damages, and requiring deliberation by the Company's Advisory Committee when making compensation.

If each candidate is elected as a Director in the Proposal, the Company plans to enter into a similar indemnification agreement with each of them.

### 3. Directors & Officers Liability Insurance Agreement for Directors

The Company has concluded liability insurance agreements with insurance companies for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming all Directors as insureds, and with the Company bearing the entire amount of the insurance premium, including special items.

The insurance policy covers damages that may arise due to the insured Directors being held liable for the execution of their duties or being subjected to litigation costs or claims related to the pursuit of such liability. However, there are some exemptions, such as how damage caused by intentional or gross negligence will not be covered.

If each candidate is elected as a Director under this proposal, he/she will be covered by the insurance policy. The policy will be renewed in September 2023 during the term of office.

### 4. Special interest between the Company and candidates for Director:

No special interest exists between the Company and each candidate for Director above.

### 5. In cases where a candidate for Outside Director has been a director, executive officer, or corporate auditor of another stock company during the past five years, regarding violations of laws, regulations, or the articles of incorporation or other unfair business practices at that stock company during his/her term of office:

Kouichi Obara was a director of Maeda Corporation until June 2019. A former officer of the company committed insider trading a total of three times over a three-year period from February 2019, and the Securities and Exchange Surveillance Commission issued a recommendation for a fine payment order against the former officer on November 19, 2021. The first insider trading was conducted by the former officer during his tenure as Chairman and Representative Director. Kouichi Obara was not a party to the incident and was not aware of the above facts until they were discovered. In the investigation report of the third-party committee established by the company, the insider trading was solely caused by the former officer's low personal standards and low awareness of strict regulations regarding insider trading. The insider trading was not caused by any organizational compliance or governance problems related to information management at the company.

Junji Tsuda has been External Member of Directors of Kyushu Electric Power Company, Incorporated ("Kyushu Electric") since June 2021. In January 2023, it was discovered that some employees of Kyushu Electric used a system owned by Kyushu Electric Power Transmission and Distribution Co., Inc. during operations that were not response operations for emergency disasters and other incidents contracted by Kyushu Electric Power Transmission and Distribution Co., Inc., and they browsed information such as customer data of other retail electricity providers. In April 2023, the Ministry of Economy, Trade and Industry issued a business improvement order to Kyushu Electric based on the Electricity Business Act. Junji Tsuda was not aware of the incident in advance, and he regularly had provided his opinions, suggestions, etc. at the Board of Directors meetings, etc. of Kyushu Electric from the perspectives of group governance, risk management, legal compliance, etc. to prevent violations of laws and regulations. In addition, after the incident came to light, he fulfilled his duties by making proposals at meetings of the Board of Directors, etc. regarding the importance of legal compliance, investigation of the cause, recurrence prevention, and other matters.

### 6. Number of years of the candidates for Outside Director since assuming the position as Outside Director of the Company:

The number of years in office as Outside Director of the candidates for Outside Director is the cumulative number of years since each assumed the position as Outside Director of the Company until the conclusion of this Meeting.

7. Chair of the Board of Directors

If this proposal is approved, Saimon Nogami is scheduled to be appointed to the chair of the Board of Directors. He resigned from his position as an executive officer on March 31, 2023.

8. Composition of each Committee

If this proposal is approved at the Meeting, the following composition and Chair of each Committee is planned:

|                        | Chair              | Members                            |
|------------------------|--------------------|------------------------------------|
| Nomination Committee   | Junji Tsuda        | Mikio Fujitsuka, Akitoshi Ichii    |
| Audit Committee        | Sayoko Izumoto     | Mitsuhiro Nagahama, Kenichi Yamana |
| Compensation Committee | Mitsuhiro Nagahama | Kouichi Obara, Keita Suzuki        |

<Reference>

**Criteria for Independence of Outside Directors**

The following persons are ineligible to become Independent Director candidates of the Company.

- (1) Persons holding positions at a company which constituted 2% or more of the previous year's consolidated sales of NSK, or persons who held such a position until recently.
- (2) Persons holding positions at a company which made 2% or more of its previous year's consolidated sales to NSK or a subsidiary of NSK, or persons who held such a position until recently.
- (3) Persons holding positions at a financial institution which NSK relies on for funding, or persons who held such a position until recently.
- (4) Consultants, accounting or legal professionals receiving significant financial compensation in addition to compensation for the NSK Independent Director position, or persons who held such a position until recently.
- (5) Persons belonging to a company or organization which held 10% or more of NSK's total stock at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- (6) Persons belonging to a company or organization which NSK holds 10% or more of the company's total stock at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- (7) Relatives within the second degree, or family members living in the same household as persons specified in items (1) to (6) (excluding non-key posts) ("Key posts" are generally assumed to refer to executive or senior managers of relevant companies or trading partners, certified public accountants belonging to relevant audit firms, and legal professionals belonging to relevant legal firms.)
- (8) Persons who hold executive positions at NSK or a subsidiary of NSK, or relatives within the second degree or family members living in the same household of persons who held such positions until recently.

The wording "recently" in the items above shall be assumed to be a period of three years or less from the date NSK elects Directors.

\* This information is also available on the Company's website.  
(<https://www.nsk.com/company/governance/>)



**Skills Matrix for the Board of Directors** (if each Director candidate is elected at this meeting)

The experience and expertise we expect from our Directors will be as follows:

| Name               |                  | Experience/Expertise |  |                 |                               |   |
|--------------------|------------------|----------------------|--|-----------------|-------------------------------|---|
|                    |                  | Corporate Management | Corporate Governance/<br>Internal Controls | Global Business | Engineering/<br>Manufacturing | Finance/<br>Accounting/<br>Capital Policy |
| Akitoshi Ichii     |                  | ●                    | ●  | ●               |                               |   |
| Keita Suzuki       |                  |                      | ●  | ●               |                               | ●   |
| Saimon Nogami      |                  | ●                    | ●  | ●               |                               | ●   |
| Kenichi Yamana     |                  |                      | ●  | ●               |                               | ●   |
| Mitsuhiro Nagahama | Outside Director | ●                    | ●  | ●               |                               | ●   |
| Kouichi Obara      | Outside Director | ●                    | ●  | ●               | ●                             |   |
| Junji Tsuda        | Outside Director | ●                    | ●  | ●               | ●                             |   |
| Sayoko Izumoto     | Outside Director |                      | ●  |                 |                               | ●   |
| Mikio Fujitsuka    | Outside Director | ●                    | ●  | ●               |                               | ●   |

## <Reference>

### Cross-shareholdings

#### <Policy on cross-shareholdings>

The Company aims to reduce the cross-holding of shares deemed to have little benefit in increasing mid- to long-term corporate value. Conversely, if we believe that there is a valid rationale for holding such shares, we will continue to do so. Regarding the appropriateness of cross-shareholdings, our executive organizations conduct quantitative and qualitative evaluations on an annual basis to determine whether each individual shareholding is delivering acceptable benefits in relation to our capital cost. The Board of Directors receives regular reports from the aforementioned executive organizations and studies the matter accordingly. We will sell any cross-shareholdings whose possession we believe cannot be justified, taking into account stock prices and market trends.

#### <Criteria for exercise of voting rights concerning cross-shareholdings>

The Company has defined specific criteria for exercise of voting rights concerning cross-shareholdings. When exercising voting rights, we confirm that the proposal in question does not damage shareholder value, and that it serves to improve the mid- to long-term corporate value of both NSK and the company in which the stake is held.

#### <Number and balance sheet amount of shareholdings>

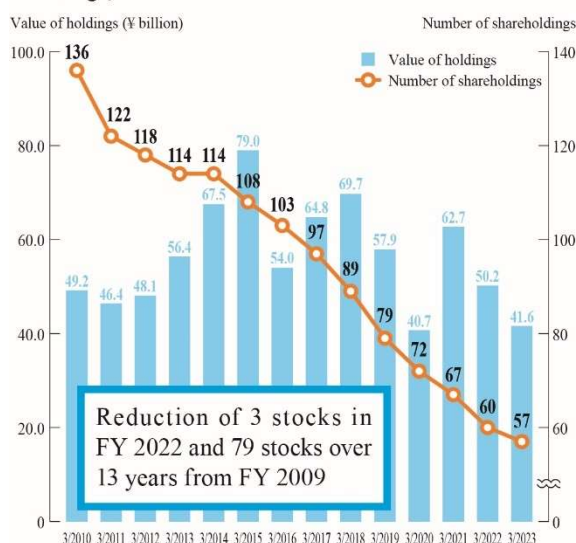
| Category                          | End of FY 2021              |  | End of FY 2022              |  |
|-----------------------------------|-----------------------------|--|-----------------------------|--|
|                                   | Number of holdings (stocks) | Total amount recorded on balance sheet (millions of yen) | Number of holdings (stocks) | Total amount recorded on balance sheet (millions of yen) |
| Unlisted stocks                   | 33                          | 1,016  | 34                          | 1,010  |
| Stocks other than unlisted stocks | 27                          | 49,154   | 23                          | 40,570   |
| Total holdings                    | 60                          | 50,170   | 57                          | 41,581   |
| Deemed holdings                   | 1                           | 128,349  | 1                           | 54,285   |
| Total consolidated equity         |                             | 637,460  |                             | 634,724  |

#### <Ratio of shareholding amount to total consolidated capital>

|                           |       |       |
|---------------------------|-------|-------|
| Excluding deemed holdings | 7.9%  | 6.6%  |
| Including deemed holdings | 28.0% | 15.1% |

As we sold some deemed holdings while steadily reducing cross-shareholdings, the “Ratio of shareholding amount to total consolidated capital” decreased to 6.6% if excluding deemed holdings and 15.1% if including deemed holdings at the end of fiscal 2022.

#### <Changes in cross-shareholdings (excluding deemed holdings)>



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# **Business Report**

**Fiscal 2022**

**April 1, 2022 - March 31, 2023**

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**NSK Ltd.**

## **Business Report** **(April 1, 2022 - March 31, 2023)**

### **1. Review of Group Operations**

#### **(1) Business Developments and Corporate Results**

The NSK Group promoted a range of initiatives toward its Mid-Term Management Plan 2026, which spans the five years from April 2022 to March 2027 with the goal of “change and go beyond to become a new type of trillion-yen company.” Positioning NSK’s core values of safety, quality, environment, and compliance as common shared value in management decision-making and actions, we address the three management themes: growth with profitability, enhancement of managerial resources, and ESG management.

Looking at the global economy during the consolidated fiscal year under review, although the economy remained weak in certain regions, the global economy continued to gradually move toward recovery. On the other hand, the economic outlook remains uncertain due to factors such as energy price increases and more inflationary pressure triggered by growing tensions in Ukraine, prolonged supply chain issues for semiconductors and other materials, and potential recession risk due to monetary tightening in each country.

Looking at the Company’s results by geographic breakdown, in Japan, recovery was stalled by a deteriorating export environment due to the slowdown in overseas economies and high inflation that dampened consumer sentiment. In the US, the economy slowed down as downward pressure increased due to prolonged inflation and monetary tightening. In Europe, high inflation and the instability of the international financial system caused a slowdown in economic recovery. In China, economic activity slowed down in the first quarter due to its Zero-COVID policy aimed at stemming the spread of COVID-19, and even after the lifting of restrictions, there were signs of weakness in the recovery, such as sluggish growth in capital investment in the manufacturing industry.

In this economic environment, the NSK Group’s business performance was positively impacted by the depreciation of the yen and passing on the impact of cost inflation to the selling price, despite further inflation in material, energy and logistic costs. As a result, consolidated sales for the current fiscal year totaled ¥938.1 billion, a year-on-year increase of 8.4%. Operating income was ¥32.9 billion, a year-on-year increase of 11.9%. Income before income taxes was ¥31.9 billion, a year-on-year increase of 8.2%. Net income attributable to owners of the parent was ¥18.4 billion, a year-on-year increase of 11.0%.

The market environment and results in the NSK Group’s respective business segments are outlined below.

From October 1, 2022, the Company reclassified its business segments. Year-on-year comparisons are presented after reclassifying previous fiscal year figures to the new business segments.

#### **1. Industrial Machinery**

In the first half of the fiscal year, the semiconductor market and capital investment centered on electrification and automation remained firm. While demand was weak most recently due to the uncertain outlook, sales increased year-on-year during the current consolidated cumulative period as a result of passing on cost inflation to the selling price and positive impact of currency fluctuations.

By region, demand mainly from the aftermarket and for semiconductor production equipment increased in Japan and the Americas. In Europe, sales increased due to higher sales in the aftermarket and for machine tools. In China, despite the impact of production activities weakened by strict restrictions on activities due to the Zero-COVID policy, sales increased as a result of higher sales for machine tools and positive impact of currency fluctuations.

As a result, sales in the industrial machinery business were ¥385.1 billion (+9.3% year-on-year) and operating income was ¥35.5 billion (¥30.4 billion income in the previous year).

#### **2. Automotive**

Although the pace of recovery from the lower-level production caused by semiconductor shortages and component supply slowdown in the previous year was slower than expected, sales increased year on year during the current consolidated cumulative period as a result of the passing on of cost inflation to the selling price and the positive impact of currency fluctuations.

By region, sales in Japan decreased as automotive production adjustment continued in the first half of the fiscal year due to delays in components supply from China. In the US and Europe, sales increased due to the rebound from the drop due to production constraints caused by supply shortages of semiconductors and other materials in the previous

year. In China, sales decreased as the strict restrictions on activities based on its Zero-COVID policy slowed production and sales did not increase after the lifting of restrictions.

As a result, sales in the automotive business were ¥520.7 billion (+7.9% year-on-year) and operating loss was ¥4.0 billion (¥13.8 billion loss in the previous year).

## (2) Investment in Fixed Assets

The NSK Group is working toward strategic investment to sustainably expand its business, strengthen competitiveness, and develop new technologies.

In the current consolidated fiscal year, although economic and social activities started to normalize, the future remains uncertain due to supply shortages of semiconductors and other materials, rising raw material prices, etc. We invested ¥62.1 billion (up ¥9.8 billion from the previous year) in productivity improvement, facility renewal, IoT-related projects and digital transformation, mainly in our core values of Safety, Quality, Environment, and Compliance.

In the industrial machinery business, the Group invested ¥29.0 billion (an increase of ¥6.7 billion year-on-year) in productivity improvement, facility renewal, and production transfer for BCP-related\* purposes. In the automotive business, in addition to productivity improvement and facility renewal, we invested ¥29.5 billion (an increase of ¥6.0 billion year-on-year) in new technology and new product development.

*\*BCP (Business Continuity Plan): A plan for companies to minimize damage and continue or restore business operations in the event of a disaster or other emergency.*

Unit: ¥100 million

| Segment                       | Capital Expenditure in Year Ended<br>March 31, 2023 |
|-------------------------------|---|
| Industrial Machinery Business | 290   |
| Automotive Business           | 295   |
| Other                         | 36  |
| Total                         | 621   |

## (3) Financing Activities

Capital expenditure and operating expenses during the consolidated fiscal year under review were funded by the Group's own capital and loans from financial institutions.

The Group also issued ¥43.0 billion domestic unsecured straight bonds to retire maturing corporate bonds and repay loans.

The balance of outstanding loans and corporate bonds at the end of the period under review was ¥335.7 billion, a year-on-year increase of ¥32.3 billion.

## (4) Key Tasks

Our Mission Statement states that “NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.” Under this Mission Statement, we have supported the evolution of technology and have grown along with the development of a prosperous society.

The current business environment surrounding our group is characterized by factors such as energy price increases and more inflationary pressure triggered by growing tensions in Ukraine, prolonged supply chain issues for semiconductors and other materials, and potential recession risk due to monetary tightening in each country, and the economic outlook continue to be uncertain. In addition, technological innovations such as electrification, automation, and digitalization are advancing rapidly across all industries including the automotive industry, and the challenges we must tackle as a company continue to increase. Furthermore, the importance of corporate social responsibility, such as initiatives for carbon neutrality, respect for human rights, and declining birthrate and aging population, is increasing, and the business environment is rapidly changing.

In this environment, in accordance with our corporate philosophy, the NSK Group will continue to use progress in technological innovation and efforts to reduce the burden on the global environment as opportunities for growth, and respond to them by offering high quality and reliability through technologies, products, and services. In other words, the NSK Group will contribute to the development of a sustainable society by creating value through the fusion of tribology and IT or digital technology, aiming to be a company that continues to be needed, trusted and relied upon by

society.

To achieve this goal, we will strengthen our business foundation based on our Mid-term Management Plan 2026, which covers the five-year period from fiscal 2022 to 2026. Positioning NSK's core values of safety, quality, environment, and compliance as an overriding shared value standard in management decision-making and actions, we will address the three management tasks of "Growth with Profitability," "Enhancement of Managerial Resources," and "ESG Management."

The three main management tasks and details of initiatives are shown below.

1. For "Growth with Profitability," under the concept of "Bearings & Beyond," which means developing new business domains while growing existing businesses, we will aim to establish a business foundation for sustainable growth even in changing business conditions
  - Enhance the competitiveness of the Group's mainstay products, bearings and precision machinery, transform our business portfolio through the expansion of the industrial machinery business, and respond to the shift to electrification of automobiles
  - Promote co-creation of new technologies for industrial automation, environmental measures, as well as the deepening of our condition monitoring technology, and expand our business with new products
  - Promote independent operation of the steering business under a new company and explore alliances with strategic partners
2. For "Enhancement of Managerial Resources," we will enhance our managerial resources with the power of IT and create a foundation that will continue to bring about business transformation
  - Proactively utilize digital technology in quality, technology, manufacturing, as well as the development of human resources that support them
  - Aim to transform manufacturing by dramatically improving productivity and realizing safer, more secure, and environmentally friendly plants, with a manufacturing policy of "ultra-stabilization of production"
  - Aim to maximize the value of our human capital through the appointment of diverse human resources and the development of and support for a variety of career choices
3. For "ESG Management," we will aim to be a company that continues to be needed, trusted, and relied upon by society
  - Aim to achieve carbon neutrality in terms of direct CO<sub>2</sub> emissions (Scope 1) and energy use (Scope 2) by 2035 through energy-saving initiatives, development of new technologies, and utilization of renewable energy
  - Contribute to the development of a recycling-oriented society by providing low-friction technology that reduces energy loss and environmentally friendly products and services used in wind power generation, hydrogen energy, etc.
  - Create a comfortable working environment through work style reforms and promote diversity and inclusion
  - Strengthen group governance and deepen dialogue with stakeholders

We will carry out the above management tasks and continue to "change and go beyond" to become a vibrant company that continues to move forward toward future-looking and ambitious goals. Through corporate activities based on our corporate philosophy and Motion & Control™, we will continue to contribute to the resolution of social issues and the sustainable development of society.

We would like to thank our shareholders for their continued understanding and cooperation.

## (5) Financial Highlights

(IFRS)

|  | Year ended March<br>31, 2020 | Year ended March<br>31, 2021 | Year ended March<br>31, 2022 | Year ended March<br>31, 2023 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Net sales  | ¥831,034 million             | ¥747,559 million             | ¥865,166 million             | ¥938,098 million             |
| Operating profit   | ¥23,604 million              | ¥6,364 million               | ¥29,430 million              | ¥32,936 million              |
| Net income attributable to<br>owners of the Parent                     | ¥17,412 million              | ¥355 million                 | ¥16,587 million              | ¥18,412 million              |
| Total equity   | ¥526,518 million             | ¥573,569 million             | ¥637,460 million             | ¥634,724 million             |
| Total assets   | ¥1,029,884 million           | ¥1,171,699 million           | ¥1,234,551 million           | ¥1,233,256 million           |
| Equity per share attributable<br>to owners of the Parent               | ¥987.01                      | ¥1,081.88                    | ¥1,204.63                    | ¥1,200.92                    |
| Basic net income per share   | ¥34.00                       | ¥0.69                        | ¥32.35                       | ¥35.89                       |
| Equity attributable to owners<br>of the parent<br>Return on equity (%) | 3.3%                         | 0.1%                         | 2.8%                         | 3.0%                         |

- Notes: 1. Figures listed above are rounded down to the nearest million yen.
2. Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting.
3. Equity per share attributable to owners of the Parent is calculated using the number of shares outstanding at the end of the period, while basic net income per share is calculated using the average number of shares outstanding during the period.
4. In the fiscal year ended March 31, 2022, the Company finalized the provisional accounting treatment for the business combination, and the related figures for the fiscal years ended on or after March 31, 2021 reflect the details of the finalization of the provisional accounting treatment.

**(6) Major Subsidiaries (as of March 31, 2023)**

| Company Name                             | Capital             | Holding Ratio                  | Business  |
|--|---------------------|--------------------------------|---|
| NSK Steering Systems Co., Ltd.           | JPY 7,500 million   | 100.0%                         | Manufacture of automotive components                                |
| Amatsuji Steel Ball Mfg. Co., Ltd.       | JPY 2,101 million   | 100.0%                         | Manufacture and sale of steel balls                                 |
| NSK Americas, Inc.                       | USD 195.7 million   | 100.0%                         | Management of affiliated companies in the Americas                  |
| NSK Brasil Ltda.                         | BRL 51.2 million    | 100.0%                         | Manufacture and sale of industrial machinery bearings, etc.         |
| NSK Europe Ltd.                          | EUR 90.3 million    | 100.0%                         | Management of affiliated companies in Europe                        |
| NSK (China) Investment Co., Ltd.         | CNY 1,641.3 million | 100.0%                         | Management of affiliated companies in China, sale of bearings, etc. |
| Kunshan NSK Co., Ltd.                    | CNY 701.6 million   | 63.3%<br>(85.0%) <sup>3</sup>  | Manufacture of automotive bearings, etc.                            |
| Pt. NSK Bearings Manufacturing Indonesia | USD 45 million      | 75.0%<br>(100.0%) <sup>4</sup> | Manufacture of industrial bearings, etc.                            |
| NSK Korea Co., Ltd.                      | KRW 53.8 billion    | 100.0%                         | Manufacture and sale of automotive bearings, etc.                   |

- Notes: 1. Figures for equity are rounded down to the nearest unit value.  
2. The above nine companies were selected based on their capital, total assets, net sales, and the Company's capital contribution ratio.  
3. The figure in parentheses ( ) includes capital contribution ratio of Chinese affiliate NSK (China) Investment Co., Ltd. (100% owned by the Company), the controlling company of affiliated companies in China.  
4. The figure in parentheses ( ) includes capital contribution ratio of NSK International (Singapore) Pte., Ltd. (100% owned by the Company), the controlling company of affiliated companies in ASEAN.



**(7) Overview of Main Businesses (as of March 31, 2023)**

The NSK Group operates two main businesses: the industrial machinery business and the automotive business. NSK's industrial machinery business manufactures and supplies a range of products including bearings for general industry, precision machinery and parts, and condition monitoring systems. Meanwhile, in its automotive business the Company manufactures and supplies products such as bearings, automatic transmission components, and steering products to automakers and automotive component manufacturers.

| Business             | Main Products  |
|----------------------|--|
| Industrial Machinery | Ball bearings, tapered roller bearings, cylindrical roller bearings, self-aligning roller bearings, precision bearings, ball screws, linear guides, XY tables, megatorque motors, condition monitoring systems |
| Automotive           | Hub unit bearings, needle bearings, tapered roller bearings, cylindrical roller bearings, ball bearings, automatic transmission components, steering products, electric power steering systems                 |
| Other                | Steel balls, machinery, etc.   |

**(8) Main Sites (as of March 31, 2023)****Main Sales Sites**

| Region | Company Name |   | Location                             |
|--------|--------------|---|--------------------------------------|
| Japan  | NSK Ltd.     | Tohoku Branch                             | Sendai, Miyagi                       |
|        |              | Kita-Kanto Branch                         | Takasaki, Gunma                      |
|        |              | Tokyo Branch                              | Shinagawa, Tokyo                     |
|        |              | Nishi-Kanto Branch                        | Atsugi, Kanagawa                     |
|        |              | Nagano Branch                             | Suwa, Nagano                         |
|        |              | Shizuoka Branch                           | Shizuoka City, Shizuoka              |
|        |              | Nagoya Branch                             | Nagoya, Aichi                        |
|        |              | Hokuriku Branch                           | Kanazawa, Ishikawa                   |
|        |              | Kansai Branch                             | Osaka City, Osaka                    |
|        |              | Hyogo Branch                              | Himeji, Hyogo                        |
|        |              | Chugoku Branch                            | Hiroshima City, Hiroshima            |
|        |              | Kyushu Branch                             | Fukuoka City, Fukuoka                |
|        |              | Eastern Japan Automotive Department 1     | Atsugi, Kanagawa                     |
|        |              | Eastern Japan Automotive Department 2     | Shinagawa, Tokyo                     |
|        |              | Eastern Japan Automotive Department 3     | Utsunomiya, Tochigi                  |
|        |              | Mid-Japan Automotive Department           | Toyota, Aichi, and Osaka City, Osaka |
|        |              | Mid-Japan Hamamatsu Automotive Department | Hamamatsu, Shizuoka                  |
|        |              | Western Japan Automotive Department       | Hiroshima City, Hiroshima            |

| Region       | Company Name                                    | Location            |
|--------------|---|---------------------|
| The Americas | NSK Corporation                                 | Michigan, USA       |
|              | NSK Precision America, Inc.                     | Indiana, USA        |
|              | NSK Steering Systems America, Inc.              | Vermont, USA        |
|              | NSK Rodamientos Mexicana, S.A. de C.V           | Guanajuato, Mexico  |
|              | NSK Brasil Ltda.                                | Suzano, Brazil      |
| Europe       | NSK UK Ltd.                                     | Nottinghamshire, UK |
|              | NSK Deutschland Gmbh                            | Ratingen, Germany   |
|              | Brüel & Kjær Vibro Gmbh                         | Darmstadt, Germany  |
|              | NSK France S.A.S.                               | Guyancourt, France  |
|              | NSK Italia S.P.A.                               | Milan, Italy        |
|              | NSK Polska Sp. z o.o.                           | Kielce, Poland      |
| Asia         | NSK (China) Investment Co., Ltd.                | Kunshan, China      |
|              | NSK International (Singapore) Pte Ltd.          | Singapore           |
|              | NSK Bearings Manufacturing (Thailand) Co., Ltd. | Chonburi, Thailand  |
|              | Rane NSK Steering Systems Pvt. Ltd.             | Tamil Nadu, India   |
|              | NSK Korea Co., Ltd.                             | Seoul, South Korea  |

## Main Manufacturing Sites

| Region                  | Company Name                                    | Location                    |                              |
|-------------------------|---|-----------------------------|------------------------------|
| Japan                   | NSK Ltd.  | Fujisawa Plant              | Fujisawa, Kanagawa           |
|                         |   | Ohtsu Plant                 | Ohtsu, Shiga                 |
|                         |   | Fukushima Plant             | Higashi Shirakawa, Fukushima |
|                         |   | Ishibe Plant                | Konan, Shiga                 |
|                         |   | Saitama Plant               | Hanyu, Saitama               |
|                         |   | Takasaki Plant/Haruna Plant | Takasaki, Gunma              |
|                         | NSK Micro Precision Co., Ltd.                   | Fujisawa, Kanagawa          |                              |
|                         | NSK Kyushu Co., Ltd.                            | Ukiha, Fukuoka              |                              |
|                         | Inoue Jikuuke Kogyo Co., Ltd.                   | Tondabayashi, Osaka         |                              |
|                         | NSK Steering Systems Co., Ltd.                  | Maebashi, Gunma             |                              |
|                         | NSK-Warner K. K.                                | Fukuroi, Shizuoka           |                              |
|                         | Amatsuji Steel Ball Mfg. Co., Ltd.              | Kadoma, Osaka               |                              |
| NSK Machinery Co., Ltd. | Kuki, Saitama                                   |                             |                              |
| The Americas            | NSK Corporation                                 | Indiana, USA                |                              |
|                         | NSK Precision America, Inc.                     | Indiana, USA                |                              |
|                         | NSK Steering Systems America, Inc.              | Tennessee, USA              |                              |
|                         | NSK Bearings Manufacturing, Mexico, S.A. de C.V | Guanajuato, Mexico          |                              |
|                         | NSK Brasil Ltda.                                | Suzano, Brazil              |                              |
| Europe                  | NSK Bearings Europe Ltd.                        | Durham, UK                  |                              |
|                         | NSK Bearings Polska S.A.                        | Kielce, Poland              |                              |
|                         | NSK Steering Systems Europe (Polska) Sp z o.o.  | Walbrzych, Poland           |                              |

| Region | Company Name                                    | Location               |
|--------|---|------------------------|
| Asia   | Kunshan NSK Co., Ltd.                           | Kunshan, China         |
|        | NSK Hangzhou Automotive Components Co., Ltd.    | Hangzhou, China        |
|        | Pt. NSK Bearings Manufacturing Indonesia        | Bekasi, Indonesia      |
|        | NSK Bearings Manufacturing (Thailand) Co., Ltd. | Chonburi, Thailand     |
|        | Siam NSK Steering Systems Co., Ltd.             | Chachoengsao, Thailand |
|        | Rane NSK Steering Systems Pvt. Ltd.             | Haryana, India         |
|        | NSK Korea Co., Ltd.                             | Changwon, South Korea  |

<Reference>

|              | Sales Sites, etc. | Manufacturing Sites |
|--------------|-------------------|---------------------|
| Japan        | 30                | 20                  |
| The Americas | 13                | 10                  |
| Europe       | 16                | 11                  |
| Asia         | 47                | 26                  |
| Total        | 106               | 67                  |

(as of March 31, 2023)

**(9) Employees (as of March 31, 2023)**

| Business             | Number of Employees | Year-on-Year Change |
|----------------------|---------------------|---------------------|
| Industrial Machinery | 13,152<br>(1,210)   | -142<br>(-209)      |
| Automotive           | 13,488<br>(1,237)   | -578<br>(-1)        |
| Other (Corporate)    | 3,242<br>(339)      | +25<br>(+25)        |
| Total                | 29,882<br>(2,786)   | -695<br>(-185)      |

Notes: 1. Number of employees are comprised of the employees of the Company and its consolidated subsidiaries.  
2. Numbers in brackets denote the average number of temporary employees directly employed by the Company and its subsidiaries during the fiscal year.

**(10) Major Lenders (as of March 31, 2023)**

| Lender                               | Outstanding Loan Amount |
|--------------------------------------|-------------------------|
| Mizuho Bank, Ltd.                    | ¥61,582 million         |
| MUFG Bank, Ltd.                      | ¥45,648 million         |
| The Bank of Yokohama, Ltd.           | ¥18,190 million         |
| Meiji Yasuda Life Insurance Company  | ¥13,500 million         |
| Nippon Life Insurance Company        | ¥13,000 million         |
| Fukoku Mutual Life Insurance Company | ¥8,500 million          |

Notes: 1. Outstanding loan amount includes loans from overseas subsidiaries of the lenders.  
2. Outstanding loan amounts are rounded down to the nearest million yen.

## 2. Stock Information (as of March 31, 2023)

- |                                       |   |
|---------------------------------------|---|
| (1) Total number of authorized shares | 1,700,000,000 shares  |
| (2) Number of issued shares           | 521,278,795 shares<br>(excluding 29,989,309 shares of treasury stock) |
| (3) Number of shareholders            | 64,909  |
| (4) Top ten shareholders              |   |

| Shareholders  | Number of shares owned in thousands | Holding ratio |
|---|-------------------------------------|---------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                    | 78,120                              | 14.98%        |
| Custody Bank of Japan, Ltd. (Trust Account)                             | 32,689                              | 6.27%         |
| Meiji Yasuda Life Insurance Company                                     | 27,626                              | 5.29%         |
| Fukoku Mutual Life Insurance Company                                    | 22,400                              | 4.29%         |
| Nippon Life Insurance Company   | 22,034                              | 4.22%         |
| Mizuho Bank, Ltd.   | 18,211                              | 3.49%         |
| The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account) | 10,709                              | 2.05%         |
| Toyota Motor Corporation  | 10,000                              | 1.91%         |
| NSK Customer Shareholding Association                                   | 9,939                               | 1.90%         |
| NSK Employee Shareholding Association                                   | 8,689                               | 1.66%         |

- Notes:
1. Numbers of shares are rounded down to the nearest thousand.
  2. In calculation of the shareholding ratio, the treasury shares of the Company (29,989,309 shares) are excluded from the total number of shares issued.
  3. The treasury shares do not include 7,669,880 shares of the Company held by the trust account related to the share delivery trust.

- (5) Shares issued to corporate officers as compensation for the execution of their duties during the fiscal year under review

| Category            | No. of Shares | Issued to |
|---------------------|---------------|-----------|
| Director (Internal) | —             | —         |
| Director (Outside)  | 18,800        | 2         |
| Executive Officer   | 215,800       | 11        |

### 3. Stock Acquisition Rights

Outline of Stock Acquisition Rights held by Officers of the Company as of the end of the Fiscal Year

|  |   |                                  |            |
|--|---|----------------------------------|------------|
| Exercise period for Stock Acquisition Rights |   | August 21, 2015 to July 29, 2025 |            |
| Officers issued Stock Acquisition Rights     | Directors (excluding Outside Directors) | 4                                | 930 rights |
|  | Executive Officers                      | 7                                | 350 rights |
| Type of shares to be issued upon exercise    |   | Common stock                     |            |
| Number of shares to be issued upon exercise  |   | 128,000 shares                   |            |
| Issue price of Stock Acquisition Rights      |   | Gratis                           |            |
| Issue price per share                        |   | ¥1,806                           |            |

- Notes:
- 1. Resolved by the Board of Directors based on the provisions of Articles 236, 238 and 240 of the Companies Act.*
  - 2. The number of target shares for each Stock Acquisition Right is 100 shares.*
  - 3. For Directors who also serve as Executive Officers, Stock Acquisition Rights provided are listed in the Directors column.*



## 4. Officers of the Company

### (1) Directors of the Company (as of March 31, 2023)

#### I. Concurrent Responsibilities, etc. of Directors

| Name               | Main Assignments and Responsibilities   |
|--------------------|---|
| Toshihiro Uchiyama | Outside Director of Sapporo Holdings Ltd., Outside Director of IHI Corporation  |
| Akitoshi Ichii     | Member of the Nomination Committee  |
| Saimon Nogami      | Member of the Compensation Committee  |
| Kenichi Yamana     | Member of the Audit Committee   |
| Yoshitaka Fujita   | Chair of the Nomination Committee, Member of the Audit Committee, Advisor of Murata Manufacturing Co., Ltd.   |
| Mitsuhiro Nagahama | Chair of the Compensation Committee, Member of the Audit Committee, External Auditor of Kuraray Co., Ltd., Outside Director of Azbil Corporation  |
| Kouichi Obara      | Member of the Compensation Committee, Consultant of Maeda Corporation   |
| Junji Tsuda        | Member of the Nomination Committee, Senior Advisor of Yaskawa Electric Corporation, Outside Director of TOTO LTD., External Member of Directors of Kyushu Electric Power Company, Incorporated. |
| Sayoko Izumoto     | Chair of the Audit Committee, External Audit and Supervisory Board Member of Freund Corporation   |

- Notes:
- 1. Yoshitaka Fujita, Mitsuhiro Nagahama, Kouichi Obara, Junji Tsuda, and Sayoko Izumoto are Outside Directors as defined in Article 2, Item 15 of the Companies Act of Japan.*
  - 2. Yoshitaka Fujita, Mitsuhiro Nagahama, Kouichi Obara, Junji Tsuda, and Sayoko Izumoto have been reported as Independent Directors to the Tokyo Stock Exchange. NSK has also established its own criteria for the independence of Outside Directors. These criteria are listed in the Notice of the 162nd Ordinary General Meeting of Shareholders.*
  - 3. Sayoko Izumoto, Chair of the Audit Committee, is a Certified Public Accountant and possesses considerable insight in the fields of finance and accounting.*
  - 4. The Company has assigned non-independent Director Kenichi Yamana as a full-time member of the Audit Committee in order to improve the effectiveness and efficiency of the Committee. Full-time members of the Audit Committee perform audit duties, attend key meetings, gather information from the operating organizations, monitor and direct the Internal Audit Department, and share this information with all Audit Committee members.*
  - 5. Directors Hajime Bada and Akemi Mochizuki retired from their positions as of June 28, 2022.*

#### II. Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damage of Directors under Article 423, Paragraph 1 of the Companies Act with all Directors (excluding executive Directors). The limits of liability for damage under the agreement are equal to the minimum amount of liability as set forth in the relevant laws and regulations.

**(2) Executive Officers of the Company (as of March 31, 2023)**

| Title   | Name               | Main Assignments and Responsibilities   |
|---|--------------------|---|
| Representative,<br>President and CEO                  | Akitoshi Ichii     | CEO   |
| Representative,<br>Senior Executive<br>Vice President | Saimon Nogami      | Advisor to the President, CFO   |
| Executive Vice<br>President                           | Tomoyuki Yoshikiyo | Head of Industrial Machinery Business Division HQ   |
| Executive Vice<br>President                           | Hideki Ochiai      | Head of Automotive Business Division HQ   |
| Senior Vice<br>President                              | Nobuaki Mitamura   | Head of Technology Development Division HQ, Head of Core<br>Technology R&D Center, Technology Development Division<br>HQ  |
| Senior Vice<br>President                              | Kunihiko Akashi    | Head of Quality Assurance Division HQ   |
| Senior Vice<br>President                              | Masaru Takayama    | Head of Manufacturing Strategy Division HQ, Head of<br>Procurement Division HQ  |
| Senior Vice<br>President                              | Guoping Yu         | Head of All Chinese Operations  |
| Senior Vice<br>President                              | Keita Suzuki       | Head of Finance Division HQ   |
| Senior Vice<br>President                              | Susumu Ishikawa    | Deputy Head of Industrial Machinery Business Division HQ  |
| Senior Vice<br>President                              | Hayato Oumi        | Deputy Head of Automotive Business Division HQ, Head of<br>Automotive Technology Development Center, Automotive<br>Business Division HQ                               |
| Senior Vice<br>President                              | Narihito Otake     | Deputy Head of Automotive Business Division HQ, Head of<br>Automotive Steering & Actuator Division HQ, Automotive<br>Business Division HQ                             |
| Senior Vice<br>President                              | Hikomichi Takemura | Deputy Head of Industrial Machinery Business Division HQ,<br>Head of Industrial Machinery Technology Development<br>Center, Industrial Machinery Business Division HQ |
| Senior Vice<br>President                              | Tatsufumi Soda     | Deputy Head of Industrial Machinery Business Division HQ,<br>Head of Industrial Machinery Division HQ, Industrial<br>Machinery Business Division HQ                   |
| Senior Vice<br>President                              | Michio Ozaki       | Deputy Head of Automotive Business Division HQ, Head of<br>Automotive Powertrain Division HQ, Automotive Business<br>Division HQ                                      |
| Senior Vice<br>President                              | Hidenori Oka       | Head of Human Resources and General Affairs Division HQ   |
| Executive Officer                                     | Tamami Murata      | Deputy Head of All Chinese Operations   |
| Executive Officer                                     | Ulrich Nass        | Head of All European Operations   |
| Executive Officer                                     | Brian Parsons      | Head of All American Operations   |
| Executive Officer                                     | Gen Murayama       | Head of Corporate Planning Division HQ  |
| Executive Officer                                     | Hideaki Hayami     | Head of All ASEAN Operations  |

Note : Akitoshi Ichii and Saimon Nogami concurrently serve as Directors of the Company.

**For Reference**

Executive Officers from April 1 of this year are as follows.

**Executive Officers of the Company (from April 1, 2023 onwards)**

| Title  | Name               | Main Assignments and Responsibilities   |
|--|--------------------|---|
| Representative,<br>President and CEO           | Akitoshi Ichii     | CEO   |
| Representative,<br>Executive Vice<br>President | Keita Suzuki       | CFO, Head of Finance Division HQ  |
| Executive Vice<br>President                    | Tomoyuki Yoshikiyo | Head of Industrial Machinery Business Division HQ   |
| Executive Vice<br>President                    | Hideki Ochiai      | Head of Automotive Business Division HQ   |
| Executive Vice<br>President                    | Hayato Oumi        | Head of Technology Development Division HQ  |
| Senior Vice<br>President                       | Kunihiko Akashi    | Head of Quality Assurance Division HQ   |
| Senior Vice<br>President                       | Guoping Yu         | Head of All Chinese Operations  |
| Senior Vice<br>President                       | Susumu Ishikawa    | Deputy Head of Industrial Machinery Business Division HQ  |
| Senior Vice<br>President                       | Narihito Otake     | Deputy Head of Automotive Business Division HQ, Head of Automotive Steering & Actuator Division HQ, Automotive Business Division HQ                             |
| Senior Vice<br>President                       | Hikomichi Takemura | Deputy Head of Industrial Machinery Business Division HQ, Head of Industrial Machinery Technology Development Center, Industrial Machinery Business Division HQ |
| Senior Vice<br>President                       | Tatsufumi Soda     | Deputy Head of Industrial Machinery Business Division HQ, Head of Industrial Machinery Division HQ, Industrial Machinery Business Division HQ                   |
| Senior Vice<br>President                       | Michio Ozaki       | Deputy Head of Automotive Business Division HQ, Head of Automotive Powertrain Division HQ, Automotive Business Division HQ                                      |
| Senior Vice<br>President                       | Hidenori Oka       | Head of Human Resources and General Affairs Division HQ   |
| Senior Vice<br>President                       | Shinji Miyata      | Deputy Head of Automotive Business Division HQ, Head of Automotive Technology Development Center, Automotive Business Division HQ                               |
| Senior Vice<br>President                       | Naoki Goto         | Head of Manufacturing Strategy Division HQ  |
| Senior Vice<br>President                       | Tatsuki Murata     | Head of Digital Transformation Division HQ  |
| Executive Officer                              | Tamami Murata      | Deputy Head of All Chinese Operations   |
| Executive Officer                              | Ulrich Nass        | Head of All European Operations   |

| Title             | Name           | Main Assignments and Responsibilities          |
|-------------------|----------------|--|
| Executive Officer | Brian Parsons  | Head of All American Operations                |
| Executive Officer | Gen Murayama   | Deputy Head of Automotive Business Division HQ |
| Executive Officer | Hideaki Hayami | Head of Corporate Planning Division HQ         |

*Note : Akitoshi Ichii concurrently serves as a Director of the Company.*

### **(3) Summary of Contents of Directors' and Officers' Liability Insurance Policy**

The Company has concluded directors' and officers' liability insurance agreements with insurance companies as stipulated in Article 430-3, Paragraph 1 of the Companies Act, insuring directors, executive officers and managerial employees of the Company and certain subsidiaries and affiliates, with the premiums borne entirely by the Company and certain subsidiaries and affiliates, including the special clause portion. Under the policy, the insurance company will cover damages that may arise as a result of the insured being held liable for the performance of his/her duties or being subject to litigation costs or claims for damages in connection with the pursuit of such liability. However, there is an exclusion of liability for damages caused by willful misconduct or gross negligence.

### **(4) Indemnity Agreements**

The Company has entered into indemnification agreements with all Directors and Executive Officers as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify the indemnitees to the extent provided by law for expenses stipulated in Item 1 and losses stipulated in Item 2 of the same Paragraph. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by the indemnitees is not impaired by setting a ceiling on the amount of compensation, requiring the indemnitees to take measures to mitigate damages, and requiring deliberation by the Company's Advisory Committee when making compensation.

### **(5) Directors and Executive Officers' Compensation (as of March 31, 2023)**

#### **I. Policy for Determining Executive Compensation, etc.**

As a Company with Three Committees (Nomination, Audit and Compensation), NSK Ltd. makes decisions on executive compensation levels, compensation structure, and individual compensation, etc. at a Compensation Committee chaired by an Outside Director, and based on advice from external consultants as well as objective information on compensation levels and trends at other companies.

The Company will determine compensation for Director and Executive Officer positions separately. When a Director also serves as an Executive Officer, the total of each respective compensation amount shall be paid. For Directors who also serve as Executive Officers, stock-based compensation will not be provided for the Director position.

#### **a) Executive Officers' Compensation**

The compensation package for Executive Officers consists of a fixed basic compensation and a performance-based compensation that fluctuates with performance. The Company generally sets a compensation ratio of roughly 4:6 of fixed compensation to performance-based compensation.

##### **i. Basic compensation**

The amount of basic compensation is determined according to the title of the Executive Officer. Moreover, an additional amount will be paid to Executive Officers with representation rights.

##### **ii. Performance-based compensation**

The Performance-based compensation consists of a short-term performance-based compensation and a mid- to long-term performance-based stock compensation.

###### **(1) Short-term performance-based compensation**

The Short-term performance-based compensation will be determined based on metrics consistent with management goals to increase profitability, raise efficiency of shareholders' equity, and improve corporate value. Metrics include operating income margin, ROE, cash flow, and the ratio of new product sales to net sales as well as achievement targets for ESG goals such as CO2 emission reductions and the improvement of safety and quality. The individual's level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each Executive Officer.

###### **(2) Mid- to long-term performance-based stock compensation**

In order to further incentivize contributions to a sustainable improvement of corporate value, to ensure they share the interests of shareholders, and to further reinforce the link between Executive Officer compensation and mid- to long-term stock price, the Company has introduced a performance-based stock compensation program using a Board Benefit Trust system.

Through the system, points are fixed every three years based on a relative evaluation of the Company's total shareholder return (TSR) through a comparison with the TOPIX growth rate, the equivalent for which company shares are then distributed upon retirement. However, for a certain portion of the above, NSK will compensate Executive Officers with the equivalent amount acquired by converting shares into cash.

The relative TSR for the period from April 2020 to March 2023 was 75.20%. As this system is designed to fix points three years after they are granted, points granted in 2021 will be fixed in 2024, and those granted in 2022 will be fixed in 2025.

## b) Directors' Compensation

The compensation package for Directors consists of a fixed basic compensation and fluctuating stock compensation.

### i. Basic compensation

Basic compensation is determined based on whether the Director is an Outside or Internal Director in addition to the Director's role on board committees and the Board of Directors.

### ii. Stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value and to ensure they share the interests of shareholders, the Company has introduced a stock compensation program using a Board Benefit Trust system. The system distributes company shares upon retirement based on points allocated each fiscal year, of which separate amounts are given for Independent and Internal Directors. However, for a certain portion of the above, the Company will compensate Directors with the equivalent amount acquired by converting shares into cash.

For Directors who also serve as Executive Officers, stock-based compensation will not be provided for the Director position.

## c) Other Matters

In addition, in the event a member of a management team of another company such as a subsidiary or an affiliate, etc., assumes an Executive Officer position, compensation will be determined separately.

## II. Directors/Executive Officers' Compensation

The amount of compensation for Directors and Executive Officers from April 1, 2022 to March 31, 2023 was as follows:

|                      | Total compensation | Fixed compensation |                    | Performance-based compensation |                    | Stock compensation |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------|
|                      |                    | No. of officers    | Amount (¥ million) | No. of officers                | Amount (¥ million) | No. of officers    | Amount (¥ million) |
| Directors (Internal) | ¥143 million       | 4                  | ¥121 million       | —                              | —                  | 2                  | ¥22 million        |
| Directors (Outside)  | ¥86 million        | 7                  | ¥72 million        | —                              | —                  | 7                  | ¥14 million        |
| Executive Officers   | ¥921 million       | 19                 | ¥533 million       | 17                             | ¥77 million        | 32                 | ¥310 million       |

- Notes:
1. Compensation (excluding stock compensation) for Directors (Internal) includes compensation for Directors who also serve as Executive Officers.
  2. The amount of performance-based salary is the planned amount to be paid on July 3, 2023, based on the results for the year ended March 31, 2023. The amount of performance-based salary paid on July 1, 2022, based on the results for the year ended March 31, 2022, was ¥108 million.
  3. The amount of stock compensation is the amount recorded as expenses for the current fiscal year.
  4. Figures listed above are rounded down to the nearest one million yen.

The Company's Compensation Committee determined the details and the above compensation for Executive Officers and Directors for the fiscal year under review, taking into account the advice of outside experts and objective information regarding the levels and trends of other companies, and therefore determined that the individual compensation of Executive Officers and Directors is in line with this policy.

## (6) Outside Directors

### I. Special interests between the Company and other companies where concurrent positions are held

Significant concurrent posts held by each Outside Director are listed in “Main Assignments and Responsibilities” under “(1) Directors of the Company” on page 33 of this report. Each of the persons listed below fulfill the Company’s Criteria for Independence of Outside Directors listed on page 16 of this Notice. Furthermore, no special interest exists between the Company and other companies where each Outside Director holds concurrent positions.

### II. Main Roles and Responsibilities of Outside Directors

| Name               | Attendance at Board of Directors and Committee Meetings  | Main Roles and Responsibilities  |
|--------------------|--|--|
| Yoshitaka Fujita   | Board of Directors: 100% (10 of the 10 meetings held)<br>Nomination Committee: 100% (6 of the 6 meetings held)<br>Audit Committee: 100% (14 of the 14 meetings held)   | We expect Mr. Fujita to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience, high ethical standards, and deep insight as a corporate executive. He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company’s corporate value. As Chair of the Nomination Committee, he leads the committee’s proceedings, discusses and deliberates on proposals for the election of Directors and CEO succession planning, etc., and reports to the Board of Directors as appropriate. In the Audit Committee, he actively speaks and fulfills his expected roles through discussions and deliberations on the enhancement of the audit system and its operation. |
| Mitsuhiro Nagahama | Board of Directors: 100% (10 of the 10 meetings held)<br>Compensation Committee: 100% (4 of the 4 meetings held)<br>Audit Committee: 100% (14 of the 14 meetings held) | We expect Mr. Nagahama to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience, high ethical standards, and deep insight as a corporate executive. He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company’s corporate value. As Chair of the Compensation Committee, he leads the committee’s proceedings, discusses and deliberates on the executive compensation policy and decisions, etc., and reports to the Board of Directors as appropriate. In the Audit Committee, he actively speaks and fulfills his expected roles through discussions and deliberations on the enhancement of the audit system and its operation.                 |

| Name           | Attendance at Board of Directors and Committee Meetings  | Main Roles and Responsibilities  |
|----------------|--|--|
| Kouichi Obara  | Board of Directors: 100% (10 of the 10 meetings held)<br>Compensation Committee: 100% (4 of the 4 meetings held) | <p>We expect Mr. Obara to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience, high ethical standards, and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>In addition, as a member of the Compensation Committee, he actively speaks and fulfills his expected role through discussions and deliberations on the executive compensation policy and decisions, etc.</p>   |
| Junji Tsuda    | Board of Directors: 75% (6 of the 8 meetings held)<br>Nomination Committee: 100% (5 of the 5 meetings held)      | <p>We expect Mr. Tsuda to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience, high ethical standards, and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>In addition, as a member of the Nomination Committee, he actively speaks and fulfills his expected role through discussions and deliberations on proposals for the election of Directors and CEO succession planning, etc.</p>   |
| Sayoko Izumoto | Board of Directors: 100% (8 of the 8 meetings held)<br>Audit Committee: 100% (9 of the 9 meetings held)          | <p>We expect Ms. Izumoto to supervise management and provide advice on overall management from a fair and independent standpoint, based on her considerable experience, high ethical standards and deep insight as a certified public accountant.</p> <p>She provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>As Chair of the Audit Committee, she leads the committee's proceedings, discusses and deliberates on the enhancement of the audit system and its operation at the committee meetings, reports to the Board of Directors as appropriate, and fulfills her expected roles.</p> |

*Notes: Regarding attendance of meetings of the Board of Directors and Committees: The data shows each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2022 (April 1, 2022, through March 31, 2023). On June 28, 2022 (the date of the Fiscal 2021 (161st) Ordinary General Meeting of Shareholders), Junji Tsuda was appointed to Director and a member of the Nomination Committee, and Sayoko Izumoto was appointed to Director and Chair of the Audit Committee. Accordingly, their attendance is counted only during the period of their appointment.*



## 5. Status of Accounting Auditor

### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

### (2) Amount of remuneration, etc., of Accounting Auditor for the fiscal year under review

|     |  |              |
|-----|--|--------------|
| [1] | Amount of remuneration payable for the audit service as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act | ¥215 million |
| [2] | Total amount of monetary or other property benefits to be paid by the Company and its subsidiaries                                   | ¥245 million |

- Notes:
1. Amounts are rounded down to the nearest million yen.
  2. In the audit agreement between the Company and the Accounting Auditor, there is no demarcation of the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and therefore, the amount in [1] above represents the combined sum of the two.
  3. The Company pays consideration to the Accounting Auditor for its services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as the preparation of comfort letters for the issuance of corporate bonds and advisory services related to the preparation of financial statements in English.
  4. Of the Company's principal subsidiaries, seven subsidiaries including NSK Americas, Inc. and NSK Europe Ltd., are subject to audits (limited to those under the provisions of the Companies Act or the Financial Instruments and Exchange Act, or foreign laws and regulations equivalent to such laws) of financial statements of a certified public accountant or an auditing corporation other than the Company's Accounting Auditor (including those with equivalent foreign qualifications).
  5. Taking into consideration the "Practical Guidelines for Cooperation with Accounting Auditor" announced by the Japan Audit & Supervisory Board Members Association, the Audit Committee has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming and examining the details of the auditing plan of the Accounting Auditor, status of execution of duties, basis for calculation of estimates of remuneration for previous fiscal years, and other matters through reports and interviews as well as necessary materials obtained from Executive Officers, relevant departments of the Company and the Accounting Auditor.

### (3) Policy on Accounting Auditor dismissal or non-reappointment decision

If judged to be necessary by the Audit Committee, for example in the event of there being obstacles to the performance of the duties of an Accounting Auditor, the Company shall propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders.

In the event that it is deemed that any of the reasons for dismissal prescribed in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor, the Audit Committee shall dismiss the Accounting Auditor, and shall report the dismissal and the reasons therefor to the first General Meeting of Shareholders convened after the dismissal.

## **6. Corporate Governance and Related Policies**

### **(1) Systems for Ensuring Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Executive Officers, and Other Systems for Securing Appropriateness of Duties**

The following section outlines NSK's systems for ensuring compliance with laws and regulations and the Company's Articles of Incorporation during the execution of duties by Executive Officers, in addition to other systems for securing the appropriateness of operations, as resolved by the Board of Directors (Basic Policy), as well as the operational status of the aforementioned systems.

#### **I. Structure to ensure appropriateness of operations in the NSK Group**

##### **Basic Policy**

NSK shall strive to improve internal control over the NSK Group as a whole, improve the soundness and transparency of management, and manage its business smoothly according to "NSK Group Management Rules." Based on this policy, NSK aims to establish a structure that ensures the appropriateness of operations throughout the NSK Group.

In addition, NSK shall receive, on either a periodic or continuous basis, reports from the NSK Group's respective divisions regarding relevant duties, and reports from directors of subsidiary companies or equivalent persons regarding the performance of their duties, in accordance with NSK Group rules governing management and business procedures.

The Audit Committee or specific Audit Committee members appointed by the Audit Committee shall receive reports from subsidiaries on a regular basis. If necessary, they may visit the subsidiaries themselves or cooperate with the auditor of each subsidiary to inspect the status of operations and assets.

In addition, when the Audit Committee finds it necessary, it may instruct the Internal Audit Department to perform this task under the direction of the Audit Committee members.

##### **Operational Status**

NSK's business is operated consistently across the entire Group in accordance with the basic framework for group governance stipulated in NSK Group Management Rules. Each of the NSK Group's divisions report on key matters, including the status of business execution, in accordance with NSK Group rules governing management and business procedures. In addition, the Company is working to enhance various internal regulations and organizational structures to respond to ESG issues, legal amendments, and the NSK Group's management needs

Based on its audit plan, the Audit Committee conducted site audits and observations of operating divisions both in and outside Japan in conjunction with the Internal Audit Department in order to investigate the progress status of key management tasks and related measures. This year, we used teleconferencing tools and so on, while organizing more site visits by considering COVID-19 situations and restrictions imposed by each country's government.

#### **II. Structure to ensure Executive Officers and employees of NSK and directors and employees of its subsidiaries conform to laws and regulations and the Articles of Incorporation during performance of duties**

##### **Basic Policy**

"NSK Code of Corporate Ethics," "Corporate Governance Rules" and "Compliance Rules," which are based on the NSK Corporate Philosophy, prescribe the fundamental principles that Executive Officers and employees of NSK and directors and other officers/employees of subsidiaries shall comply with, the structure for promoting compliance, and basic matters for operation (organization, structure for training, internal whistleblowing system, etc.)

By fostering awareness of compliance among all officers and employees and strengthening/improving internal controls, NSK aims to prevent violation of laws, regulations, and the Articles of Incorporation. In particular, NSK will prevent violation of competition laws in Japan and abroad by ensuring adherence to “Rules for Compliance with Competition Law.”

The Legal and Compliance HQ formulates policies to strengthen the compliance structure of the NSK Group, implements various measures based on these policies, and continuously monitors the implementation status. Activities of the Legal and Compliance HQ are reported to the Core Values Committee on a regular basis. Through the discussion of policies for promoting and strengthening compliance, which is one of our core values, and sharing of relevant risks, the Core Values Committee makes recommendations and monitors progress toward resolving company-wide compliance issues.

Furthermore, the Group’s Finance Division Headquarters shall ensure the establishment and operation of internal controls over financial reporting by the NSK Group as a whole, based on the “Rules for Internal Control over Financial Reporting,” while the Internal Audit Department (IAD) shall evaluate their implementation. This system secures a structure from which reasonable assurance of financial reporting reliability can be obtained.

As its basic policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and shall decline relationships, including business relationships, with such parties. In addition, NSK shall not accede to any unreasonable or illegal demands from such parties, to fulfill its corporate social responsibility through business activities.

### **Operational Status**

NSK has established the compliance framework stipulated in internal regulations such as the “Corporate Governance Rules” and “Compliance Rules”(organization, training and education systems, whistleblowing system, etc.) established the necessary subordinate rules to effectively prevent illegal acts, and is working to promote compliance awareness and deploy related measures across the Group, both in and outside Japan.

In addition to repeatedly emphasizing the importance of pursuing the core values, being open, honest, and mutually respectful, and changing & going beyond, the NSK Group’s CEO has established an annual NSK Corporate Philosophy Day (July 26th)—an occasion on which all officers and employees reaffirm their commitment to compliance. Among other activities, the heads of each organization speak directly to employees regarding compliance issues and workplace culture. In addition, we also conduct a periodic awareness survey of all officers and employees in order to gauge the level of compliance awareness within the organization as well as identify any problems occurring in the workplace or areas requiring improvement.

With regards to the reliability of our financial reporting, Finance Division HQ is responsible for developing and operating internal processes, while the Internal Audit Department assesses and validates their soundness.

## **III. Structure for ensuring efficient performance of duties by Executive Officers of NSK and directors and other officers of subsidiaries**

### **Basic Policy**

NSK Group Management Rules provide the framework to ensure efficient performance of duties by Executive Officers of NSK and directors and other officers/employees of subsidiaries regarding principles governing group management, decision-making mechanisms, continuous monitoring of business risks, and each NSK group company’s performance targets and management.

### **Operational Status**

Based on the management framework stipulated in NSK Group Management Rules, roles and responsibilities, including those of the Company’s Executive Officers and the directors of its subsidiaries, are clearly defined and operations conducted in an efficient manner with no unnecessary duplication. Decision-making bodies have been designated according to level of importance of the matter at hand in order to achieve efficient business operation. The Company’s management policies and objectives are

outlined in its Mid-Term Management Plan.

#### **IV. Rules and other frameworks in the NSK Group for management of risk of loss**

##### **Basic Policy**

The NSK Group's Risk Management Rules stipulate the responsible persons and roles of organizations in the execution system, govern the Group's risks exhaustively and comprehensively, and clarify the risk management system.

The Internal Audit Department audits the risk management status of each division and reports results to the Audit Committee. The Committee reports this information to the Board of Directors on a regular basis.

##### **Operational Status**

NSK has established a risk management framework as stipulated in the Company's Risk Management Rules and adopted a range of measures in order to avoid or reduce risks. Risks including changes in technology, natural disasters and infectious diseases, and changes in local conditions are comprehensively identified and reported on either a periodic or immediate basis.

The Internal Audit Department coordinates with the internal auditing divisions of each site or region to classify and evaluate critical risks. The Department monitors the Group's risk management status based on the risk reports submitted by each site as well as site audits, and reports its findings to the Audit Committee.

#### **V. Framework for saving and retention of information related to performance of duties by Executive Officers of NSK and directors and other officers/employees of subsidiaries**

##### **Basic Policy**

The framework for saving and retention of information regarding performance of duties by Executive Officers of NSK and directors and other officers of subsidiaries shall follow the provisions of NSK Group Management Rules, NSK Group Rules on Saving and Retention of Documents and NSK Group Information Security Standards.

Executive Officers of NSK and directors and other officers/employees of subsidiaries shall make information regarding the above easily available upon request of the Audit Committee or Audit Committee member(s) appointed by the Committee.

##### **Operational Status**

NSK has established a Group-wide regulatory framework for storing information/information security, and stores and manages information in line with these internal rules during the course of its business operations.

Regarding security related to the protection of personal information and the protection of confidential information, a dedicated organization continuously enhances its measures through the establishment of an operational system that complies with laws and public standards, and educational activities.

## **VI. Matters required for the execution of Audit Committee duties**

### **Basic Policy**

#### **a) Matters concerning members of the board and employees who should support the duties of the Audit Committee**

NSK's Internal Audit Department is designated as the organization tasked with supporting the duties of the Audit Committee. Selected employees of the Internal Audit Department shall support the duties of the Audit Committee either full-time or part-time.

#### **b) Matters concerning independence from the Executive Officer in charge of the Internal Audit Department and effectiveness of directions issued to the Internal Audit Department**

The Internal Audit Department shall be an organization reporting directly to the CEO, independent from audit subject divisions.

In order to conduct organizational audits, the Audit Committee may give direct instructions/directions to the head of the Internal Audit Department or employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the head of the Internal Audit Department and Internal Audit Department staff requires the prior consent of the Audit Committee.

In addition, the Audit Committee may state opinions about the performance evaluation of the head of the Internal Audit Department and Internal Audit Department staff.

#### **c) NSK Group framework for reporting to the Audit Committee**

The NSK Group shall establish a framework under which the responsible persons in business divisions and Group Companies are required to report on items deemed necessary by the Audit Committee. Any events with the potential to cause substantial detriment to the NSK Group must be reported to the Audit Committee on a regular basis. When it is judged that an event likely to cause substantial detriment to the Group has occurred, details must be reported to the Audit Committee immediately.

As a means to complement reports, Audit Committee members appointed by the Audit Committee may attend important meetings on the NSK Group which the Audit Committee finds necessary, with consent of the host of the meeting. In addition, Executive Officers shall establish an internal whistleblowing system in the NSK Group and report the operation and status of whistleblowing to the Audit Committee or Audit Committee member(s) appointed by the Committee without delay.

In addition to the content or methods of the reports stipulated above, directors, executive officers, employees, and auditors of the NSK Group, or persons receiving reports from the aforementioned parties, may report to the Audit Committee.

The NSK Group shall prohibit unfavorable treatment of any person reporting to the Audit Committee as a result of the aforementioned or other reports, regardless of the reporting format, and ensure that this policy is understood throughout the NSK Group.

#### **d) Other structures for ensuring effective auditing by the Audit Committee**

The Audit Committee shall exchange opinions with the CEO and accounting auditor on a regular basis, and, in order to ensure the effectiveness of internal audits performed by the Internal Audit Department, may recommend to Executive Officers changes to audit plans, performance of additional audits, or improvements in light of the annual internal audit plan, its implementation status, and results. In addition, if necessary during the course of their audit duties the Audit Committee may hire their own consulting lawyer, or receive advice from specialist lawyers or accountants.

NSK shall process expenses incurred during the performance of Audit Committee members' duties in a prompt and appropriate manner, in accordance with the designated methods.

## **Operational Status**

The Audit Committee creates an audit policy as well as an annual audit plan. In addition to conducting day-to-day auditing duties, the Committee also coordinates with the Internal Audit Department, which serves as its support organization, in order to audit the Group.

In addition to holding regular discussions with the Company's CEO, CFO, and accounting auditor, the Committee reviews the plans, implementation status, and results of internal audits performed by the Internal Audit Department (including appraisal of internal control over financial reporting), and directs changes or improvements where necessary.

## **(2) Basic Guidance Regarding Control of the Company**

### **I. Outline of the Basic Policy regarding Persons Controlling the Company's Decisions concerning Financial and Business Policies**

The Company is a stock company whose shares are traded on capital markets, and therefore, the Company believes that, in the case of a large-scale purchase of the Company shares, the decision whether to accept such a purchase should ultimately be left to the shareholders.

However, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and an opportunity to consider the proposal being given to the shareholders, and without the NSK's Board of Directors being provided with the information and time to express its opinion and make an alternative proposal. Such large-scale purchases of shares could damage the Company's corporate value and the common interests of its shareholders if, for instance, the purchaser does not intend to manage the Company reasonably or in good faith.

We believe that any party that makes a large-scale purchase of the Company shares that damages NSK's corporate value and the common interests of its shareholders is not an appropriate party to control decisions concerning financial and business policies.

### **II. Special Endeavors which Contribute to the Realization of the Basic Guidance**

#### **a) Endeavors to Enhance Corporate Value under the Mid-Term Management Plan**

The NSK Group aims to establish a corporate foundation capable of sustainable growth in the mid- to long-term, in order to continue providing value to society through our Motion & Control technology.

In this environment, the NSK Group will continue to contribute to the development of a sustainable society by creating value through the fusion of tribology and IT or digital technology in accordance with our corporate philosophy, aiming to be a company that is needed and trusted by society. To achieve this goal, we have launched our "Mid-term Management Plan 2026," which covers the five-year period from fiscal 2022 to 2026.

Positioning NSK's core values of safety, quality, environment, and compliance as an overriding shared value standard in management decision-making and actions, we will address the three management tasks of "Growth with Profitability," "Enhancement of Managerial Resources," and "ESG Management."

The three main management tasks and details of initiatives are shown below.

1. For "Growth with Profitability," under the concept of "Bearings & Beyond," which means developing new business domains while growing existing businesses, we will aim to establish a business foundation for sustainable growth even in changing business conditions
  - Enhance the competitiveness of the Group's mainstay products, bearings and precision machinery, transform our business portfolio through the expansion of the industrial machinery business, and respond to the shift to electrification of automobiles
  - Promote co-creation of new technologies for industrial automation, environmental measures, as well as the deepening of our condition monitoring technology, and expand our business with new products
  - Promote independent operation of the steering business under a new company and explore alliances with strategic partners
2. For "Enhancement of Managerial Resources," we will enhance our managerial resources with the power of IT and create a foundation that will continue to bring about business transformation
  - Proactively utilize digital technology in quality, technology, manufacturing, as well as the development of human resources that support them

- Aim to transform manufacturing by dramatically improving productivity and realizing safer, more secure, and environmentally friendly plants, with a manufacturing policy of “ultra-stabilization of production”
  - Aim to maximize the value of our human capital through the appointment of diverse human resources and the development of and support for a variety of career choices
3. For “ESG Management,” we will aim to be a company that continues to be needed, trusted, and relied upon by society
- Aim to achieve carbon neutrality in terms of direct CO2 emissions (Scope 1) and energy use (Scope 2) by 2035 through energy-saving initiatives, development of new technologies, and utilization of renewable energy
  - Contribute to the development of a recycling-oriented society by providing low-friction technology that reduces energy loss and environmentally friendly products and services used in wind power generation, hydrogen energy, etc.
  - Create a comfortable working environment through work style reforms and promote diversity and inclusion
  - Strengthen group governance and deepen dialogue with stakeholders

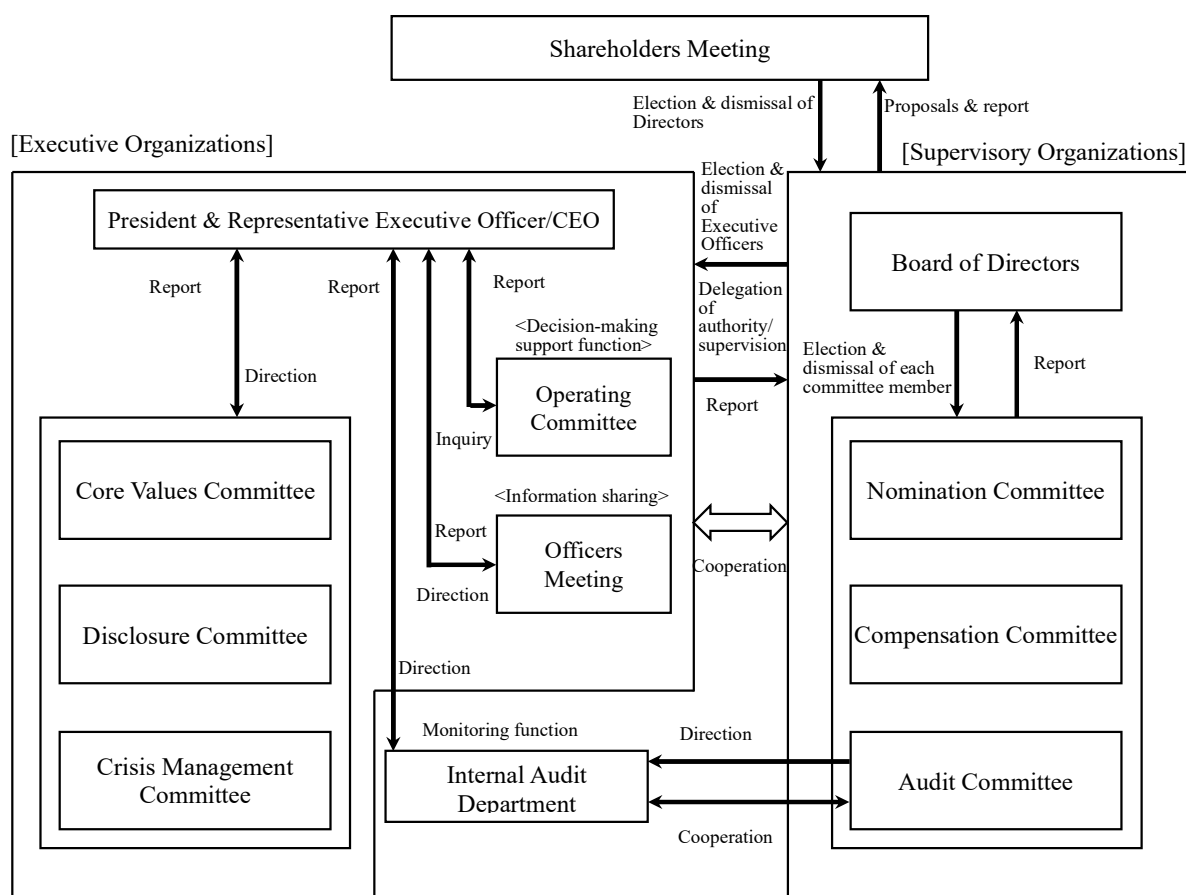
We will continue to “change and go beyond” on the above issues and aim to be a vibrant company that continues to move forward toward future-looking and ambitious goals. Through corporate activities based on our corporate philosophy and the evolution of MOTION & CONTROL™, we will continue to contribute to the resolution of social issues and the sustainable development of society.

#### **b) Endeavors to Enhance Corporate Governance**

The Company has been actively working to improve the transparency and soundness of its management-related decision-making in order to fulfill its social responsibilities as well enhance its corporate value and, by extension, the common interests of its shareholders. Even before shifting to a Company with Committees, etc. governance system in 2004, the Company worked to enhance its governance by introducing an executive officer system, inviting outside directors onto its board, and voluntarily establishing a compensation committee and audit committee. The Company is currently endeavoring to further improve its management transparency and soundness under a Company with Three Committees (Nomination, Audit and Compensation) structure, with each the three committees (nominating committee, audit committee, and compensation committee) comprised of an Internal Director and a majority of Outside Directors.

Each of the Company’s Outside Directors have been registered to the Tokyo Stock Exchange as Independent Directors.

The Company’s governance and internal control systems are outlined below (as of April 1, 2023):



Core Values Committee: Our core values of safety, quality, environment, and compliance are an overriding shared value standard in management decision-making and actions of the Company. The Core Values Committee identifies company-wide issues through discussions on policies for promoting and strengthening the core values and sharing of relevant risks, makes recommendations, and monitors progress toward solving the issues.

### III. Endeavors to Prevent Decisions concerning the Company’s Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of the Basic Policy

Based on the resolution of the Annual Shareholders' Meeting held on June 30, 2020, the Company continues to take countermeasures (the “Plan”) regarding the large-scale purchase of the Company's shares. The Plan is effective through to the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2023.

The Plan applies to any person (“Large-Scale Share Purchaser”) who conducts or intends to conduct a purchase, etc. of the Company's shares, etc. for the purpose of increasing the ratio of voting rights of a specific group of shareholders to 20% or more (“Large-scale Share Purchase”). The Company requires a Large-Scale Share Purchaser who conducts or intends to conduct a Large-scale Purchase to comply with the procedures prescribed in this Plan (“Large-Scale Purchase Rules”). Large-scale Share Purchase Rules state that the Large-scale Share Purchaser can only commence the Large-scale Share Purchase after providing information necessary and sufficient for shareholders to make a decision and for the Board of Directors to evaluate etc., and, after providing this information, completion of a specified period during which the Board of Directors will evaluate and examine the proposal of the Large-scale Share Purchase, negotiate with the Large-scale Share Purchaser, form its opinion on the Large-scale Share Purchase and/or elaborate alternative proposals (the “Board of Directors’ Evaluation Period”).

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Board of Directors will, as a general rule, not trigger



countermeasures to such Large-scale Share Purchase. The Board of Directors, however, may express its objections, etc., to shareholders. In addition, if such Large-scale Share Purchase is deemed to constitute an abusive acquisition, such as in the case that the Large-scale Share Purchaser is a “greenmailer,” or in the case where it is judged that the purchasing method of the Company's suggested by the Large-scale Share Purchaser may force the selling of shares upon the Company’s shareholders by restricting the opportunity or freedom of judgment by shareholders, such as a coercive two-tier purchase, such Large-scale Share Purchase is reasonably deemed to materially damage the Company’s corporate value and shareholders’ common interests, and the Board of Directors may trigger countermeasures.

On the other hand, in the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may trigger countermeasures to secure and enhance its corporate value and its shareholders’ common interests. Notwithstanding the foregoing, if the Board of Directors reasonably determines that it is practicable and is appropriate to hold a shareholders’ meeting in order to confirm its shareholders’ opinion and to have them decide whether to trigger countermeasures, the Board of Directors shall, after the expiration of the Board of Directors’ Evaluation Period, hold a shareholders’ meeting, and leave the shareholders to decide whether to trigger countermeasures.

When the Board of Directors decides on whether to trigger countermeasures, it shall take the following measures in order to secure the reasonableness and fairness of the Board of Directors’ decision.

Before triggering the countermeasures, the Board of Directors shall consult with the Independent Committee regarding whether to trigger countermeasures, whereupon the Independent Committee shall make a recommendation and the Board of Directors shall follow this recommendation to the greatest extent possible. The Board of Directors shall unanimously resolve to trigger countermeasures at a Board of Directors’ meeting at which all Directors are present. Under the Plan, the Company will trigger an allotment of share options without contribution as a countermeasure.

Procedures related to the Plan are outlined on the Company website. With respect to the details of the Plan, please see the “Continuation of the Response Measures to Large-scale Purchases of the Company Shares (Takeover Defenses)” as of date June 2, 2020, which is published on the Company’s website at the address below.

<https://www.nsk.com/company/governance/index.html>

#### **IV. Judgments of the Board of Directors and reasons therefor regarding the endeavors described above**

The endeavors described in [II] above are part of the Company’s basic endeavors for the mid- to long-term improvement of the Company’s corporate value, and have been undertaken for the purpose of enhancing the Company’s corporate value and the common interests of its shareholders.

The endeavors described in [III] above have been introduced to require the Large-scale Share Purchaser to provide necessary information on the Large-scale Share Purchase, and secure the necessary period to evaluate etc. the substance of the Large-scale Share Purchase in order to secure and enhance the Company’s corporate value and the common interests of its shareholders. In the endeavors described in [III] above, by preventing large-scale share purchases that fall under a certain type outlined in the plan, we will refer to the basic policy of [I] above to prevent the decisions of our financial and business policies from being controlled by inappropriate persons. Furthermore, as described in [III] above, there is a general rule to triggering countermeasures that requires the Board of Directors to hold a shareholders’ meeting. If the Board of Directors resolves to trigger the countermeasures, the Board of Directors shall respect the recommendation of the Independent Committee to the greatest extent possible, before coming to a unanimous resolution on triggering countermeasures at a Board of Directors’ meeting at which all of the Directors are present. As a result, a range of systems and procedures have been put in place to eliminate any arbitrariness in the Board of Directors’ decision-making and to secure the reasonableness and fairness of the endeavors.

Therefore, the Board of Directors believes that the endeavors described in [II] and [III] above are consistent with the basic policy described in [I] above, do not damage the common interests of the Company’s shareholders, and are not for the purpose of allowing the Company’s Directors to maintain their position.

(Note)

The effective period of the Plan will expire at the conclusion of this year's General Meeting of Shareholders. The Company passed a resolution at a meeting of the Board of Directors held on May 12, 2023 not to renew the Plan at the conclusion of this year's General Meeting of Shareholders.

### **(3) Policy on the Distribution of Cash Dividends**

NSK places great importance on stable shareholder returns. Under the Mid-term Management Plan 2026, NSK has established a dividend payout ratio target of 30%-50%, and it remains our policy to pay stable and continuous dividends to our shareholders. We also recognize that the acquisition of treasury shares is one of the options for an agile capital policy. We would like to acquire treasury shares in an appropriate and flexible manner, while taking into consideration such factors as our cash position and stock market trends. Our aim is to achieve a cumulative total return ratio of 50%, which includes dividends and share buybacks, over the three-year period of the Mid-term Management Plan 2026. In implementing these measures, we will make appropriate decisions in consideration of financial conditions and other factors.

Based on the policy stated above, we comprehensively took into account our business performance in this fiscal year and future business environment. As a result, the year-end dividends for the fiscal year ended March 31, 2023 will be ¥15.00 per share. The dividends for the first half of the year, paid on December 2, 2022, was ¥15.00 per share. Accordingly, the full year dividends for the fiscal year ended March 31, 2023 will be ¥30.00 per share, a ¥5 increase from the fiscal year ended March 31, 2022.

**Consolidated Statement of Financial Position**
**(Millions of yen)**

|   | Fiscal 2022<br>(Year ended March 31, 2023) | Fiscal 2021 (For Reference)<br>(Year ended March 31, 2022) |
|---|--|--|
| <b>Assets</b>                                     |  |  |
| Current assets                                    |  |  |
| Cash and cash equivalents                         | 160,109                                    | 137,504  |
| Trade receivables and other receivables           | 207,812                                    | 209,351  |
| Inventories                                       | 197,754                                    | 196,736  |
| Other financial assets                            | 1,590                                      | 1,658  |
| Income tax receivables                            | 1,633                                      | 5,562  |
| Other current assets                              | 18,756                                     | 19,065   |
| Total current assets                              | 587,656                                    | 569,879  |
| Non-current assets                                |  |  |
| Property, plant and equipment                     | 385,613                                    | 379,042  |
| Intangible assets                                 | 49,227                                     | 43,987   |
| Investments accounted for using equity method     | 30,699                                     | 30,824   |
| Other financial assets                            | 56,425                                     | 66,094   |
| Deferred tax assets                               | 15,288                                     | 15,128   |
| Net defined benefit assets                        | 101,165                                    | 123,989  |
| Other non-current assets                          | 7,179                                      | 5,603  |
| Total non-current assets                          | 645,600                                    | 664,672  |
| <b>Total assets</b>                               | <b>1,233,256</b>                           | <b>1,234,551</b>   |
|   |  |  |
| <b>Liabilities and Equity</b>                     |  |  |
| Current liabilities                               |  |  |
| Trade and other payables                          | 112,535                                    | 119,855  |
| Other financial liabilities                       | 129,801                                    | 113,882  |
| Provisions  | 536  | 516  |
| Income tax payable                                | 7,797                                      | 5,990  |
| Other current liabilities                         | 56,678                                     | 56,758   |
| Total current liabilities                         | 307,348                                    | 297,003  |
| Non-current liabilities                           |  |  |
| Financial liabilities                             | 231,309                                    | 214,684  |
| Provisions  | 1,867                                      | 3,050  |
| Deferred tax liabilities                          | 32,661                                     | 56,084   |
| Net defined benefit liabilities                   | 16,027                                     | 17,714   |
| Other non-current liabilities                     | 9,318                                      | 8,555  |
| Total non-current liabilities                     | 291,183                                    | 300,088  |
| <b>Total liabilities</b>                          | <b>598,532</b>                             | <b>597,091</b>   |
| <b>Equity</b>                                     |  |  |
| Issued capital                                    | 67,176                                     | 67,176   |
| Capital surplus                                   | 80,476                                     | 80,374   |
| Retained earnings                                 | 415,736                                    | 410,872  |
| Treasury stock                                    | (36,781)                                   | (37,025)   |
| Other components of equity                        | 89,604                                     | 96,402   |
| Total equity attributable to owners of the parent | 616,213                                    | 617,800  |
| Non-controlling interests                         | 18,511                                     | 19,659   |
| <b>Total equity</b>                               | <b>634,724</b>                             | <b>637,460</b>   |
| <b>Total liabilities and equity</b>               | <b>1,233,256</b>                           | <b>1,234,551</b>   |

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

**Consolidated Statement of Income****(Millions of yen)**

|   | Fiscal 2022<br>From April 1, 2022 to March 31, 2023 | Fiscal 2021 (For Reference)<br>From April 1, 2021 to March 31, 2022 |
|---|---|---|
| Sales   | 938,098   | 865,166   |
| Cost of sales   | 747,033   | 695,440   |
| Gross profit  | 191,065   | 169,725   |
| Selling, general and administrative expenses                          | 159,319   | 144,724   |
| Share of profits of investments accounted for using the equity method | 3,196   | 3,785   |
| Other operating income  | —   | 10,225  |
| Other operating expenses  | 2,005   | 9,582   |
| Operating income  | 32,936  | 29,430  |
| Financial income  | 2,369   | 2,229   |
| Financial expenses  | 3,380   | 2,143   |
| Income before income taxes  | 31,926  | 29,516  |
| Income tax expense  | 13,264  | 11,851  |
| Net income  | 18,661  | 17,664  |
| Net income attributable to:   |   |   |
| Owners of the parent  | 18,412  | 16,587  |
| Non-controlling interests   | 249   | 1,077   |

Note: Figures listed above are rounded down to the nearest million yen. Figures in brackets () indicate negative.

**(Reference) Consolidated Statement of Cash flow****(Millions of yen)**

|  | Fiscal 2022<br>From April 1, 2022 to March 31, 2023 | Fiscal 2021 (For Reference)<br>From April 1, 2021 to March 31, 2022 |
|--|---|---|
| Net cash provided by operating activities                    | 64,163  | 22,733  |
| Net cash used in investing activities                        | (48,778)  | (19,973)  |
| Net cash provided by financing activities                    | 4,417   | (48,224)  |
| Effect of exchange rate changes on cash and cash equivalents | 2,801   | 6,330   |
| Increase (decrease) in cash and cash equivalents             | 22,604  | (39,133)  |
| Cash and cash equivalents at the beginning of the period     | 137,504   | 176,638   |
| Cash and cash equivalents at the end of the period           | 160,109   | 137,504   |

Note: Figures listed above are rounded down to the nearest million yen. Figures in brackets () indicate negative.

**Non-Consolidated Statement of Financial Position**
**(Millions of yen)**

|                                       | Fiscal 2022<br>Year ended March 31, 2023 | Fiscal 2021 (For Reference)<br>Year ended March 31, 2022 |
|---------------------------------------|--|--|
| <b>Assets</b>                         |  |  |
| <b>Current assets</b>                 | <b>300,898</b>                           | <b>266,654</b>   |
| Cash and deposit                      | 69,371                                   | 21,727   |
| Notes receivable                      | 3,349                                    | 4,243  |
| Electronically recorded receivables   | 19,532                                   | 19,876   |
| Accounts receivable                   | 75,686                                   | 78,904   |
| Marketable securities                 | 10,000                                   | 43,000   |
| Products                              | 27,058                                   | 31,031   |
| Work in Progress                      | 22,040                                   | 19,926   |
| Raw materials and supplies            | 5,542                                    | 4,779  |
| Accounts receivable                   | 35,323                                   | 34,896   |
| Income taxes receivable               | 1,557                                    | —  |
| Other                                 | 33,908                                   | 10,294   |
| Allowance for doubtful accounts       | (2,472)                                  | (2,026)  |
| <b>Non-current assets</b>             | <b>454,245</b>                           | <b>449,117</b>   |
| <b>Property, plant and equipment</b>  | <b>135,873</b>                           | <b>137,155</b>   |
| Building                              | 40,915                                   | 42,813   |
| Structures                            | 2,399                                    | 2,628  |
| Machinery and equipment               | 59,496                                   | 58,633   |
| Vehicles and transportation equipment | 283                                      | 360  |
| Tools and spare parts                 | 4,347                                    | 4,033  |
| Land                                  | 16,121                                   | 18,474   |
| Lease assets                          | 2,537                                    | 1,973  |
| Construction in progress              | 9,771                                    | 8,236  |
| <b>Intangible fixed assets</b>        | <b>15,478</b>                            | <b>11,200</b>  |
| Lease-hold                            | 1,427                                    | 930  |
| Other                                 | 14,051                                   | 10,270   |
| <b>Investment and other assets</b>    | <b>302,893</b>                           | <b>300,760</b>   |
| Investment securities                 | 41,582                                   | 50,171   |
| Shares of subsidiaries                | 146,291                                  | 146,151  |
| Investment in affiliated companies    | 45,129                                   | 45,129   |
| Long-term loan                        | 8,246                                    | 6,228  |
| Long-term prepaid expenses            | 493                                      | 577  |
| Prepaid pension cost                  | 59,338                                   | 50,715   |
| Other                                 | 1,979                                    | 1,955  |
| Allowance for doubtful accounts       | (168)                                    | (168)  |
| <b>Total assets</b>                   | <b>755,144</b>                           | <b>715,771</b>   |

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

(Liabilities listed on the following page)

(Millions of yen)

|   | Fiscal 2022<br>Year ended March 31, 2023 | Fiscal 2021 (For Reference)<br>Year ended March 31, 2022 |
|---|--|--|
| <b>Liabilities</b>  |  |  |
| Current liabilities   | 217,837                                  | 219,083  |
| Notes payables  | 2,531                                    | 2,004  |
| Electronically recorded payables                              | 10,068                                   | 10,363   |
| Accounts payable  | 66,869                                   | 73,061   |
| Short-term borrowings   | 84,328                                   | 91,015   |
| Corporate bonds   | 15,000                                   | 10,000   |
| Lease liabilities   | 901                                      | 482  |
| Other payables  | 14,198                                   | 11,907   |
| Accrued expenses  | 15,672                                   | 15,202   |
| Income taxes payable  | 7,109                                    | 2,999  |
| Deposits  | 665                                      | 684  |
| Provision for loss on business of subsidiaries and associates | 208                                      | —  |
| Asset retirement obligation                                   | 16                                       | 145  |
| Other   | 267                                      | 1,216  |
| Non-current Liabilities                                       | 216,949                                  | 205,202  |
| Corporate bonds   | 138,000                                  | 110,000  |
| Long-term borrowings  | 68,500                                   | 75,500   |
| Lease liabilities   | 3,491                                    | 1,600  |
| Deferred tax liabilities                                      | 2,451                                    | 13,545   |
| Provision for employee stock benefits                         | 295                                      | 158  |
| Provision for officer stock benefits                          | 1,529                                    | 1,518  |
| Reserves for environmental measures                           | 835                                      | 863  |
| Other   | 1,845                                    | 2,017  |
| <b>Total liabilities</b>                                      | <b>434,786</b>                           | <b>424,286</b>   |
| <b>Net assets</b>   |  |  |
| Shareholders' equity  | 298,497                                  | 263,936  |
| Share capital   | 67,176                                   | 67,176   |
| Capital surplus   | 78,292                                   | 78,962   |
| Legal capital surplus   | 77,923                                   | 77,923   |
| Other capital surplus   | 368                                      | 1,039  |
| Retained earnings   | 188,779                                  | 154,498  |
| Legal retained earnings                                       | 10,292                                   | 10,292   |
| Other retained earnings                                       | 178,487                                  | 144,205  |
| Reserve for advanced depreciation of noncurrent assets        | 3,913                                    | 4,110  |
| General reserve   | 119,766                                  | 99,766   |
| Retained earnings brought forward                             | 54,807                                   | 40,329   |
| Treasury shares   | (35,751)                                 | (36,700)   |
| Valuation and translation adjustments                         | 21,550                                   | 27,217   |
| Valuation difference on available-for-sale securities         | 21,550                                   | 27,217   |
| Stock acquisition rights                                      | 310                                      | 330  |
| <b>Total net assets</b>                                       | <b>320,357</b>                           | <b>291,484</b>   |
| <b>Total liabilities and net assets</b>                       | <b>755,144</b>                           | <b>715,771</b>   |

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

**Non-Consolidated Statement of Income**
**(Millions of yen)**

|  | Fiscal 2022<br>From April 1, 2022 to March 31, 2023 | Fiscal 2021 (For Reference)<br>From April 1, 2021 to March 31, 2022 |
|--|---|---|
| Net Sales                                      | 452,351   | 446,623   |
| Cost of sales                                  | 365,493   | 368,659   |
| Gross profit                                   | 86,857  | 77,964  |
| Selling, general and administrative expenses   | 74,486  | 69,820  |
| Operating income                               | 12,370  | 8,143   |
| Non-operating income                           | 45,292  | 22,860  |
| Interest income and dividends                  | 44,493  | 22,243  |
| Miscellaneous income                           | 799   | 616   |
| Non-operating expenses                         | 4,940   | 4,161   |
| Interest expense                               | 1,651   | 1,630   |
| Foreign exchange loss                          | 694   | 7   |
| Provision of allowance for doubtful accounts   | 445   | 991   |
| Miscellaneous expenses                         | 2,148   | 1,532   |
| Ordinary income                                | 52,723  | 26,842  |
| Extraordinary income                           | 2,393   | 17,727  |
| Gain on sale of investment securities          | 2,393   | 8,174   |
| Gain on sales of property, plant and equipment | —   | 9,552   |
| Extraordinary losses                           | 1,971   | 2,151   |
| Business restructuring related expenses        | 867   | —   |
| Loss on sale of non-current assets             | 615   | —   |
| Loss on valuation of shares of subsidiaries    | 442   | 1,151   |
| Provision for environmental measures           | 45  | 133   |
| Impairment losses                              | —   | 866   |
| Income before income taxes                     | 53,145  | 42,417  |
| Income taxes - current                         | 13,433  | 4,676   |
| Income taxes for prior periods                 | (1,557)   | —   |
| Income taxes - deferred                        | (8,606)   | 3,361   |
| Total income taxes                             | 3,269   | 8,038   |
| Net income                                     | 49,876  | 34,379  |

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