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# **Consolidated Financial Statements**

**NSK Ltd. and Consolidated Subsidiaries**

***Year ended March 31, 2025***

***With Independent Auditor's Report***

## [Financial Information]

### 1. Method of preparation of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of NSK Ltd. (hereinafter referred to as “the Company”) have been prepared in compliance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) pursuant to the provision of Article 312 of the *Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements* (Ordinance of the Ministry of Finance No.28 of 1976; hereinafter referred to as “the Consolidation Ordinance”).

(2) The Company’s non-consolidated financial statements have been prepared in accordance with the *Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements*, etc. (Ordinance of the Ministry of Finance No.59 of 1963; hereinafter referred to as “the Ordinance”).

Of note, the Company corresponds to a specified company submitting non-consolidated financial statements and has prepared its non-consolidated financial statements pursuant to the provision of Article 127 of the Ordinance.

### 2. Audit certification

The Company has been audited by Ernst & Young ShinNihon LLC with respect to its consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and its non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025), pursuant to the provision of Article 193-2 (1) of the Financial Instruments and Exchange Act.

### 3. Special efforts to ensure appropriateness of consolidated financial statements, etc. and development of system to enable appropriate preparation of consolidated financial statements, etc. in accordance with IFRS

The Company has made special efforts to ensure the appropriateness of its consolidated financial statements, etc. and developed a system that enables the appropriate preparation of consolidated financial statements, etc. in accordance with IFRS, the specifics of which are as follows:

(1) In order to develop a system that enables the proper understanding of the content of accounting standards, etc. and appropriate response to changes, etc. in accounting standards, etc. the Company also endeavours to collect information such as becoming a member of the Financial Accounting Standards Foundation and participating in seminars, etc.

(2) For the purpose of preparing appropriate consolidated financial statements in accordance with IFRS, the Company has prepared IFRS-compliant Group accounting policies, based on which Group-wide standardised accounting procedures are executed. The content of the NSK Group accounting policies is updated properly in a timely manner by obtaining press releases and Standards published by the International Accounting Standards Board (IASB) as necessary and obtaining an understanding of the information on the latest standards, as well as examining their impact on the Company.

## 1 [Consolidated financial statements, etc.]

## (1) [Consolidated financial statements]

## ① [Consolidated statements of financial position]

(Millions of yen)

	Note	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5	150,583	138,253
Trade receivables and other receivables	6	220,248	217,360
Inventories	7	185,886	185,878
Other financial assets	11	45,076	62,792
Income tax receivables	16	4,988	14,882
Other current assets		18,196	17,494
Subtotal		624,979	636,662
Assets related to disposal groups classified as held for sale	8	11,643	—
Total current assets		636,623	636,662
Non-current assets			
Property, plant and equipment	9,14	364,947	344,906
Goodwill and intangible assets	10,14	56,548	65,317
Investments accounted for using equity method	18	49,605	51,540
Other financial assets	11	51,932	46,085
Deferred tax assets	16	10,309	9,039
Net defined benefit assets	17	121,589	58,998
Other non-current assets		6,521	6,992
Total non-current assets		661,454	582,881
Total assets		1,298,077	1,219,543
<b>Liabilities and equity</b>			
Liabilities			
Current liabilities			
Trade payables and other payables	12	140,451	126,551
Other financial liabilities	13	128,433	120,154
Provisions	15	469	1,322
Income tax payables	16	25,835	3,506
Other current liabilities		52,583	49,755
Subtotal		347,774	301,291
Liabilities related to disposal groups classified as held for sale	8	11,370	—
Total current liabilities		359,145	301,291
Non-current liabilities			
Financial liabilities	13	214,864	203,470
Provisions	15	1,065	887
Deferred tax liabilities	16	21,890	21,403
Net defined benefit liabilities	17	13,582	13,806
Other non-current liabilities		9,574	9,494
Total non-current liabilities		260,977	249,062
Total liabilities		620,123	550,354
Equity			
Issued capital	19	67,176	67,176
Capital surplus	19	77,897	78,174
Retained earnings	19	375,402	375,003
Treasury shares	19	-10,422	-10,310
Other components of equity		150,270	141,417
Other components of equity related to disposal groups classified as held for sale		-345	—
Total equity attributable to owners of the parent		659,979	651,462
Non-controlling interests		17,975	17,727
Total equity		677,954	669,189
Total liabilities and equity		1,298,077	1,219,543

② [Consolidated statements of income]

(Millions of yen)

	Note	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Continuing operations			
Sales	21	788,867	796,667
Cost of sales		623,618	623,883
Gross profit		165,249	172,783
Selling, general and administrative expenses	22	140,921	144,661
Share of profits of investments accounted for using the equity method	18	4,377	4,901
Other operating income	23	—	1,646
Other operating expenses	24	1,313	6,213
Operating income		27,391	28,457
Financial income	25	3,632	3,247
Financial expenses	25	4,813	6,603
Income before income taxes		26,210	25,100
Income tax expense	16	11,955	12,031
Net income from continuing operations		14,254	13,068
Discontinued operations			
Net income (loss) from discontinued operations	8	-4,689	-1,875
Net income		9,564	11,193
Net income attributable to:			
Owners of the parent		8,502	10,647
Non-controlling interests		1,062	546
(Earnings per share attributable to owners of the parent)			
Basic earnings (loss) per share (yen)	27	17.27	21.78
Continuing operations		27.47	25.34
Discontinued operations		-10.20	-3.56
Diluted earnings (loss) per share (yen)	27	17.20	21.71
Continuing operations		27.37	25.25
Discontinued operations		-10.16	-3.55

## ③ [Consolidated statements of comprehensive income]

(Millions of yen)

	Note	Year ended Mar. 31, 2024				
		Incurred in the period	Reclassification adjustment	Before tax effect	Tax effect	Amount (net)
Net income						9,564
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of net defined benefit liability (asset)		48,854	—	48,854	-18,371	30,482
Net changes in financial assets measured at fair value through other comprehensive income		14,224	—	14,224	-4,338	9,886
Share of other comprehensive income of investments accounted for using equity method		1,093	—	1,093	-141	952
Total items that will not be reclassified to profit or loss		64,172	—	64,172	-22,851	41,321
Items that may be reclassified to profit or loss						
Exchange differences on translating foreign operations	8	33,892	-6,273	27,618	1,479	29,097
Cash flow hedges		-215	—	-215	53	-161
Share of other comprehensive income of investments accounted for using equity method		1,406	—	1,406	—	1,406
Total items that may be reclassified to profit or loss		35,082	-6,273	28,809	1,532	30,342
Total other comprehensive income		99,255	-6,273	92,982	-21,318	71,663
Total comprehensive income for the period						81,228
Total comprehensive income for the period attributable to:						
Owners of the parent						80,147
Non-controlling interests						1,081

(Millions of yen)

	Note	Year ended Mar. 31, 2025				
		Incurred in the period	Reclassification adjustment	Before tax effect	Tax effect	Amount (net)
Net income						11,193
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of net defined benefit liability (asset)		5,749	—	5,749	-2,118	3,630
Net changes in financial assets measured at fair value through other comprehensive income		2,113	—	2,113	-1,044	1,069
Share of other comprehensive income of investments accounted for using equity method		160	—	160	-112	47
Total items that will not be reclassified to profit or loss		8,022	—	8,022	-3,275	4,747
Items that may be reclassified to profit or loss						
Exchange differences on translating foreign operations	8	-8,709	647	-8,062	—	-8,062
Cash flow hedges		-259	—	-259	64	-194
Share of other comprehensive income of investments accounted for using equity method		-183	—	-183	—	-183
Total items that may be reclassified to profit or loss		-9,153	647	-8,505	64	-8,441
Total other comprehensive income		-1,130	647	-482	-3,210	-3,693
Total comprehensive income for the period						7,499
Total comprehensive income for the period attributable to:						
Owners of the parent						6,740
Non-controlling interests						759

## ④ [Consolidated statements of changes in equity]

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Note	Equity attributable to owners of the parent			
		Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance		67,176	80,476	415,736	-36,781
Net income		—	—	8,502	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		—	—	8,502	—
Purchase of treasury shares	19	—	—	—	-21,727
Disposal of treasury shares	19	—	-70	—	545
Retirement of treasury shares	19	—	-47,540	—	47,540
Share-based payment transactions	20	—	-128	—	—
Cash dividends	28	—	—	-15,040	—
Transfer from retained earnings to capital surplus		—	45,160	-45,160	—
Changes due to loss of control of subsidiaries		—	—	—	—
Transfer from other components of equity to retained earnings		—	—	11,324	—
Transfer to other components of equity related to disposal groups classified as held for sale		—	—	—	—
Other		—	—	40	—
Total transactions with owners, etc.		—	-2,579	-48,836	26,358
Closing balance		67,176	77,897	375,402	-10,422

	Note	Equity attributable to owners of the parent						Total	Non-controlling interests	Total equity
		Other components of equity					Other components of equity related to disposal groups classified as held for sale			
		Exchange differences on translating foreign operations	Cash flow hedges	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance		38,922	—	21,816	28,865	89,604	—	616,213	18,511	634,724
Net income		—	—	—	—	—	—	8,502	1,062	9,564
Other comprehensive income		30,486	-161	9,935	31,384	71,644	—	71,644	19	71,663
Total comprehensive income for the period		30,486	-161	9,935	31,384	71,644	—	80,147	1,081	81,228
Purchase of treasury shares	19	—	—	—	—	—	—	-21,727	—	-21,727
Disposal of treasury shares	19	—	—	—	—	—	—	475	—	475
Retirement of treasury shares	19	—	—	—	—	—	—	—	—	—
Share-based payment transactions	20	—	—	—	—	—	—	-128	—	-128
Cash dividends	28	—	—	—	—	—	—	-15,040	-1,372	-16,413
Transfer from retained earnings to capital surplus		—	—	—	—	—	—	—	—	—
Changes due to loss of control of subsidiaries		—	—	—	—	—	—	—	-244	-244
Transfer from other components of equity to retained earnings		—	—	-11,004	-320	-11,324	—	—	—	—
Transfer to other components of equity related to disposal groups classified as held for sale		345	—	—	—	345	-345	—	—	—
Other		—	—	—	—	—	—	40	—	40
Total transactions with owners, etc.		345	—	-11,004	-320	-10,978	-345	-36,381	-1,616	-37,998
Closing balance		69,754	-161	20,747	59,929	150,270	-345	659,979	17,975	677,954



From April 1, 2024 to March 31, 2025

(Millions of yen)

	Note	Equity attributable to owners of the parent			
		Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance		67,176	77,897	375,402	-10,422
Net income		—	—	10,647	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		—	—	10,647	—
Purchase of treasury shares	19	—	—	—	-9
Disposal of treasury shares	19	—	-8	—	122
Share-based payment transactions	20	—	285	—	—
Cash dividends	28	—	—	-15,655	—
Changes due to loss of control of subsidiaries		—	—	—	—
Transfer from other components of equity to retained earnings		—	—	4,600	—
Other		—	—	9	—
Total transactions with owners, etc.		—	276	-11,046	112
Closing balance		67,176	78,174	375,003	-10,310

	Note	Equity attributable to owners of the parent							Non-controlling interests	Total equity
		Other components of equity					Other components of equity related to disposal groups classified as held for sale	Total		
		Exchange differences on translating foreign operations	Cash flow hedges	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance		69,754	-161	20,747	59,929	150,270	-345	659,979	17,975	677,954
Net income		—	—	—	—	—	—	10,647	546	11,193
Other comprehensive income		-8,815	-194	1,074	3,682	-4,252	345	-3,907	213	-3,693
Total comprehensive income for the period		-8,815	-194	1,074	3,682	-4,252	345	6,740	759	7,499
Purchase of treasury shares	19	—	—	—	—	—	—	-9	—	-9
Disposal of treasury shares	19	—	—	—	—	—	—	113	—	113
Share-based payment transactions	20	—	—	—	—	—	—	285	—	285
Cash dividends	28	—	—	—	—	—	—	-15,655	-1,255	-16,911
Changes due to loss of control of subsidiaries		—	—	—	—	—	—	—	247	247
Transfer from other components of equity to retained earnings		—	—	-4,613	13	-4,600	—	—	—	—
Other		—	—	—	—	—	—	9	—	9
Total transactions with owners, etc.		—	—	-4,613	13	-4,600	—	-15,257	-1,007	-16,265
Closing balance		60,939	-356	17,209	63,625	141,417	—	651,462	17,727	669,189

⑤ [Consolidated statements of cash flows]

(Millions of yen)

	Note	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Operating activities			
Income before income taxes		26,210	25,100
Income (loss) before income taxes from discontinued operations	8	-2,986	-2,883
Depreciation and amortisation		54,121	52,412
Increase (decrease) in net defined benefit liability and net defined benefit asset	17	27,955	68,660
Interest and dividend income		-3,140	-2,706
Interest expenses		5,794	6,078
Share of losses (profits) of investments accounted for using the equity method		-4,377	-4,901
Decrease (increase) in trade receivables		4,816	7,162
Decrease (increase) in inventories		4,016	-4,468
Increase (decrease) in trade payables		12,235	-14,001
Other		4,610	-2,752
Subtotal		129,255	127,700
Interest and dividend received		5,520	6,477
Interest expenses paid		-5,818	-5,872
Income tax paid		-29,139	-46,128
Cash flow from operating activities		99,818	82,176
Investing activities			
Purchases of property, plant and equipment		-49,933	-38,121
Proceeds from sale of property, plant and equipment		309	796
Purchases of intangible assets		-8,764	-12,234
Depositing into time deposits		-1,176	-19,421
Proceeds from withdrawal from time deposits		1,248	1,568
Purchases of other financial assets		-100,096	-76,635
Proceeds from sale of other financial assets		17,971	8,858
Proceeds from redemption of other financial assets		59,999	74,999
Proceeds from business transfer	8	—	3,372
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	8	-10,917	-2,394
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	8	—	1,218
Other		545	-760
Cash flow from investing activities		-90,814	-58,753
Financing activities			
Increase (decrease) in short-term loans payable	26	-22,196	-13,977
Proceeds from long-term loans payable	26	70,677	18,737
Repayments of long-term loans payable	26	-30,052	-16,614
Proceeds from issuance of corporate bonds	26	15,000	20,000
Redemption of corporate bonds	26	-15,000	-20,000
Repayments of lease liabilities	26	-5,556	-5,098
Acquisition of treasury shares	19	-21,717	-0
Dividends paid	28	-15,037	-15,646
Dividends paid to non-controlling interests		-1,372	-1,255
Other		475	113
Cash flow from financing activities		-24,780	-33,741
Effect of exchange rate changes on cash and cash equivalents		6,257	-2,017
Net increase (decrease) in cash and cash equivalents		-9,519	-12,335
Cash and cash equivalents at the beginning of the period	5	160,109	150,583
Net increase (decrease) in cash and cash equivalents included in assets related to disposal groups classified as held for sale	8	-6	6
Cash and cash equivalents at the end of the period	5	150,583	138,253

[Notes to consolidated financial statements]

1. Reporting entity

NSK Ltd. (hereinafter referred to as “the Company”) is a company located in Japan and its shares are listed on the Tokyo Stock Exchange.

The consolidated statements for the fiscal year ended March 31, 2025 consisted of the Company and its subsidiaries (hereinafter referred to as “NSK Group”) as well as its interests in associated and joint ventures. The NSK Group as well as associates and joint ventures are engaged in the Industrial Machinery Business and the Automotive Business. The Industrial Machinery Business engaged in the production and sales of industrial machinery bearings, precision machinery & parts, condition monitoring systems, etc. targeted at general industry. The Automotive Business is in charge of production and sales of bearings for car manufacturers and automotive component manufacturers, automatic transmission components, etc.

Effective from the first quarter of the previous fiscal year, the Company reclassified its steering business, which was previously included in the automotive business, as discontinued operations. For details, refer to Note 4. Segment information.

The NSK Group’s consolidated financial statements for the consolidated fiscal year ended March 31, 2025 were approved by President and CEO Akitoshi Ichii on June 23, 2025.

2. Basis of preparation

(1) Compliance with IFRS

As the NSK Group is a *Specified Company applying Designated International Financial Reporting Standards* as set forth in Article 1-2-1 of the Consolidation Ordinance, these consolidated financial statements have been prepared in compliance with IFRS pursuant to the provision of Article 312.

(2) Basis of measurement

In the consolidated financial statements, assets and liabilities are based on historical cost, except for financial instruments that are measured at fair value, etc.

(3) Functional currency and presentation currency

Items included in the respective financial statements prepared by the entities belonging to the NSK Group are measured in the *functional currency*, which is the currency of the primary economic environment in which each entity conducts business activities. The consolidated financial statements in this Report are presented in Japanese Yen, which is the Company’s functional currency.

Amounts presented in Japanese Yen are rounded down to the nearest million yen.

(4) Issued Standards and Interpretations that are yet to be applied

Major new or revised standards and interpretations that have been issued on or before the date of approval of the consolidated financial statements and have not been early adopted by the NSK Group are IFRS 18 “Presentation and Disclosure in Financial Statements”. IFRS 18 will replace IAS 1 “Presentation of Financial Statements,” and IAS 1 will be repealed. The impact of the adoption of IFRS 18 on the consolidated financial statements is currently under consideration. (Mandatory application date: January 1, 2027; planned application date: fiscal year ending March 31, 2028).

(5) Change in the presentation method

(Relating to "Consolidated statements of cash flows")

"Depositing into time deposits" and "Proceeds from withdrawal from time deposits" were included in "Other" under "Cash flow from investing activities" in the previous consolidated fiscal year, but have been presented as separate accounts in the current consolidated fiscal year because the amount has become material.

As a result, the amount of ¥616 million presented in "Other" under "Cash flow from investing activities" in the consolidated statements of cash flows for the previous consolidated fiscal year has been reclassified into -¥1,176 million in "Depositing into time deposits", ¥1,248 million in "Proceeds from withdrawal from time deposits", and ¥545 million in "Other".

(6) Use of estimates and judgements

In preparing IFRS-compliant consolidated financial statements, the NSK Group developed and used judgement, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may be different from such estimates and such estimates and assumptions are revised continuously. The effect of changes in accounting estimates is recognised in the period of the change and in future periods. The estimates and judgements that may have material impacts on the carrying amounts recognised in the consolidated financial statements are as follows:

① Recoverability of deferred tax assets (Note 3. Material accounting policies (11) Income taxes and Note 16. Income taxes)

(a) Amount recorded as of March 31, 2025

Deferred tax assets	¥26,098 million
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(b) Other information contributing to the understanding of the content of the estimate

1) Method of calculation

For deductible temporary differences, the recoverability of deferred tax assets is determined based on taxable profit based on future profitability and tax planning. Estimates of taxable profit take into account projected revenue and revenue growth rate.

2) Key assumptions

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

3) Impact on the consolidated financial statements for the next consolidated fiscal year

Although the projected revenue and revenue growth rate are calculated based on management's best estimates, the actual results may differ due to the results of uncertain future changes in economic conditions, etc. If a significant revision is required, it may have a significant impact on the amounts recognised in the consolidated financial statements for the next consolidated fiscal year.

② Measurement of defined benefit obligation (Note 3. Material accounting policies (12) Retirement benefits and Note 17. Post-employment benefit)

(a) Amount recorded as of March 31, 2025

Present value of defined benefit obligations	¥156,810 million
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(b) Other information contributing to the understanding of the content of the estimate

The Company and some of its domestic consolidated subsidiaries have defined benefit plans and retirement

lump sum payment system to finance retirement benefits for employees. The UK subsidiary of the Company, NSK Europe Limited and some of its consolidated subsidiaries in UK partially sponsor defined benefit plans.

The present value of defined benefit obligations and the service cost are calculated based on the actuarial assumption. The actuarial assumptions consist of various estimations such as discount rate, retirement rate, mortality rate and rate of increase in salary. The NSK Group receives advice from an outside pension actuary on appropriateness of actuarial assumptions including those variables. Although this estimate is the management's best estimate conducted, results of fluctuations in uncertain future economic conditions, etc. and the amendment or the publication of related laws may bring a different actual result. When it requires major revisions, amounts to be recognised in the consolidated financial statements after the next consolidated fiscal year may have significant impacts.

③ Fair value measurement of financial instruments (Note 3. Material accounting policies (6) Other financial assets and Note 26. Financial instruments)

Amount recorded as of March 31, 2025    ¥6,651 million

When determining the fair value of certain financial instruments, the NSK Group uses a valuation methodology that is based on unobservable input. Any unobservable input may have impacts on fluctuations on uncertain future economic conditions, etc. When it requires major revisions, it may have significant impacts on the consolidated financial statements.

### 3. Material accounting policies

The principal accounting policies that have been adopted upon preparing the consolidated financial statements are as follows. These policies have been applied throughout the entire reporting period consistently, unless specified otherwise.

#### (1) Basis of consolidation

##### ① Subsidiaries

Subsidiaries are entities controlled by the NSK Group. Control exists in cases where the NSK Group has power over the investee, is exposed to variable returns from the investment with the investee and has the ability to affect returns through its power over the investee. The NSK Group consolidates a subsidiary from the day on which it gains control over the subsidiary, and ceases consolidation from the day on which it loses control over the subsidiary.

##### ② Associates

Associates are entities over which the NSK Group has significant influence with respect to its financial and management policies but does not have control nor joint control. In cases where the Company has 20% or more but no more than 50% of voting rights of another entity, the Company is presumed to have significant influence over such entity. Investments in associates are accounted for using the equity method and are recognised at cost at the time of acquisition.

##### ③ Joint ventures

Joint ventures are joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of another entity, etc. Investments in a joint venture are accounted for using the equity method.

#### (2) Business combinations

Business combinations are accounted for using the acquisition method at the time of gaining control. Identifiable assets acquired and liabilities assumed in business combinations, non-controlling interests of the acquiree, and goodwill are recognised on the acquisition date (the day on which the NSK Group gains control of the acquiree). In principle, the identifiable assets acquired and liabilities assumed in a business combination are recognised at their fair values. The non-controlling interests of the acquiree are measured as the identifiable net assets of the acquiree multiplied by the ownership interest ratio held by the non-controlling interests.

Goodwill is measured as the sum of the amount of the fair value of the consideration transferred (including contingent consideration) in a business combination and non-controlling interests of the acquiree in excess of the amount of the identifiable acquiree's assets that have been acquired, net of liabilities assumed. Conversely, if the total transferred is less than is acquired, the NSK Group recognises such a shortfall in profit or loss at the date of the acquisition.

#### (3) Translation of foreign currency

##### ① Foreign currency transactions

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

All foreign currency monetary assets and liabilities at the end of the period are re-translated into the functional currency using the spot exchange rate as at the end of the period, and the resulting difference is recognised in profit or loss.

##### ② Financial statements of foreign operation

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

Foreign exchange translation differences arising from the translation of financial statements of foreign operation are recognised in other comprehensive income. In cases where a foreign operation is disposed of, the cumulative

amount of foreign exchange translation differences relating to such foreign operation is reclassified to profit or loss at the time of disposal.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and other highly liquid short-term investments which have short maturities of three months or less from the date of acquisition.

(5) Inventories

Inventories are measured at the lower of acquisition cost or net realisable value. Costs consist of the appropriate allocation of purchase cost, direct labour cost, other direct cost and related indirect production cost. Net realisable value is the estimated selling price, less the estimated selling expenses.

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

(6) Other financial assets

① Initial recognition and measurement classification

Financial assets are recognised on the day on which the NSK Group becomes the party to the contract (trade date). They are classified either as financial assets measured at amortised cost or as financial assets measured at fair value through profit or loss or other comprehensive income. This classification is determined at initial recognition. A financial asset is classified as a financial asset measured at amortised cost if it satisfies both of the following requirements:

- The asset is held based on a business model the objective of which is to hold assets to collect contractual cash flows.
- Based on the contractual terms, cash flows that are solely payment of principal and interest on the principal amount outstanding are generated on specified dates.

All financial instruments other than those classified as “financial assets measured at amortised cost” are classified as “financial assets measured at fair value”. Financial assets measured at fair value except for held-for-trading equity financial assets and derivative assets are designated either as measured at fair value through other comprehensive income or as measured at fair value through profit or loss and this designation is applied consistently.

② Subsequent measurement

“Financial assets measured at amortised cost” are measured at amortised cost using the effective interest method. Changes in fair value of “financial assets measured at fair value” that are designated as measured at fair value through other comprehensive income are recognised in other comprehensive income, while changes in fair value of those that are designated as measured at fair value through profit or loss are recognised in profit or loss. Any dividends on such assets are recognised as financial income.

③ Impairment of financial assets

For impairment of financial assets measured at amortised cost, the NSK Group recognises a loss allowance for expected credit losses on a financial asset.

At each reporting date, the NSK Group evaluates whether the credit risk on a financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the NSK Group measures the loss allowance for losses on a financial asset at an amount equal to 12-month expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, the NSK Group measures the loss allowance for losses on a financial asset at an amount equal to the lifetime expected credit losses. However, in the case of trade receivables and lease receivables, the NSK Group always measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses.

The NSK Group measures the expected credit losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

#### ④ Derecognition

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

#### (7) Property, plant and equipment

The NSK Group adopts the *cost model* for the measurement of property, plant and equipment. Property, plant and equipment items are presented at the carrying amount calculated by deducting accumulated depreciation and accumulated impairment loss from the cost.

Depreciation expenses of assets other than land and construction in progress are recorded by using the straight-line method over their estimated useful lives prescribed below:

- |                                  |              |
|----------------------------------|--------------|
| • Buildings and structures       | 2 – 60 years |
| • Machinery and equipment        | 5 – 12 years |
| • Vehicle and delivery equipment | 4 – 7 years  |
| • Tools, equipment and fixtures  | 2 – 20 years |

The estimated useful life, residual value and depreciation method are reviewed at the end of each consolidated fiscal year in consideration of changes in the estimates reflected in the future.

#### (8) Goodwill and intangible assets

##### ① Goodwill

The measurement at initial recognition is referred to “Note 3. Material accounting policies (2) Business combinations”. Goodwill is presented at the carrying amount calculated by deducting accumulated impairment loss from the acquisition cost.

##### ② Intangible assets

The NSK Group adopts the cost model for measurement of intangible assets. Intangible assets are presented at the carrying amount calculated by deducting accumulated depreciation and accumulated impairment loss from the acquisition cost. Intangible assets acquired individually are measured at acquisition cost and intangible assets acquired in a business combination are measured at fair value as of the acquisition date. Intangible assets with finite useful lives are amortised by using the straight-line method over their estimated useful lives prescribed below:

- |                                |              |
|--------------------------------|--------------|
| • Software                     | 5 – 10 years |
| • Customer relationship assets | 21 years     |
| • Technology                   | 10 years     |

The amortisation method and the estimated useful life are reviewed at the end of each consolidated fiscal year.



## (9) Leases

At inception of a contract, the assessment of whether the contract is, or contains, a lease will be made when the NSK Group is the lessee. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a contract is, or contains, a lease, at the commencement date, a right-of-use asset and a lease liability are recognised.

### ① Lease liability

At the commencement date, lease liability will be measured at the present value of the lease payments that are not paid at that date. The present value will be measured by using the interest rate implicit in the lease or the lessee's incremental borrowing rate. After the commencement date, lease liability will be measured by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made. Interest on the lease liability is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability, and it is recognised as a finance expense.

### ② Right-of-use asset

At the commencement date, the right-of-use asset will be measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability adjusting, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs incurred. After the commencement date, right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses applying the cost model. A right-of-use asset is depreciated mainly over the lease term using the straight-line method.

The lease payments associated with short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is presented as property, plant and equipment or intangible assets and lease liability as financial liability (current or non-current) in the consolidated statements of financial position.

## (10) Impairment of non-financial assets

Impairment tests are performed if there is any indication that an asset may be impaired with respect to property, plant and equipment and intangible assets as of the end of each reporting period. Intangible assets with an indefinite useful life and goodwill are not amortised and are tested for impairment annually and whenever there is an indication of an impairment.

Impairment tests are performed by cash-generating unit, which is the smallest identifiable unit in which an asset generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. The internal transfer price is adjusted as necessary, when determining whether an asset, cash-generating unit or asset group must be impaired. If the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount, which is calculated as the higher of the asset's fair value less costs to sell and value in use for each asset or cash-generating unit, the carrying amount is written down to the recoverable amount.

For assets (other than goodwill) for which impairment was recognised, the assets are assessed as to whether there is any indication that the impairment loss recognised in prior years may no longer exist or may have decreased, and if any such indication exists, the asset is revalued as of the end of the reporting period, and reversal of the impairment loss that was initially recognised is recognised in profit or loss.

#### (11) Income taxes

Income taxes consist of current tax and deferred tax. Tax expenses are recognised in profit or loss, excluding items that are related to business combinations or that are recognised in equity or other comprehensive income.

Current tax is calculated based on taxable profit for the reporting period and recognised at the amount expected to be paid to (or refunded by) tax authorities.

Deferred tax is recognised with respect to temporary differences between the carrying amount of assets and liabilities and the tax base of assets and liabilities based on the asset and liability approach. No deferred tax is recognised with respect to the following temporary differences.

- Temporary difference arising from the initial recognition of goodwill
- Temporary difference arising from the initial recognition of assets and liabilities arising from transactions affects neither accounting profit nor taxable profit other than business combination transactions
- Taxable temporary differences associated with investments in subsidiaries and associates for which the timing of reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which carryforward of unused tax losses, carry-back/reversal of tax losses and deductible temporary differences can be utilised. In principle, deferred tax liabilities are recognised with respect to all taxable temporary differences. The carrying amount of deferred tax assets is reviewed in each period, and is written down with respect to the portion for which it is probable that sufficient taxable profit to use all or part of such deferred tax assets will not be earned. Unrecognised deferred tax assets are revalued in each period, and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured by using the tax rate that is expected to be applied to the period in which the assets are realised or the liabilities are settled based on the statutory tax rate that has been substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets and the taxes are levied by the same taxation authority on the same taxable entity. In addition, deferred tax assets and liabilities are offset where current tax liabilities and assets are intended to be settled in net amounts or assets realisation and liabilities settlement are intended to be carried out concurrently although taxes are imposed on separate taxable entities.

In accordance with the temporary relief in the amendments to IAS 12, the NSK Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to income taxes arising from tax laws that have been enacted or substantially enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

## (12) Retirement benefits

The Company and the NSK Group companies have defined benefit plans and defined contribution plans.

### ① Defined benefit plans

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

Current and past service cost and net interest on the net defined benefit liability (asset) are recognised in profit or loss.

Actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling excluding the portion included in net interest are recognised as "Remeasurements of net defined benefit liability (asset)" as other comprehensive income in the period in which they arose.

### ② Defined contribution plans

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

## (13) Revenue recognition

The NSK Group has adopted IFRS 15 and recognises revenue from contracts with customers by applying the following five-step approach except for revenue including interest and dividends income, etc. under IFRS 9 "Financial Instruments".

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

Step 5: Recognise revenue when the entity satisfies a performance obligation

The NSK Group engages in the production and sales of industrial machinery bearings, precision machinery & parts, condition monitoring systems, bearings for car manufacturers and automotive component manufacturers, automatic transmission components, etc. For revenue by sales of products such as bearings, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognised upon delivery of the products. For transactions whereby control over goods and services, etc. is transferred over time such as providing condition monitoring system services, the Company measures its progress towards complete satisfaction of that performance obligation on the basis of output or input methods in consideration of the nature of the goods and services for the purpose of recognising revenue. Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates returned products and other items.

If the NSK Group is acting as an agent in the sale of the products, net revenue is recognised.

#### 4. Segment information

##### (1) Overview of reportable segments

The business segments of the NSK Group are components of the NSK Group for which discrete financial statements are available and which are subject to regular review by the Board of Directors for the purpose of making decisions about business resource allocation and assessing performance.

NSK operates the business on a business-division basis classified by the industry of customers, and each division develops and implements comprehensive global strategies. Given this background, the NSK Group classifies its reportable segments into "Industrial Machinery Business" and "Automotive Business".

"Industrial Machinery Business" engages in the production and sales of industrial machinery bearings, precision machinery & parts, condition monitoring systems, etc.

"Automotive Business" engages in the production and sales of bearings for car manufacturers and automotive component manufacturers, automatic transmission components, etc.

Effective from the first quarter of the previous fiscal year, the Company reclassified its steering business, which was previously included in the automotive business, as discontinued operations. Segment information now shows only the results of continuing operations excluding the steering business. The Company lost control of NSK Steering & Control, Inc. ("NS&C") on August 1, 2023, and NS&C became an equity method affiliate of the Company effective from the second quarter of the previous fiscal year. Equity method profits and losses from NS&C and its subsidiaries are included in continuing operations of the automotive business.

##### (2) Segment revenue and performance

The accounting policies and procedures used by the reportable segments are the same as those described in "Material accounting policies". Intersegment sales are recorded based on prevailing market prices.

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	344,846	408,821	753,667	35,199	788,867	—	788,867
Intersegment sales	—	—	—	32,455	32,455	-32,455	—
Total	344,846	408,821	753,667	67,655	821,323	-32,455	788,867
Segment income (Operating income)	8,007	18,576	26,583	2,350	28,934	-1,543	27,391
Total financial income (expenses)							-1,180
Income before income taxes							26,210
Other items							
Capital expenditure	30,869	24,972	55,842	3,106	58,948	-469	58,478
Depreciation and amortisation	25,265	23,246	48,511	4,633	53,144	-236	52,907
Share of profits of investments accounted for using the equity method	538	3,776	4,315	62	4,377	—	4,377

(Note 1) "Others" refers to operating segments excluded from reportable segments and includes businesses such as the production and sales of steel balls and production of machineries.

(Note 2) The -¥1,543 million adjustment made for segment income includes intersegment elimination of -¥229 million and -¥1,313 million in other operating expenses not allocated to the reportable segments.

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	361,478	401,677	763,156	33,511	796,667	—	796,667
Intersegment sales	—	—	—	29,485	29,485	-29,485	—
Total	361,478	401,677	763,156	62,996	826,152	-29,485	796,667
Segment income (Operating income)	13,944	16,096	30,040	2,266	32,307	-3,849	28,457
Total financial income (expenses)							-3,356
Income before income taxes							25,100
Other items							
Capital expenditure	27,330	26,609	53,940	3,212	57,153	-621	56,531
Depreciation and amortisation	25,500	23,775	49,276	3,863	53,140	-727	52,412
Share of profits of investments accounted for using the equity method	867	4,001	4,868	104	4,973	-71	4,901

(Note 1) "Others" refers to operating segments excluded from reportable segments and includes businesses such as the production and sales of steel balls and production of machineries.

(Note 2) The -¥3,849 million adjustment made for segment income includes intersegment elimination of ¥105 million and -¥3,955 million in other operating expenses not allocated to the reportable segments.

(3) Information by product and service

This information is omitted as similar information has been disclosed in "(2) Segment revenue and performance".

(4) Information by region

① Sales to third parties

This information is omitted as similar information has been disclosed in "Note 21. Sales".

② Non-current assets

Assets related to disposal groups classified as held for sale are excluded in the fiscal year ended March 31, 2024.  
There are no assets related to disposal groups classified as held for sale as of March 31, 2025.

(Millions of yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025
Japan	225,391	225,948
The Americas	33,685	32,268
Europe	60,610	55,282
China	61,554	59,998
Other Asia	40,254	36,725
Total	421,496	410,224

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

(5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the current consolidated fiscal year, therefore, no information on major customers is stated.

## 5. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	83,971	82,285
Short-term investments	66,611	55,968
Total	150,583	138,253

## 6. Trade receivables and other receivables

Trade receivables and other receivables consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Trade receivables	196,794	187,493
Allowance for doubtful accounts	-1,322	-1,634
Other	24,777	31,501
Total	220,248	217,360

The change in the allowance for doubtful accounts during the period was as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Opening balance	-786	-1,322
Increase during the period	-730	-421
Decrease due to utilisation	13	4
Reversal during the period	246	72
Other	-65	32
Closing balance	-1,322	-1,634

## 7. Inventories

Inventories consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Finished goods	97,174	99,748
Work in process	55,163	53,784
Raw materials and supplies	33,548	32,345
Total	185,886	185,878

Inventories recognised as expenses during the period amounted to ¥622,276 million including write-downs of ¥5,824 million in the previous consolidated fiscal year, and ¥622,726 million including write-downs of ¥8,986 million in the current consolidated fiscal year.

## 8. Disposal groups classified as held for sale and discontinued operations

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

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

The procedure for the transfer of shares of Rane NSK Steering Systems Private Limited ("RNSS"), an Indian subsidiary in the steering business, which was classified as a disposal group classified as held for sale in the previous fiscal year, was completed during the second quarter of the current fiscal year.

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	6	—
Trade receivables and other receivables	4,065	—
Inventories	2,048	—
Other current assets	128	—
Property, plant and equipment	4,002	—
Goodwill and intangible assets	33	—
Other financial assets (non-current)	222	—
Deferred tax assets	1,114	—
Other non-current assets	22	—
Total assets	11,643	—
Liabilities related to disposal groups classified as held for sale		
Trade payables and other payables	3,908	—
Other financial liabilities (current)	5,961	—
Other current liabilities	1,427	—
Financial liabilities (non-current)	73	—
Total liabilities	11,370	—



② Discontinued operations

For the year ended March 31, 2025, transactions related to the loss of control of RNSS and RNSS prior to the loss of control are included in discontinued operations. Regarding the year ended March 31, 2024, transactions related to the loss of control of NS&C, and income (loss) of NS&C and its subsidiaries prior to the loss of control and RNSS are included in discontinued operations.

1) Income (loss) from discontinued operations

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Sales	86,579	14,341
Cost of sales and expenses	89,566	17,225
Income (loss) before income taxes	-2,986	-2,883
Income tax expense	1,702	-1,007
Net income (loss)	-4,689	-1,875

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

2) Cash flows from discontinued operations

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Cash flow from operating activities	3,243	-117
Cash flow from investing activities	-13,677	731
Cash flow from financing activities	65,147	293
Total	54,713	907

For the year ended March 31, 2025, the Company received the consideration of ¥3,372 million related to the transfer of the Company's European subsidiaries business that was executed in the third quarter of the previous fiscal year and has been recorded in "Cash flow from investing activities" in the consolidated statements of cash flows.

③ Transfer of RNSS shares

1) Outline of transaction

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

2) Assets and liabilities related to loss of control of subsidiaries

(Millions of yen)

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

3) Cash flows from loss of control of subsidiaries

(Millions of yen)

	Amount
Payments for transfer of shares and loss of control	-2,334
Cash and cash equivalents of subsidiary due to loss of control	-60
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-2,394

Payments for sale of investments in subsidiaries resulting in change in scope of consolidation is included in "Cash flow from investing activities" of the consolidated statements of cash flows.

4) Income (loss) related to loss of control of subsidiaries

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

④ Transfer of NLK shares

1) Outline of transaction

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

2) Assets and liabilities related to loss of control of subsidiaries

(Millions of yen)

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

3) Cash flows from loss of control of subsidiaries

(Millions of yen)

	Amount
Consideration received from transfer of shares	1,665
Cash and cash equivalents of subsidiary due to loss of control	-628
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,037

Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation is included in "Cash flow from investing activities" of the consolidated statements of cash flows.

4) Income (loss) related to loss of control of subsidiaries

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

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

## 9. Property, plant and equipment

### (1) Breakdown of property, plant and equipment

“Property, plant and equipment” recognised in the consolidated statements of financial position consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	343,631	331,291
Right-of-use assets	21,316	13,615
Total	364,947	344,906

### (2) Roll Forward of property, plant and equipment

The change in cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment was as follows:

Cost

(Millions of yen)

	Buildings and structures	Machinery, vehicles and equipment	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	300,260	823,280	117,613	40,787	30,420	1,312,363
Acquisitions	472	521	426	0	43,769	45,190
Disposals	-1,410	-19,875	-2,714	—	-229	-24,229
Transfers from construction in progress	5,358	30,815	5,055	111	-41,341	—
Foreign exchange translation differences	10,993	44,332	7,255	583	1,435	64,600
Other	-222	-1,558	5	-7	-262	-2,045
Movements due to changes in the scope of consolidation	-34,083	-111,903	-16,105	-4,002	-2,441	-168,536
Transfer to assets held for sale	-883	-9,193	-1,392	-586	-146	-12,202
Balance as of March 31, 2024	280,485	756,418	110,145	36,887	31,203	1,215,140
Acquisitions	296	805	338	5	35,946	37,391
Disposals	-1,923	-16,655	-3,535	-90	-179	-22,384
Transfers from construction in progress	7,670	27,605	5,100	28	-40,404	—
Foreign exchange translation differences	-1,838	-6,772	-956	-42	-344	-9,954
Other	-272	173	31	-11	-313	-392
Movements due to changes in the scope of consolidation	-718	-3,374	-1,708	-346	-111	-6,260
Balance as of March 31, 2025	283,699	758,200	109,415	36,428	25,796	1,213,540

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Buildings and structures	Machinery, vehicles and equipment	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	-198,065	-652,851	-98,704	—	-153	-949,775
Depreciation expenses	-7,499	-29,732	-5,920	—	—	-43,152
Impairment losses	-289	-1,700	-257	—	-123	-2,370
Disposals	1,200	18,646	2,834	—	74	22,756
Foreign exchange translation differences	-7,071	-35,442	-5,855	—	-12	-48,382
Other	106	1,382	68	—	-1	1,555
Movements due to changes in the scope of consolidation	25,252	100,272	13,968	—	63	139,556
Transfer to assets held for sale	432	6,712	1,158	—	—	8,303
Balance as of March 31, 2024	-185,932	-592,713	-92,708	—	-153	-871,509
Depreciation expenses	-7,529	-29,097	-5,698	—	—	-42,326
Impairment losses	-223	-1,065	-110	—	-192	-1,592
Disposals	1,783	16,013	3,431	—	40	21,269
Foreign exchange translation differences	980	5,115	804	—	-1	6,898
Other	-7	85	-18	—	18	78
Movements due to changes in the scope of consolidation	570	2,853	1,508	—	—	4,932
Balance as of March 31, 2025	-190,359	-598,808	-92,791	—	-289	-882,249

(Note) Depreciation expenses are recorded in either cost of sales or selling, general and administrative expenses in the consolidated statements of income.

Carrying amount

(Millions of yen)

	Buildings and structures	Machinery, vehicles and equipment	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	102,195	170,429	18,908	40,787	30,266	362,587
Balance as of March 31, 2024	94,553	163,704	17,437	36,887	31,049	343,631
Balance as of March 31, 2025	93,339	159,391	16,623	36,428	25,506	331,291

## 10. Goodwill and intangible assets

### (1) Breakdown of goodwill and intangible assets

“Goodwill and intangible assets” recognised in the consolidated statements of financial position consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Goodwill and intangible assets	54,568	62,728
Right-of-use assets	1,980	2,589
Total	56,548	65,317

### (2) Roll Forward of goodwill and intangible assets

The change in cost, accumulated amortisation and accumulated impairment loss of goodwill and intangible assets was as follows:

Cost

(Millions of yen)

	Goodwill	Software	Patent	Customer-related assets	Technology-based assets	Trademarks	Other	Total
Balance as of April 1, 2023	15,549	35,137	6,093	6,949	1,263	3,890	2,601	71,485
Acquisitions	—	9,821	487	—	—	—	67	10,376
Disposals	—	-5,436	-360	—	—	—	-84	-5,882
Foreign exchange translation differences	1,851	1,420	9	837	152	468	114	4,853
Other	—	217	4	—	—	—	-1	220
Movements due to changes in the scope of consolidation	—	-1,413	-2,161	—	—	—	-283	-3,858
Transfer to assets held for sale	—	—	—	—	—	—	-303	-303
Balance as of March 31, 2024	17,400	39,746	4,072	7,786	1,415	4,359	2,111	76,892
Acquisitions	—	13,292	335	—	—	—	—	13,628
Disposals	—	-3,662	-401	—	—	—	-1	-4,065
Foreign exchange translation differences	-133	-242	-1	-59	-10	-33	-5	-487
Other	—	66	0	—	—	—	—	66
Movements due to changes in the scope of consolidation	—	-0	-69	—	—	—	—	-69
Balance as of March 31, 2025	17,267	49,199	3,935	7,727	1,404	4,326	2,104	85,965

Accumulated amortisation and accumulated impairment loss

(Millions of yen)

	Goodwill	Software	Patent	Customer-related assets	Technology-based assets	Trademarks	Other	Total
Balance as of April 1, 2023	—	-19,065	-3,054	-689	-263	—	-841	-23,913
Amortisation expenses	—	-4,452	-505	-356	-135	—	-1	-5,451
Impairment losses	—	-30	-39	—	—	—	-8	-78
Disposals	—	5,333	360	—	—	—	84	5,778
Foreign exchange translation differences	—	-1,089	-7	-97	-37	—	-85	-1,318
Other	—	-121	—	—	—	—	1	-119
Movements due to changes in the scope of consolidation	—	1,151	1,078	—	—	—	277	2,507
Transfer to assets held for sale	—	—	—	—	—	—	270	270
Balance as of March 31, 2024	—	-18,275	-2,166	-1,143	-436	—	-303	-22,324
Amortisation expenses	—	-4,260	-469	-371	-141	—	-0	-5,243
Impairment losses	—	-0	—	—	—	—	—	-0
Disposals	—	3,648	401	—	—	—	0	4,050
Foreign exchange translation differences	—	193	1	12	4	—	2	215
Other	—	4	-0	—	—	—	—	4
Movements due to changes in the scope of consolidation	—	0	60	—	—	—	—	60
Balance as of March 31, 2025	—	-18,688	-2,172	-1,502	-573	—	-300	-23,237

(Note) Amortisation expenses are recorded in cost of sales or selling, general and administrative expenses in the consolidated statements of income.

Carrying amount

(Millions of yen)

	Goodwill	Software	Patent	Customer-related assets	Technology-based assets	Trademarks	Other	Total
Balance as of April 1, 2023	15,549	16,071	3,039	6,259	1,000	3,890	1,760	47,571
Balance as of March 31, 2024	17,400	21,471	1,906	6,643	979	4,359	1,808	54,568
Balance as of March 31, 2025	17,267	30,510	1,763	6,224	831	4,326	1,804	62,728

(Note 1) Customer-related assets, technology-based assets and trademarks were recognised due to the acquisition of the condition monitoring system business on March 1, 2021. The remaining useful life of customer-related assets and technology-based assets are 17 years and 6 years, respectively. Trademarks basically exist in line with the underlying business and thus are recognised as intangible assets with indefinite useful lives.

(Note 2) There were no material internally generated intangible assets as at March 31, 2024 and 2025.

(3) Impairment test for goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives that are allocated to each cash-generating unit were primarily as follows:

(Millions of yen)

Cash-generating unit	Segment	Account	As of March 31, 2024	As of March 31, 2025
Industrial Machinery Bearings Business	Industrial Machinery Business	Goodwill	16,753	16,625
		Trademarks	4,359	4,326

The NSK Group recognises the impairment loss of goodwill when the recoverable amount of a cash-generating unit is less than its carrying amount.

There is no impairment loss recorded in the current consolidated fiscal year. The recoverable amount of the Industry Machinery Bearings Business cash-generating unit is measured based on its value in use. The value in use is calculated using order backlog, sales forecasts based on probability of successful sales order, future cash flow based on the next three-year business plan that reflects sales trends for each product sector and individual products, and terminal value beyond the three-year period. Regarding terminal value, the growth rate of 0% is used. The discounted present value of future cash flow is calculated by using a pre-tax discount rate of 7.2%.

The recoverable sufficiently amount exceeds the carrying amount of the cash-generating unit, and impairment loss would not occur even if the assumptions used varied within a reasonable range.

There is no impairment loss recorded in the current consolidated fiscal year. The recoverable amount of the Industrial Machinery Bearings Business cash-generating unit is measured based on its value in use. The value in use is calculated using order backlog, sales forecasts based on probability of successful sales order, future cash flow based on the next two-year business plan that reflects sales trends for each product sector and individual products, and terminal value beyond the two-year period. Regarding terminal value, the growth rate of 0% is used. The discounted present value of future cash flow is calculated by using a pre-tax discount rate of 6.7%.

The recoverable amount sufficiently exceeds the carrying amount of the cash-generating unit, and impairment loss would not occur even if the assumptions used varied within a reasonable range.

11. Other financial assets

Other financial assets consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Time deposits over 3 months	1,405	19,272
Securities	39,999	40,986
Other	3,672	2,533
Total other current financial assets	45,076	62,792

Investment securities	44,146	38,033
Other	7,786	8,051
Total other non-current financial assets	51,932	46,085



12. Trade payables and other payables

Trade payables and other payables consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Trade payables	108,128	92,954
Other	32,322	33,597
Total	140,451	126,551

### 13. Other financial liabilities

Other financial liabilities consisted of the following:

(Millions of yen)

Classification	As of March 31, 2024	As of March 31, 2025	Average interest rate (%)	Due date for repayment
Short-term debt	86,389	71,850	3.4	—
Current portion of long-term debt	16,422	19,128	0.5	—
Current portion of bonds	20,000	25,000	(Note 2)	
Other	5,621	4,175	—	—
Total other current financial liabilities	128,433	120,154	—	—

Long-term debt	63,133	62,423	1.2	2026 to 2035
Corporate bonds	133,000	128,000	(Note 2)	
Other	18,731	13,047	—	—
Total other non-current financial liabilities	214,864	203,470	—	—

(Note 1) Average interest rate is calculated based on the weighted average interest rate of the closing balance at year end.

(Note 2) The terms of issuance of corporate bonds are summarised below:

(Millions of yen)

Company name	Issue	Issuance date	Balance as of March 31, 2024	Balance as of March 31, 2025	Interest rate (%)	Collateral	Redemption date
NSK Ltd. (i.e., the Company)	43rd Series Unsecured Straight Bonds	September 10, 2014	20,000	—	0.769	None	September 10, 2024
NSK Ltd. (i.e., the Company)	45th Series Unsecured Straight Bonds	March 14, 2017	10,000	10,000	0.400	None	March 12, 2027
NSK Ltd. (i.e., the Company)	47th Series Unsecured Straight Bonds	December 7, 2017	10,000	10,000	0.380	None	December 7, 2027
NSK Ltd. (i.e., the Company)	49th Series Unsecured Straight Bonds	November 29, 2018	15,000	15,000	0.290	None	November 28, 2025
NSK Ltd. (i.e., the Company)	50th Series Unsecured Straight Bonds	November 29, 2018	10,000	10,000	0.390	None	November 29, 2028
NSK Ltd. (i.e., the Company)	51st Series Unsecured Straight Bonds	September 2, 2019	10,000	10,000	0.190	None	September 2, 2026
NSK Ltd. (i.e., the Company)	52nd Series Unsecured Straight Bonds	September 2, 2019	20,000	20,000	0.280	None	August 31, 2029
NSK Ltd. (i.e., the Company)	53rd Series Unsecured Straight Bonds	September 5, 2022	14,000	14,000	0.445	None	September 3, 2027
NSK Ltd. (i.e., the Company)	54th Series Unsecured Straight Bonds	September 5, 2022	11,000	11,000	0.709	None	September 3, 2032
NSK Ltd. (i.e., the Company)	55th Series Unsecured Straight Bonds	March 7, 2023	10,000	10,000	0.300	None	March 6, 2026
NSK Ltd. (i.e., the Company)	56th Series Unsecured Straight Bonds	March 7, 2023	8,000	8,000	1.150	None	March 7, 2033
NSK Ltd. (i.e., the Company)	57th Series Unsecured Straight Bonds	September 11, 2023	15,000	15,000	0.539	None	September 11, 2028
NSK Ltd. (i.e., the Company)	58th Series Unsecured Straight Bonds	September 6, 2024	—	10,000	0.845	None	September 6, 2029
NSK Ltd. (i.e., the Company)	59th Series Unsecured Straight Bonds	September 6, 2024	—	10,000	1.527	None	September 6, 2034

There are no assets pledged as collateral for the above financial liabilities, etc.

#### 14. Lease transactions

The NSK Group primarily leases office, employee housing and land for plants as a lessee. Some lease contracts include extension (early termination) options. There are no material lease contracts that include escalation clauses, and no material restrictions imposed by lease agreements.

The carrying amount and depreciation expenses for right-of-use assets were as follows:

(Millions of yen)

	Buildings and structures	Machinery, vehicles and equipment	Tools, equipment and fixtures	Land	Intangible assets	Total
Carrying amount as of March 31, 2024	13,882	2,341	1,409	3,682	1,980	23,296
Depreciation expenses of right-of-use assets for the year ended March 31, 2024	3,595	809	640	159	343	5,548
Carrying amount as of March 31, 2025	6,679	2,210	1,326	3,398	2,589	16,204
Depreciation expenses of right-of-use assets for the year ended March 31, 2025	2,760	862	586	152	480	4,843

Total cash outflow on lease transaction was as follows:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Total cash outflow on lease transactions	10,107	8,667

Expenses and income relating to lease transactions consisted of the followings:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Interest expense for lease liabilities	300	286
Short-term lease payments	2,703	1,805
Low-value asset lease payments	1,509	1,437
Variable lease payments	37	39
Sublease revenue	389	373

Increase in right-of-use assets was as follows:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Increase in right-of-use assets	4,983	5,683

Changes and the balance by maturity dates of lease liabilities are stated in "Note 26. Financial instruments".

## 15. Provisions

Provisions consisted of the following:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Reserves for environmental measures	42	—
Other	427	1,322
Total current liabilities	469	1,322
Reserves for environmental measures	839	728
Other	226	159
Total non-current liabilities	1,065	887

The change in provisions consisted of the following:

(Millions of yen)

	Reserves for environmental measures	Other	Total
Balance as of March 31, 2024	881	654	1,535
Amount recognised during the period	324	1,471	1,796
Amount of decrease during the period (intended use)	-289	-487	-777
Amount of decrease during the period (reversal)	-143	-2	-146
Other	-44	-153	-198
Balance as of March 31, 2025	728	1,481	2,209

### Reserves for environmental measures

To prepare for expenditure related to the removal and disposal of asbestos and polychlorinated biphenyl (PCB), etc., that are used in buildings and equipment, etc., expenses expected to arise in the future are provided for.

The outflow of economic benefits is expected to occur primarily after one year has passed since the end of each consolidated fiscal year.

### Other

“Other” includes provisions for costs related to business restructuring activities, which amounted to ¥390 million and ¥1,226 million in the previous consolidated fiscal year and the current consolidated fiscal year, respectively.

# 16. Income taxes

## (1) Deferred tax

The change in deferred tax assets and liabilities consisted of the following:

From April 1, 2023 to March 31, 2024

### Deferred tax assets

(Millions of yen)

	Opening balance (April 1, 2023)	Amount recognised in profit or loss	Amount recognised in other comprehensive income	Movements due to changes in the scope of consolidation	Transfer to assets held for sale	Closing balance (March 31, 2024)
Defined benefit liability	1,603	26,680	-23,449	-95	—	4,740
Non-current assets-internal profit between consolidated companies	200	54	—	—	—	254
Carryforward of unused tax losses	6,528	-3,032	—	215	-1,114	2,596
Accrued bonuses	4,338	-330	—	-44	—	3,963
Inventories	3,982	-348	—	-183	—	3,450
Other	14,083	-524	55	-1,528	—	12,085
Total	30,737	22,499	-23,393	-1,636	-1,114	27,091

### Deferred tax liabilities

Defined benefit asset	-5,134	—	5,134	—	—	—
Depreciation expenses	-1,562	-2,535	—	526	—	-3,571
Reserve for advanced Depreciation on fixed assets	-1,755	69	—	—	—	-1,686
Financial assets measured at fair value through other comprehensive income	-10,513	—	488	—	—	-10,024
Gain on contribution of securities to employees' retirement benefit trust	-4,900	4,900	—	—	—	—
Assets identified in business combination	-3,536	—	-263	—	—	-3,800
Other	-20,707	914	-0	202	—	-19,590
Total	-48,110	3,348	5,359	729	—	-38,673
Net deferred tax assets (liabilities)	-17,373	25,848	-18,033	-907	-1,114	-11,581

(Note 1) The difference between the total amount recognised in profit or loss and the amount of deferred tax expense is attributable to changes in exchange rates.

(Note 2) Deferred tax assets for carryforward of unused tax losses held by the Company's UK subsidiary are ¥2,232 million. These deferred tax assets are included in the deferred tax assets of ¥3,856 million attributable to taxable entities which recorded losses in the fiscal year ended March 2023 and the fiscal year ended March 2024, and for which the recoverability of the deferred tax assets is dependent on whether these entities can generate sufficient future taxable profits. The key assumptions used in future business planning as the basis for estimating taxable profits include projected revenue and revenue growth rate, as stated in "Note 2. Basis of preparation (6) Use of estimates and judgements". These assumptions take into consideration the recovery of profitability through the European business restructuring activities.

From April 1, 2024 to March 31, 2025

Deferred tax assets

(Millions of yen)

	Opening balance (April 1, 2024)	Amount recognised in profit or loss	Amount recognised in other comprehensive income	Movements due to changes in the scope of consolidation	Transfer to assets held for sale	Closing balance (March 31, 2025)
Defined benefit liability	4,740	-154	-2,133	-43	—	2,408
Non-current assets-internal profit between consolidated companies	254	172	—	—	—	427
Carryforward of unused tax losses	2,596	1,115	—	—	—	3,711
Accrued bonuses	3,963	-107	—	-44	—	3,810
Inventories	3,450	624	—	—	—	4,075
Other	12,085	-545	62	60	—	11,663
Total	27,091	1,105	-2,071	-27	—	26,098

Deferred tax liabilities

Depreciation expenses	-3,571	-569	—	—	—	-4,141
Reserve for advanced depreciation on fixed assets	-1,686	13	—	—	—	-1,673
Financial assets measured at fair value through other comprehensive income	-10,024	—	958	—	—	-9,066
Assets identified in business combination	-3,800	—	190	—	—	-3,609
Other	-19,590	-264	0	-116	—	-19,971
Total	-38,673	-821	1,149	-116	—	-38,462
Net deferred tax assets (liabilities)	-11,581	283	-922	-144	—	-12,364

(Note 1) The difference between the total amount recognised in profit or loss and the amount of deferred tax expense is attributable to changes in exchange rates.

(Note 2) The "Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025)" was promulgated on March 31, 2025, and the special defense corporation tax will be imposed from the fiscal year beginning on or after April 1, 2026. Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in or after the fiscal year beginning on April 1, 2026, the statutory effective tax rate has been changed from 30.5% to 31.4% for calculation purposes. The impact of this tax rate change on the consolidated financial statements of the NSK Group is immaterial..

# Unrecognised deferred tax assets

The carryforward of unused tax losses, deductible temporary differences and tax credits carried forward for which deferred tax assets have not been recognised were as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Carryforward of unused tax losses	17,064	22,745
Deductible temporary differences	18,148	14,850
Carryforward of tax credits	—	1,420
Total	35,212	39,017

The amounts and expiry years of carryforward of unused tax losses for which deferred tax assets have not been recognised were as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Year 1	—	—
Year 2	—	—
Year 3	—	—
Year 4	—	—
After Year 5 or no expiry date	17,064	22,745
Total	17,064	22,745

The amounts of carryforward of unused tax losses for which deferred tax assets have not been recognised and which have no expiry date are ¥15,883 million and ¥21,818 million for the previous consolidated fiscal year and the current consolidated fiscal year, respectively. These amounts are attributable to the Company's UK subsidiary.

The amounts and expiry years of the carryforward of tax credits for which deferred tax assets have not been recognised were as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Year 1	—	—
Year 2	—	—
Year 3	—	1,420
Year 4	—	—
After Year 5 or no expiry date	—	—
Total	—	1,420

The deferred tax assets attributable to taxable entities which recorded losses in the previous or current consolidated fiscal year, and for which the recoverability of the deferred tax assets is dependent on whether these entities can generate sufficient future taxable profits, are ¥3,856 million and ¥13,342 million for the previous and current consolidated fiscal year, respectively. The NSK Group assesses the recoverability of deferred tax assets by analysing future taxable profits based on future profit-generating capabilities and tax planning strategies.

#### Unrecognised deferred tax liabilities

Taxable temporary differences relating to the undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised were ¥49,236 million and ¥18,683 million in the previous consolidated fiscal year and the current consolidated fiscal year, respectively. The deferred tax liabilities have not been recognised for taxable temporary differences pertaining to investments in subsidiaries, because the Company and the NSK Group companies are able to control the timing at which temporary differences will be reversed, and it is probable that such differences will not be reversed in the foreseeable future.



## (2) Income tax expense

The Company and its domestic consolidated subsidiaries are primarily subject to corporation tax (national tax), inhabitants' tax and enterprise tax (local taxes). The statutory effective tax rate, calculated based on these taxes for the previous consolidated fiscal year and the current consolidated fiscal year, was 30.5%. The amount of tax in other tax jurisdictions was calculated based on the respective general tax rates applicable in those jurisdictions. The Company and some of its subsidiaries adopt the consolidated taxation system. The following is presented excluding discontinued operations.

Income tax expenses consisted of the following.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Current tax expenses	38,872	14,584
Deferred tax expenses	-26,916	-2,552
Income tax expenses	11,955	12,031

Income taxes related to sales of financial assets measured at fair value through other comprehensive income in the previous consolidated fiscal year and the current consolidated fiscal year are ¥4,827 million and ¥2,003 million, respectively.

The major causes of the difference between the statutory effective tax rate in Japan and the effective tax rate after the application of tax effect accounting were as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Statutory effective tax rate	30.5 %	30.5 %
Non-deductible permanent differences such as entertainment expenses	2.4	3.9
Different tax rates applied to income of foreign subsidiaries	-6.3	-7.4
Tax effect of unused tax losses of subsidiaries not recognised for financial accounting purposes	8.0	17.9
Tax credits	-15.5	-1.8
Changes in unrecognised deferred tax assets	22.5	7.0
Other	4.1	-2.2
Effective tax rate after application of tax effect accounting	45.6 %	47.9 %

## (3) Impact of the "Pillar Two" model rules on corporate income taxes

In Japan, the Tax Reform Act of 2023 (the "*Act for Partial Amendment to the Income Tax Act, etc.* (Act No. 3 of 2023)") was enacted on March 28, 2023, which includes provisions related to the establishment of a corporate tax system corresponding to the global minimum taxation. Among the global minimum taxation rules, the Income Inclusion Rule (IIR) has been introduced, and as a result, the parent and other entities located in Japan are additionally taxed until the effective tax rate in jurisdictions in which their subsidiaries, etc., are located reaches the minimum tax rate of 15%. The new rules have been applied to the Company from the fiscal year beginning on April 1, 2024 and the impact of these taxes on the NSK Group's consolidated financial statements are immaterial.

## 17. Post-employment benefit

### (1) Defined benefit plans

#### ① Japan

The Company and some of its domestic consolidated subsidiaries have defined benefit plans and defined contribution plans to finance retirement benefits for employees. The Company has also established a share-based compensation plan for directors and other officers, executive employees, etc., as well as a retirement benefit trust. Extra payments may be added upon the retirement of employees of the Company and its domestic consolidated subsidiaries, which are not included in the defined benefit obligation determined using actuarial calculations based on the retirement benefit accounting.

Furthermore, the Company has established a retirement benefit trust to provide for future retirement benefit payments. In recent years, the pension plan assets, including the defined retirement benefit trust, had significantly exceeded the retirement benefit obligations. As this situation is expected to continue, a portion of the defined retirement benefit trust was returned to the Company in the previous consolidated fiscal year and the current consolidated fiscal year.

#### ② U.K.

The UK subsidiary of the Company, NSK Europe Limited and some of its consolidated subsidiaries in UK sponsor a funded defined benefit and defined contribution schemes, providing retirement benefits to UK qualifying employees. Employees who joined these companies in or after 2003 have participated in the defined contribution scheme, and the defined benefit scheme has been closed to new employees since 2003. Moreover, the defined benefit scheme has been frozen since the end of December 2016 to prevent benefit payments that would require additional funding in the future, and these companies offered a scheme to allow participants in the defined benefit scheme to transition to the defined contribution scheme.

Furthermore, in March 2024, the Company implemented a defined retirement benefit plan buy-in, where the pension plan assets were transferred to an insurance company and an insurance contract was concluded with the insurance company to guarantee that the Company receives an amount equivalent to the pension scheme benefits payable to the pension scheme members. The pension plan assets at the end of the current consolidated fiscal year is ¥46,261 million.

#### ③ Other

Some consolidated subsidiaries including mainly those in the United States and Other Asia have adopted defined benefit plans and post-employment medical benefit plans to finance retirement benefits for employees. As post-employment medical benefit plans in the United States are similar to retirement benefit plans in terms of characteristics, they are presented as a component of the net defined benefit liability.

Amounts recognised in the consolidated financial statements were as follows:

As of March 31, 2024

(Millions of yen)

	Japan	U.K.	Other	Total
Present value of defined benefit obligations	109,317	53,783	10,753	173,854
Fair value of plan assets	-221,892	-53,460	-6,508	-281,861
Total	-112,575	322	4,244	-108,007
Net liability (asset) on the consolidated statements of financial position	-112,575	322	4,244	-108,007

As of March 31, 2025

(Millions of yen)

	Japan	U.K.	Other	Total
Present value of defined benefit obligations	97,895	47,651	11,263	156,810
Fair value of plan assets	-148,800	-46,895	-6,306	-202,002
Total	-50,905	755	4,957	-45,192
Net liability (asset) on the consolidated statements of financial position	-50,905	755	4,957	-45,192

Changes in the present value of defined benefit obligations were as follows:

(Millions of yen)

	Japan	U.K.	Other	Total
Present value of defined benefit obligations as of April 1, 2023	123,748	47,685	10,635	182,069
Current service cost	4,441	—	667	5,109
Interest cost	1,548	2,446	539	4,534
Remeasurements of net defined benefit liability (asset)				
Actuarial gains or losses arising from changes in demographic assumptions	—	-331	-801	-1,133
Actuarial gains or losses arising from changes in financial assumptions	-3,852	-561	-125	-4,539
Retirement benefit paid	-7,107	-2,653	-949	-10,710
Past service cost	—	—	-86	-86
Movements due to changes in the scope of consolidation	-9,624	—	-216	-9,841
Foreign exchange translation differences, etc.	164	7,198	1,089	8,452
Present value of defined benefit obligations as of March 31, 2024	109,317	53,783	10,753	173,854
Current service cost	4,255	—	717	4,972
Interest cost	1,677	2,548	534	4,760
Remeasurements of net defined benefit liability (asset)				
Actuarial gains or losses arising from changes in demographic assumptions	—	4	-112	-108
Actuarial gains or losses arising from changes in financial assumptions	-8,272	-6,099	669	-13,702
Retirement benefit paid	-5,904	-3,456	-565	-9,925
Past service cost	—	—	-64	-64
Movements due to changes in the scope of consolidation	-256	—	-6	-263
Decrease due to employee transfers	-2,939	—	—	-2,939
Foreign exchange translation differences, etc.	18	871	-662	228
Present value of defined benefit obligations as of March 31, 2025	97,895	47,651	11,263	156,810

(Note) Since the second quarter of the fiscal year ended March 31, 2024, NSK Steering & Control, Inc. ("NS&C") has transitioned from being a consolidated subsidiary to an equity method affiliate of the Company. Decrease due to employee transfers represents the decrease due to secondees from the Company who were transferred to NS&C during the current consolidated fiscal year.

The weighted average duration of defined benefit obligations at the end of the consolidated fiscal year is as follows:

	Japan	U.K.	Other
Weighted average duration	12 years	11 years	7 to 11 years

Changes in the fair value of plan assets were as follows:

(Millions of yen)

	Japan	U.K.	Other	Total
Fair value of plan assets as of April 1, 2023	208,314	53,265	5,627	267,207
Interest income	2,677	2,789	263	5,730
Return on plan assets	55,225	-11,658	-39	43,526
Contributions by employer	2,670	4,221	870	7,761
Retirement benefit paid	-4,034	-2,653	-743	-7,432
Movements due to changes in the scope of consolidation	-7,950	—	—	-7,950
Refund to employer	-35,000	—	—	-35,000
Foreign exchange translation differences, etc.	-9	7,496	530	8,017
Fair value of plan assets as of March 31, 2024	221,892	53,460	6,508	281,861
Interest income	1,598	2,532	325	4,457
Return on plan assets	-1,456	-6,574	-75	-8,106
Contributions by employer	2,483	383	541	3,409
Retirement benefit paid	-3,595	-3,456	-347	-7,400
Movements due to changes in the scope of consolidation	-127	-312	—	-439
Decrease due to employee transfers	-1,996	—	—	-1,996
Refund to employer	-70,000	—	—	-70,000
Foreign exchange translation differences, etc.	—	861	-644	216
Fair value of plan assets as of March 31, 2025	148,800	46,895	6,306	202,002

(Note) Since the second quarter of the fiscal year ended March 31, 2024, NS&C has transitioned from being a consolidated subsidiary to an equity method affiliate of the Company. Decrease due to employee transfers represents the decrease due to secondees from the Company who were transferred to NS&C during the current consolidated fiscal year.

The NSK Group plans to make contributions of ¥3,136 million in the fiscal year ending March 31, 2026.

Plan assets are managed for the purpose of securing necessary revenue in the long term within tolerable risk level, in order to make sure that pension benefits, etc. will be paid into the future. For the management of plan assets, the basic policy for asset composition is formulated in consideration of the risks and returns of the assets subject to investment and investments are made in accordance with such policy; plan assets are managed properly by periodically monitoring their management status. The basic policy for asset composition is reviewed periodically in order to adapt to changes in the market environment and changes in the funding status.

Items that constitute plan assets were as follows:

As of March 31, 2024

(Millions of yen)

	Japan		U.K.		Other	
	Those with quoted prices in active markets	Those without quoted prices in active markets	Those with quoted prices in active markets	Those without quoted prices in active markets	Those with quoted prices in active markets	Those without quoted prices in active markets
Shares	27,837	—	—	—	361	—
Bonds	33,919	—	475	—	4,226	—
Other	131,590	28,544	377	52,607	1,919	—
Total	193,347	28,544	853	52,607	6,508	—

As of March 31, 2025

(Millions of yen)

	Japan		U.K.		Other	
	Those with quoted prices in active markets	Those without quoted prices in active markets	Those with quoted prices in active markets	Those without quoted prices in active markets	Those with quoted prices in active markets	Those without quoted prices in active markets
Shares	20,474	—	—	—	179	—
Bonds	51,094	—	—	—	4,555	—
Other	49,701	27,529	634	46,261	1,572	—
Total	121,270	27,529	634	46,261	6,306	—

Significant actuarial assumptions were as follows:

As of March 31, 2024

	Japan	U.K.	Other
Discount rate	Mainly 1.7%	4.8%	Mainly 5.2%

As of March 31, 2025

	Japan	U.K.	Other
Discount rate	Mainly 2.4%	5.8%	Mainly 4.3-5.3%

The amount of change in defined benefit obligations in cases where there were changes in the significant actuarial assumptions in the following ratios as at the end of the reporting period is as presented below:

As of March 31, 2024

(Millions of yen)

		Japan	U.K.	Other
Discount rate	0.5% increase	-5,982	-3,215	-306
	0.5% decrease	6,512	3,717	354

(Note) This analysis assumes that all other variables are constant.

As of March 31, 2025

(Millions of yen)

		Japan	U.K.	Other
Discount rate	0.5% increase	-5,028	-2,594	-362
	0.5% decrease	5,447	2,853	422

(Note) This analysis assumes that all other variables are constant.

## (2) Defined contribution plans

The amounts recognised as expenses in relation to defined contribution plans in the previous consolidated fiscal year and the current consolidated fiscal year are as follows:

(Millions of yen)

Year ended March 31, 2024	Year ended March 31, 2025
2,416	2,463

## (3) Employee benefit costs

The total employee benefit costs for the previous consolidated fiscal year and the current consolidated fiscal year were ¥186,273 million and ¥187,704 million, respectively. These amounts are presented in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of income, excluding discontinued operations

# 18. Investments in equity method affiliates

The Company's significant interest in joint ventures includes the investment in the ordinary shares of NSK-Warner K.K. (ownership interest: 50%) and the Company's significant interest in equity method affiliates include the investment in the ordinary shares of NSK Steering & Control, Inc. (ownership interest: 49.9%). Condensed financial information of these entities are as follows:

## (1) NSK-Warner K.K.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Current assets	30,554	24,902
Non-current assets	20,421	19,065
Total assets	50,975	43,968
Current liabilities	8,908	6,267
Non-current liabilities	6,573	5,684
Total liabilities	15,481	11,952
Total equity	35,493	32,016
Ownership ratio (%)	50.0%	50.0%
Equity attributable to owners of the parent	17,746	16,008
Consolidation elimination	4,115	5,008
Carrying amount	21,862	21,016

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Sales	53,040	46,012
Income before income taxes	7,318	3,390
Net income	6,130	2,793
Other comprehensive income	551	354
Total comprehensive income	6,682	3,147

Dividends received by the Company from NSK-Warner K.K. amounted to ¥1,971 million and ¥3,176 million in the previous consolidated fiscal year and the current consolidated fiscal year, respectively.



## (2) NSK Steering &amp; Control, Inc.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Current assets	91,727	97,947
Non-current assets	37,835	42,641
Total assets	129,563	140,588
Current liabilities	71,870	79,542
Non-current liabilities	16,693	17,194
Total liabilities	88,564	96,737
Total equity	40,999	43,850
Ownership ratio (%)	49.9%	49.9%
Equity attributable to owners of the parent	20,458	21,881
Consolidation elimination	-4,385	-4,393
Carrying amount	16,073	17,487

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Sales	103,279	160,329
Income before income taxes	374	3,297
Net income (loss)	-396	1,774
Other comprehensive income	3,320	119
Total comprehensive income	2,924	1,894

(Note 1) NSK Steering & Control, Inc. ("NS&C") and its subsidiaries became equity method affiliates of the Company effective August 1, 2023. Therefore, the statement of income and statement of comprehensive income for the previous consolidated fiscal year cover the period from August 1, 2023 to March 31, 2024.

(Note 2) Following NS&C's transition to an equity method affiliate effective August 1, 2023, no dividends have been received by the Company from NS&C during the previous consolidated fiscal year and the current consolidated fiscal year.

## 19. Equity and other equity items

### (1) Issued shares and treasury shares

As of March 31, 2024

	Opening balance (April 1, 2023)	Increase	Decrease	Closing balance (March 31, 2024)
Number of shares authorised (common shares without par value)	1,700,000,000	—	—	1,700,000,000
Number of shares issued (common shares without par value)	551,268,104	—	51,268,104	500,000,000
Number of treasury shares	38,152,172	25,012,060	51,847,906	11,316,326

(Note 1) The number of treasury shares includes 7,090,080 shares of the Company held in the trust account of the Board Benefit Trust at the end of the current consolidated fiscal year.

(Note 2) The shares issued have been fully paid.

(Note 3) Regarding the retirement of treasury shares pursuant to the provisions of Article 178 of the Companies Act, the Company retired 51,268,104 shares of treasury shares as of August 25, 2023, based on the decision of the Company's President and CEO, as delegated by the Board of Directors.

(Brief description of reasons for changes in treasury shares)

The increase in the number of treasury shares consisted of the following:

Increase due to purchase of shares constituting less than one unit:	1,749 shares
Treasury shares (the Company's shares) acquired by equity method affiliates that are attributable to the Company:	10,311 shares
Increase due to acquisition of treasury shares based on resolution of the Board of Directors:	25,000,000 shares

The decrease in the number of treasury shares consisted of the following:

Decrease due to request for purchase of shares constituting less than one unit :	2 shares
Shares provided from the Board Benefit Trust, etc.:	579,800 shares
Decrease due to retirement of treasury shares	51,268,104 shares

As of March 31, 2025

	Opening balance (April 1, 2024)	Increase	Decrease	Closing balance (March 31, 2025)
Number of shares authorised (common shares without par value)	1,700,000,000	—	—	1,700,000,000
Number of shares issued (common shares without par value)	500,000,000	—	—	500,000,000
Number of treasury shares	11,316,326	13,211	129,784	11,199,753

(Note 1) The number of treasury shares includes 6,960,380 shares of the Company held in the trust account of the Board Benefit Trust at the end of the current consolidated fiscal year.

(Note 2) The shares issued have been fully paid.

(Brief description of reasons for changes in treasury shares)

The increase in the number of treasury shares consisted of the following:

Increase due to purchase of shares constituting less than one unit:	1,196 shares
Treasury shares (the Company's shares) acquired by equity method Affiliates that are attributable to the Company:	12,015 shares

The decrease in the number of treasury shares consisted of the following:

Decrease due to request for purchase of shares constituting less than one unit :	84 shares
Shares provided from the Board Benefit Trust, etc.:	129,700 shares

### (2) Capital surplus

Surplus arising from the issuance of shares, sale of treasury shares and other equity transactions are recorded as a capital surplus. Changes in capital surplus also include the effect of changes in the ownership interest in subsidiaries that do not result in a loss of control.

### (3) Retained earnings

Retained earnings represent the surplus of the profit earned by the entity that has not been distributed to owners of the entity but has been retained within the entity.

## 20. Share-based payments

### (1) Share option scheme

Until the consolidated fiscal year ended March 2016, the NSK Group had granted to its directors, executive officers and some employees the rights to purchase the Company's shares as share options. The exercise period is the period prescribed in the allotment agreement; if share options are not exercised within the period, such share options are forfeited.

Share options granted to eligible individuals are accounted for as equity-settled share-based payments.

Details of the NSK Group's share option scheme in place in the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

	Grant date	Expiry date	Exercise price (yen)	Fair value at grant date (yen)
Granted in 2015	August 21, 2015	July 29, 2025	1,806	565

	Number of options granted	Unexercised options outstanding at the end of the period	
		As of March 31, 2024	As of March 31, 2025
Granted in 2015	820,000	477,000	461,000

The number of exercisable share options outstanding and the average exercise prices in the previous consolidated fiscal year and the current consolidated fiscal year are presented in the table below. The weighted average remaining contractual life of unexercised share options was 1.3 years and 0.3 years, respectively, for these periods.

	Year ended March 31, 2024		Year ended March 31, 2025	
	Number of options	Weighted average exercise price (yen)	Number of options	Weighted average exercise price (yen)
Unexercised options outstanding at the beginning of the period	548,000	1,806	477,000	1,806
Options exercised during the period	—	—	—	—
Options expired during the period	-71,000	1,806	-16,000	1,806
Unexercised options outstanding at the end of the period	477,000	1,806	461,000	1,806
Exercisable options outstanding at the end of the period	477,000	1,806	461,000	1,806

There were no share options exercised in the previous consolidated fiscal year and the current consolidated fiscal year.

(2) Board Benefit Trust (for directors and executive officers)

Through the resolution passed by the Compensation Committee held on May 16, 2016, the Company has established a Board Benefit Trust, which is a share-based payment scheme using a trust structure, for its directors and executive officers. In this scheme, the Board Benefit Trust acquires the Company's shares and provides the Company's shares corresponding to the total points granted by the Company (share benefit portion) and money corresponding to the value of shares (cash benefit portion) to eligible directors and executive officers when they resign. The shares of the Company held in the Trust continue to be accounted for as treasury shares. The share benefit portion of this payment scheme is accounted for as equity-settled share-based payment and its cash benefit portion is accounted for as cash-settled share-based payment.

The Compensation Committee held on March 27, 2019 resolved to partially revise the Board Benefit Trust, and a performance-based share-based payment programme was established for executive officers effective April 1, 2019. However, the share-based payment programme for directors who do not serve as executive officers continues to operate as before, without being linked to business performance.

Share-based payment expenses for the current consolidated fiscal year were recognised based on the number of points and others granted as consideration for the fiscal year ended March 31, 2025. Expenses for equity-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current consolidated fiscal year are ¥249 million and ¥283 million, respectively. Expenses for cash-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current consolidated fiscal year are ¥155 million and -¥44 million, respectively. The number of the Company's shares held in the trust account of the Board Benefit Trust at the end of the current consolidated fiscal year is 5,889,075 shares.

Method used to measure the fair unit value of the Company's shares granted under this payment scheme

(a) The major assumptions used to determine the weighted-average fair value of the Company's shares granted as share-based payment for its directors are as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Grant date	June 23, 2023	June 27, 2024
Number of points granted	42,187	37,973
Share price at the grant date	¥878	¥787
Estimated remaining life (Note 1)	7 years	7 years
Dividend payout ratio (Note 2)	2.9%	3.6%
Discount rate (Note 3)	0.16%	0.74%
Weighted-average fair value per point	¥719	¥612

(Note 1) Number of years from the grant date through the date on which shares are delivered.

(Note 2) Calculated based on the past dividends payment by the Company.

(Note 3) Based on the yield of Japanese government bonds corresponding to the estimated remaining life.

- (b) The weighted-average fair value of the Company's shares granted as share-based payment for its executive officers is calculated with relative total shareholder return ("TSR"), which compares TSR at the end of performance evaluation period and growth rate of TOPIX.

The major assumptions used to determine weighted-average fair value are as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Grant date	April 1, 2023	April 1, 2024
Number of points granted (Note 1)	547,525	479,515
Share price at the grant date	¥756	¥876
Estimated remaining life (Note 2)	7 years	7 years
Dividend payout ratio (Note 3)	4.0%	3.9%
TOPIX dividend ratio (Note 4)	2.7%	2.3%
Discount rate (Note 5)	0.21%	0.49%
Weighted-average fair value per point	¥596	¥796

(Note 1) Number of points before performance evaluation.

(Note 2) Number of years from the grant date through the date on which shares are delivered.

(Note 3) Based on expected dividend at the grant date.

(Note 4) Calculated based on the previous year of the grant date TOPIX and estimated TOPIX Dividend Index.

(Note 5) Based on the yield of Japanese government bonds corresponding to the calculation period.

### (3) Board Benefit Trust (for certain officers and employees of the Company and some of its subsidiaries)

The Company has also established a Board Benefit Trust, which is a share-based payment scheme using a trust structure, for certain officers and employees of the Company and some of its subsidiaries (hereinafter "executive employees, etc."). In this scheme, the Board Benefit Trust acquires the Company's shares and provides the Company's shares corresponding to the total points granted by the Company (share benefit portion) and money corresponding to the value of shares (cash benefit portion) to eligible executive employees, etc. when they retire or resign.

Effective April 1, 2022, the Company determined to apply performance-based programme for certain corporate officers among executive employees, etc. and revised this programme.

The shares of the Company held in the Trust continue to be accounted for as treasury shares. The share benefit portion of this payment scheme is accounted for as equity-settled share-based payment and the cash benefit portion is accounted for as cash-settled share-based payment.

Share-based payment expenses for the current consolidated fiscal year were recognised based on the number of points granted as consideration for the fiscal year ended March 31, 2025. Expenses for equity-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current consolidated fiscal years are ¥133 million, ¥127 million, respectively. Expenses for cash-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current consolidated fiscal year are ¥66 million, ¥34 million, respectively. The number of the Company's shares held in the trust account of the Board Benefit Trust at the end of the current consolidated fiscal year is 1,071,305 shares.

Method used to measure the fair unit value of the Company's shares granted under this payment scheme

(a) The major assumptions used to determine the weighted-average fair value of the Company's shares granted as share-based payment for its executive employees, etc., excluding certain corporate officers, are as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Grant date	August 1, 2023	August 1, 2024
Number of points granted	146,994	127,808
Share price at the grant date	¥877	¥763
Estimated remaining life (Note 1)	5 years	5 years
Dividend payout ratio (Note 2)	2.9%	3.7%
Discount rate (Note 3)	0.17%	0.66%
Weighted-average fair value per point	¥760	¥635

(Note 1) Number of years from the grant date through the date on which shares are delivered.

(Note 2) Calculated based on the past dividends payment by the Company.

(Note 3) Based on the yield of Japanese government bonds corresponding to the estimated remaining life.

(b) The major assumptions used to determine the weighted-average fair value of the Company's shares granted as share-based payment for certain corporate officers are as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Grant date	August 1, 2023	August 1, 2024
Number of points granted (Note1, 6)	116,712	109,739
Share price at the grant date	¥877	¥763
Estimated remaining life (Note 2)	4 years	4 years
Dividend payout ratio (Note 3)	3.4%	4.5%
TOPIX dividend ratio (Note 4)	2.7%	2.3%
Discount rate (Note 5)	0.07%	0.58%
Weighted-average fair value per point	¥808	¥756

(Note 1) Number of points before performance evaluation.

(Note 2) Number of years from the grant date through the date on which shares are delivered.

(Note 3) Based on expected dividend at the grant date.

(Note 4) Calculated based on the previous year of the grant date TOPIX and estimated TOPIX Dividend Index.

(Note 5) Based on the yield of Japanese government bonds corresponding to the calculation period.

(Note 6) Certain officers and employees of some subsidiaries have been granted 19,452 points retroactively as of August 1, 2023, based on a fair value of ¥905 calculated based on current fair value calculation standards.

## 21. Sales

### (1) Disaggregation of revenue

Net sales have been disaggregated into these reportable segments by geographical area, as presented below.

Effective from the previous fiscal year, the Company classified its steering business, which was previously included in the Automotive Business, as discontinued operations and removed from the reportable segments.

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Reportable segments			Other	Total
	Industrial Machinery Business	Automotive Business	Subtotal		
Japan	79,151	170,457	249,608	21,487	271,096
The Americas	60,675	83,188	143,864	540	144,405
Europe	62,956	38,195	101,152	6,899	108,051
China	84,338	65,597	149,936	4,300	154,236
Other Asia	57,724	51,382	109,106	1,971	111,077
Total	344,846	408,821	753,667	35,199	788,867

(Note 1) Sales are based on the customers' location and categorised by either countries or regions.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Major countries and regions in each geographical category, other than Japan and China, are as follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (other than Japan and China), India, Australia, etc.

(Note 4) "Other" refers to operating segments not included in the reportable segments and includes businesses such as the production and sales of steel balls and the production of machineries.

From April 1, 2024 to March 31, 2025

(Millions of yen)

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

(Note 1) Sales are based on the customers' location and categorised by either countries or regions.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Major countries and regions in each geographical category, other than Japan and China, are as follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (other than Japan and China), India, Australia, etc.

(Note 4) "Other" refers to operating segments not included in the reportable segments and includes businesses such as the production and sales of steel balls and the production of machineries.

The Industrial Machinery Business engages in the production and sales of industrial machinery bearings, precision machinery and parts, condition monitoring systems, etc. The Automotive Business engages in the production and sales of bearings, automatic transmission components, etc. for car manufacturers and automotive component manufacturers. With regard to the sales of products such as bearings, revenue is recognised when the NSK Group transfers control of goods to the customer, in other words, when it transports and delivers the goods to a location designated by the customer. For a performance obligation satisfied over time such as providing condition monitoring system services, the Company measures its progress towards complete satisfaction of that performance obligation on the basis of output or input methods in consideration of the nature of the goods and services for the purpose of recognising revenue. Promised considerations include no significant financing component as the NSK Group mostly receives considerations within three months after the delivery of goods to the customers.

Although the NSK Group determines the transaction price of goods with each customer at the commencement of transactions, it offers rebates on certain goods according to the transaction volume over a given period, and accordingly, with regard to the amount of such variable consideration, the NSK Group adjusts the transaction price based on the terms and conditions of the contract and other factors.

(2) Contract balances

Contract balances of the NSK Group which are stated in “Note 6. Trade receivables and other receivables”, are mainly comprised of receivables arising from contracts with customers.

(3) Transaction price allocated to remaining performance obligations

As the NSK Group does not recognise significant transactions with initial expected terms exceeding one year, it has applied a practical expedient and does not disclose information on remaining performance obligations.

Additionally, among the consideration arising from contracts with customers, there are no material amounts not included in the transaction price.



## 22. Selling, general and administrative expenses

The main components of selling, general and administrative expenses in the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

The following is presented excluding discontinued operations.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Labour costs	64,136	63,296
Logistics expenses	20,124	21,905
Research and development costs	11,794	12,214
Product compensation	1,480	1,882
Depreciation and amortisation	10,024	9,923
Transportation expenses	2,731	2,845
Commission	3,894	3,460
Sales-related expenses	3,226	3,126
Maintenance and repairs	7,261	8,605
Other	16,246	17,400
Total	140,921	144,661

### (Changes in presentation)

"Rent expenses", which were separately presented in the previous consolidated fiscal year, are included in "Other" in the current consolidated fiscal year because the amount has become immaterial. As a result, ¥1,946 million presented as "Rent expenses" for the previous fiscal year has been reclassified as "Other".

"Maintenance and repairs", which were included in "Other" in the previous consolidated fiscal year, are separately presented in the current consolidated fiscal year because the amount has become material. As a result, ¥7,261 million presented as "Other" for the previous consolidated fiscal year has been reclassified as "Maintenance and repairs".

### 23. Other operating income

The components of “Other operating income” in the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Income related to loss of control of subsidiaries	—	1,646
Total	—	1,646

“Income related to loss of control of subsidiaries” represents a gain from losing control of NSK Logistics Co., Ltd. by selling a partial share to SBS Holdings, Inc.

### 24. Other operating expenses

The components of “Other operating expenses” in the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

The following is presented excluding discontinued operations.

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Foreign exchange losses	1,658	2,507
Competition law expenses (Note 1)	-345	85
Loss related to loss of control of subsidiaries (Note 2)	—	1,206
Steering business related expenses (Note 3)	—	1,234
Litigation related expenses (Note 4)	—	869
Others	0	309
Total	1,313	6,213

(Note 1) The Company recorded losses in “Provisions (non-current)” in connection with possible claims for damages related to alleged violations of competition laws in past sales of its own products and those of certain subsidiaries. However, at the end of the previous consolidated fiscal year, the Company reversed the amount corresponding to those losses in “Provisions (non-current)” as the Company now believes that the probability of incurring such losses is low. The gains on reversal are included in the “Competition law expenses” for the previous consolidated fiscal year.

(Note 2) “Loss related to loss of control of subsidiaries” was a loss from losing control of NEUWEG FERTIGUNG GmbH by selling shares to New Way Group Holdings Limited.

(Note 3) “Steering business related expenses” include professional fees for business restructuring and warranty related expenses which dates back before the Share Purchase Agreement signed on May 12, 2023.

(Note 4) On and after January 13, 2021 (local time), the plaintiffs, consisting of residents in the vicinity of a tank terminal and others, filed several lawsuits with district courts in the State of Texas, U.S. against Intercontinental Terminals Company LLC (“ITC”), a U.S. company which is the owner of the tank terminal, and other related parties, alleging that a fire occurred on March 17, 2019 (local time) at the tank terminal owned by ITC in Houston, Texas, and that the plaintiffs suffered damage, such as, among other damages, health problems due to the fire. Subsequently, the plaintiffs filed multiple lawsuits against the Company and certain subsidiaries, along with other related parties, alleging that the NSK Group’s products were used for some of the equipment in the tank terminal. In addition, ITC and its’ related parties also filed lawsuits against the Company and certain subsidiaries. The NSK Group fought against these claims, arguing that the NSK Group’s products had nothing to do with the fire. However, after comprehensively considering various matters, the Company decided to settle the lawsuit. As a result, all legal proceedings in this case have been completed. Expenses related to this litigation are included in the “Litigation related expenses”.

25. Financial income and expenses

Financial income and expenses in the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

The following is presented excluding discontinued operations.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Interests income Financial assets measured at amortised cost	1,869	1,632
Dividends income Financial assets measured at fair value through other comprehensive income	1,211	1,073
Other financial income Financial assets measured at amortised cost	551	541
Total financial income	3,632	3,247
Interest expenses Financial liabilities measured at amortised cost	5,239	5,780
Other financial expenses	-425	823
Total financial expenses	4,813	6,603

## 26. Financial instruments

### (1) Equity management

The NSK Group manages its equity to ensure sustainable growth and maximise corporate value.

As performance indicators, the NSK Group places importance on operating income margin—which represents stable profitability—and seeks to improve Return On Equity (ROE; ratio of consolidated net income attributable to owners of the parent to equity attributable to owners of the parent), Return On Investment Capital (ROIC; ratio of consolidated operating income to invested capital) and appropriate control of net debt-equity ratio (ratio of net interest-bearing debt to equity attributable to owners of the parent).

### (2) Management of financial risks

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

#### ① Market risks

##### (a) Foreign exchange risks

The NSK Group, which is engaged in business activities on a global scale, is exposed to the risk of fluctuations in the exchange rates of various currencies, mainly in relation to the U.S. dollar and the Euro. Foreign exchange risks arise from recognised assets and liabilities denominated in foreign currencies.

Also, in order to address exchange rate fluctuation risks, the NSK Group seeks to balance foreign currency receivables and payables and hedge risks through foreign exchange forward contracts as necessary in accordance with internal rules.

##### Foreign exchange sensitivity analysis

In a scenario where the U.S. dollar and the Euro rise by 1% with respect to unhedged exposures in the balance of assets and liabilities denominated in foreign currencies as at the consolidated fiscal year-end, the amount of its impact on income before income taxes in the consolidated fiscal year is as follows. Note: This analysis assumes that other variables (balance, interest, etc.) are constant.

(Millions of yen)			
	Currency	Year ended March 31, 2024	Year ended March 31, 2025
Income before income taxes	U.S. dollar	52	50
	Euro	-2	-2

Details of the main foreign exchange forward contracts that existed at the end of the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

(Millions of yen)

Type	As of March 31, 2024			As of March 31, 2025		
	Notional amount	Notional amount due after one year	Fair value	Notional amount	Notional amount due after one year	Fair value
Foreign exchange forward transactions						
Sell						
U.S. dollar	19,618	—	-318	17,714	—	138
Euro	5,646	—	-94	4,900	—	-58
Buy						
U.S. dollar	888	—	2	716	—	1
Euro	—	—	—	—	—	—

(b) Interest risks

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

Interest sensitivity analysis

In a scenario where the interest rate rises by 1% across the board at the consolidated fiscal year-end with respect to the NSK Group's borrowings with floating rates(excluding those whose interest rates are fixed through interest swap transactions), the impact on income before income taxes in the consolidated fiscal year would be as follows. In this analysis, calculation is performed without taking into consideration any future change in the outstanding amount of the NSK Group's net borrowings with floating rates as at the fiscal year-end, the impact of exchange rate fluctuations, the timing of refinancing, the timing at which interest rates are revised and other such factors and by assuming that all other variables are constant.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Income before income taxes	-892	-733

(c) Price risks

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

Price sensitivity analysis

In a scenario where the share price of equity instruments (shares) held by the NSK Group for which an active market exists falls by 1% across the board at the consolidated fiscal year-end, the amount of its impact on other comprehensive income would be as follows:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Other comprehensive income	-263	-215

② Credit risks

The NSK Group seeks to promptly identify and mitigate the risk of default in relation to customers' contractual obligations by such means as periodically monitoring the status of major customers and the aging of receivables.

The maximum amount of credit risks as of March 31, 2024 and March 31, 2025 is the amount of financial assets on the statements of financial position that are exposed to credit risks.

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

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

### ③ Liquidity risks

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

The balance of financial liabilities by maturity dates were as follows:

(Millions of yen)

As of March 31, 2024	Carrying amount	Contractual amount	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Non-derivative financial liabilities								
Trade payables and other payables	140,451	140,451	140,451	—	—	—	—	—
Short-term debt	86,389	89,663	89,663	—	—	—	—	—
Long-term debt	79,556	82,555	17,004	18,903	2,822	12,808	8,696	22,319
Corporate bonds	153,000	156,117	20,655	25,578	20,495	24,414	25,305	39,668
Lease liabilities	23,669	26,319	5,462	4,450	3,505	2,415	1,408	9,076
Derivative financial assets								
Foreign exchange forward contracts	9	9	9	—	—	—	—	—
Derivative financial liabilities								
Foreign exchange forward contracts	462	462	462	—	—	—	—	—
Interest rate swap	221	281	5	57	51	44	37	85

(Millions of yen)

As of March 31, 2025	Carrying amount	Contractual amount	Not later than one year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Non-derivative financial liabilities								
Trade payables and other payables	126,551	126,551	126,551	—	—	—	—	—
Short-term debt	71,850	74,276	74,276	—	—	—	—	—
Long-term debt	81,552	85,714	20,002	3,952	13,923	9,787	12,671	25,376
Corporate bonds	153,000	157,293	25,815	20,732	24,651	25,542	30,392	30,157
Lease liabilities	16,710	19,421	4,424	3,364	2,114	1,588	1,289	6,638
Derivative financial assets								
Foreign exchange forward contracts	132	132	132	—	—	—	—	—
Derivative financial liabilities								
Foreign exchange forward contracts	20	20	20	—	—	—	—	—
Interest rate swap	471	437	81	81	71	60	49	93

### (3) Estimates of fair value

#### ① Carrying amount and fair values

The carrying amount and fair value of financial assets and liabilities are as follows. Fair value of financial assets and liabilities measured at amortised cost excluding corporate bonds and long-term debt are not included because the difference between carrying amount and fair value is minimal. Financial instruments measured at fair value on a recurring basis are also not included because the carrying amount matches the fair value.

(Millions of yen)

	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long-term debt	79,556	78,846	81,552	79,616
Corporate bonds	153,000	151,479	153,000	148,476

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

Among investment securities, the fair value of listed shares for which an active market exists is calculated based on the price at exchanges. The fair value of unlisted shares, etc. for which no active market exists is mainly calculated by using a price multiple valuation model based on price book-value ratio. Also, an illiquidity discount of 30%, which is an unobservable input, is used for measuring the fair value of unlisted shares as of March 31, 2024 and 2025.

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

The fair value of long-term debt is calculated based on the present value of the sum of the principal and interest, discounted using an interest rate that takes into account the remaining life and credit risk of such long-term debt. Regarding long-term loans payable with floating interest rates, the interest rate is subject to renewal at regular intervals, and the fair value is approximately equal to the carrying amount, therefore, the carrying amount is used as the fair value.

The fair value of corporate bonds issued by the Company is calculated and based on market prices.



② Fair value hierarchy

Fair value measurements of financial instruments are grouped into the following fair value hierarchy of Level 1 through Level 3.

Level 1: Fair value measured based on market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured based on inputs other than market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

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

The NSK Group's financial assets and liabilities measured or disclosed at fair value and their breakdown by hierarchy were as follows:

As of March 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through other comprehensive income				
Shares, etc.	37,852	—	6,218	44,071
Financial assets measured at fair value through profit or loss				
Derivative financial assets	—	9	—	9
Other financial assets	—	—	75	75
Financial liabilities				
Financial liabilities measured at amortised cost				
Long-term debt	—	78,846	—	78,846
Corporate bonds	—	151,479	—	151,479
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	—	462	—	462
Derivatives to which hedge accounting is applied				
Derivative financial liabilities	—	221	—	221

As of March 31, 2025

(Millions of yen)

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

Financial assets classified in Level 1 are listed shares.

Financial assets classified in Level 2 are foreign exchange forward contracts. Financial liabilities classified in Level 2 are borrowings, corporate bonds, foreign exchange forward contracts, and interest rate swaps.

Financial assets classified in Level 3 are unlisted shares, etc.

The NSK Group recognises transfers between Levels of these assets and liabilities at the end of each quarter.

The table below shows changes in Level 3 financial instruments measured at fair value on a recurring basis in the previous consolidated fiscal year and the current consolidated fiscal year.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Opening balance	5,229	6,293
Gain (loss) recognised in other comprehensive income	1,003	-250
Gain (loss) recognised in profit or loss	—	-10
Purchases	75	625
Sale and redemption	-1	-0
Other	-12	-6
Closing balance	6,293	6,651

Gain (loss) recognised in other comprehensive income is included in “Net changes in financial assets measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income. Gain (loss) recognised in profit or loss is included in “Financial income” or “Financial expenses” in the consolidated statements of income.

The fair value of the major equity instruments with an active market were as follows:

(Millions of yen)

Listed Issue	As of March 31, 2024	As of March 31, 2025
NIDEC CORPORATION	10,038	8,162
Mizuho Financial Group, Inc.	4,495	4,484
Concordia Financial Group, Ltd	2,810	3,582

The fair value of financial instruments without active markets for the previous consolidated fiscal year and the current consolidated fiscal year were ¥6,293 million and ¥6,651 million, respectively.

For financial assets measured at fair value through other comprehensive income, the portion of valuation differences related to assets derecognised during the year is transferred to retained earnings. The transferred amounts, net of tax, for the previous consolidated fiscal year and the current consolidated fiscal year were ¥11,004 million and ¥4,613 million, respectively.

Financial assets measured at fair value through other comprehensive income that were disposed of as a result of changes in business relationship, etc. were as follows:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Fair value at the date of derecognition	17,969	8,858
Cumulative gain or loss at the date of derecognition	15,832	6,616
Dividends income on investments that have been derecognised	331	211

#### (4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented in the net amount on the consolidated statements of financial position when the NSK Group has a legally enforceable right to set off the recognised amounts and also intends to settle them on the net basis or to realise the assets and settle the liabilities simultaneously.

(5) Changes in liabilities arising from financing activities

Changes in liabilities classified as cash flows from financing activities were as follows:

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Opening balance as of April 1, 2023	Cash flow	Changes arising from non-cash transactions				Closing balance as of March 31, 2024
			Increase due to conclusion or amendment of contract	Movements due to changes in the scope of consolidation	Transfer to liabilities held for sale	Foreign exchange translation, etc.	
Corporate bonds	153,000	—	—	—	—	—	153,000
Short-term loans payable	79,937	-22,196	—	28,023	-5,915	6,539	86,389
Long-term loans payable	102,800	40,625	—	-65,000	—	1,130	79,556
Lease liabilities	25,078	-5,556	4,628	-140	-119	-221	23,669
Total	360,817	12,871	4,628	-37,116	-6,034	7,447	342,614

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Opening balance as of April 1, 2024	Cash flow	Changes arising from non-cash transactions				Closing balance as of March 31, 2025
			Increase due to conclusion or amendment of contract	Movements due to changes in the scope of consolidation	Transfer to liabilities held for sale	Foreign exchange translation, etc.	
Corporate bonds	153,000	—	—	—	—	—	153,000
Short-term loans payable	86,389	-14,310	—	—	—	-227	71,850
Long-term loans payable	79,556	2,123	—	—	—	-126	81,552
Lease liabilities	23,669	-5,058	3,976	-5,673	—	-203	16,710
Total	342,614	-17,245	3,976	-5,673	—	-557	323,113

27. Earnings per share

(1) Basic earnings per share and diluted earnings per share

	Year ended March 31, 2024	Year ended March 31, 2025
Basic earnings (loss) per share	¥17.27	¥21.78
Continuing operations	¥27.47	¥25.34
Discontinued operations	-¥10.20	-¥3.56
Diluted earnings (loss) per share	¥17.20	¥21.71
Continuing operations	¥27.37	¥25.25
Discontinued operations	-¥10.16	-¥3.55

(2) Basis of calculation of basic earnings per share and diluted earnings per share

	Year ended March 31, 2024	Year ended March 31, 2025
Net income (loss) attributable to owners of the parent (millions of yen)	8,502	10,647
Continuing operations	13,526	12,387
Discontinued operations	-5,023	-1,740
Weighted average number of issued common shares (thousand shares)	492,463	488,763
Impact of dilution: Board Benefit Trust, etc. (thousand shares)	1,806	1,787
Weighted average number of issued common shares after dilution (thousand shares)	494,269	490,550

## 28. Dividends

### (1) Dividends paid

Year ended March 31, 2024

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors held on May 23, 2023	Common shares	7,819	15.00	March 31, 2023	June 7, 2023
Meeting of Board of Directors held on October 31, 2023	Common shares	7,444	15.00	September 30, 2023	December 4, 2023

(Note 1) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on May 23, 2023 includes a dividend of ¥115 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(Note 2) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on October 31, 2023 includes a dividend of ¥107 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

Year ended March 31, 2025

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

(Note 1) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on May 22, 2024 includes a dividend of ¥106 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(Note 2) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on October 31, 2024 includes a dividend of ¥118 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(2) Dividends with a record date within the current consolidated fiscal year but with an effective date in the following consolidated fiscal year

Year ended March 31, 2024

Resolution	Type of shares	Financial source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors held on May 22, 2024	Common shares	Retained earnings	7,444	15.00	March 31, 2024	June 7, 2024

(Note) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on May 22, 2024 includes a dividend of ¥106 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

Year ended March 31, 2025

Resolution	Type of shares	Financial source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors held on May 23, 2025	Common shares	Retained earnings	8,436	17.00	March 31, 2025	June 6, 2025

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

## 29. Related parties

### (1) Related party transactions

The transaction amounts and outstanding payables balances between the NSK Group and related parties were as follows:

Year ended March 31, 2024

(Millions of yen)

Category	Name of the company or individual	Nature of relationship	Transaction amount	Balance at period-end
Joint venture	NSK-Warner K.K	Purchase of automotive-related finished goods	48,041	10,242
Affiliate	NSK Steering & Control, Inc.	Purchase of automotive-related finished goods (Note 4)	—	13,444
Post-retirement benefit plan for employees	Defined Retirement Benefit Trust of NSK Ltd.	Partial refund of retirement benefit trust assets	35,000	—

(Note 1) The transaction amounts above do not include consumption tax, whereas the balance at period end includes consumption tax.

(Note 2) The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the related party.

(Note 3) Transactions with consolidated subsidiaries are eliminated upon consolidation. Therefore, the disclosure of these transactions is omitted.

(Note 4) Effective from the second quarter of the fiscal year ended March 31, 2024, NSK Steering & Control, Inc. ("NS&C") transitioned from being a consolidated subsidiary to an equity method affiliate of the Company. The Company acts as an agent when conducting transactions, such as the purchase of automotive-related finished goods, with NS&C. Therefore, the transaction amounts are presented on a net basis.

Year ended March 31, 2025

(Millions of yen)

Category	Name of the company or individual	Nature of relationship	Transaction amount	Balance at period-end
Joint venture	NSK-Warner K.K	Purchase of automotive-related finished goods	36,820	7,682
Affiliate	NSK Steering & Control, Inc.	Purchase of automotive-related finished goods (Note 4)	—	13,804
Affiliate	NSK Steering & Control, Inc.	Sale of automotive-related finished goods (Note 4)	—	16,120
Post-retirement benefit plan for employees	Defined Retirement Benefit Trust of NSK Ltd.	Partial refund of retirement benefit trust assets	70,000	—

(Note 1) The transaction amounts above do not include consumption tax, whereas the balance at period end includes consumption tax.

(Note 2) The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the related party.

(Note 3) Transactions with consolidated subsidiaries are eliminated upon consolidation. Therefore, the disclosure of these transactions is omitted.

(Note 4) The Company acts as an agent when conducting transactions, such as the purchase and sale of automotive-related finished goods, with NS&C. Therefore, the transaction amounts are presented on a net basis.

(2) Remuneration of management personnel

Remuneration of key management personnel in the NSK Group was as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Fixed remuneration/performance-linked remuneration	786	812
Share-based payments	405	238
Total	1,192	1,051



### 30. Contingencies

None.

### 31. Events after the reporting period

#### Signing of Share Purchase Agreement for Steering Companies

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

#### (1) Background and purpose

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

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

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

#### (2) Outline of the Agreement

##### Subsidiary to be transferred (NS&C)

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

#### (3) Schedule for execution of the Transaction

September 1, 2025 (Planned)

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

#### (4) Outlook and impact on business performance

The impact of the Transaction on the consolidated financial results is currently under assessment.  
IFRS 3 "Business Combinations" will be applied to the Transaction.

<Reference>

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

Sales	¥160 billion
Operating income	¥4 billion

(2) 【Others】

① Quarterly information from April 1, 2024 to March 31, 2025

	Three months ended June 30, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	Fiscal year ended March 31, 2025
Sales (millions of yen)	200,495	397,643	596,921	796,667
Income before income taxes (millions of yen)	5,153	7,735	12,854	25,100
Net income attributable to owners of the parent (millions of yen)	1,902	1,969	3,931	10,647
Basic earnings per share (yen)	3.89	4.03	8.04	21.78

	Three months ended June 30, 2024	Three months ended September 30, 2024	Three months ended December 31, 2024	Three months ended March 31, 2025
Quarterly basic earnings per share (yen)	3.89	0.14	4.02	13.74

(Note 1) Sales and income before income taxes are presented excluding discontinued operations. Net income attributable to owners of the parent, and quarterly basic earnings per share are presented as the sum of continuing and discontinued operations.

(Note 2) Review of the original Japanese versions of the consolidated quarterly financial statements for the first and third quarters by certified public accountants or an audit firm: None

② Important litigation and other legal matters

Not applicable.

## Independent Auditor's Audit Report and Internal Control Audit Report

June 23, 2025

The Board of Directors  
NSK Ltd.

Ernst & Young ShinNihon LLC

Tokyo, Japan

Designated Engagement Partner  
Certified Public Accountant

Hirokazu Tanaka

Designated Engagement Partner  
Certificated Public Accountant

Masao Yamamoto

Designated Engagement Partner  
Certificated Public Accountant

Yutaka Okubo

### <Financial statements audit>

#### Opinion

We have audited, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements included in "Financial Information", which consist of the consolidated statements of financial position, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and material basis of the preparation of consolidated financial statements and other notes of NSK Ltd. (the "Company") and its subsidiaries (the "Group") for the fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial statements.

#### Basis for Opinion

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

## Key Audit Matters

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

Recoverability of deferred tax assets	
Description of Key Audit Matter	Auditor's Response
<p>As described in “(1) Deferred taxes” under “16. Income taxes” in the notes to the consolidated financial statements, NSK Ltd. (the “Company”) recorded deferred tax assets (“DTA”) of ¥26,098 million. The Company recorded DTA amounting to ¥13,342 million, which are attributable to taxable entities which have suffered losses in the fiscal year ended March 31, 2025, and the utilisation of DTA is dependent on future taxable profits.</p> <p>Among these, DTA for deductible temporary differences and tax loss carryforwards related to corporate tax (national tax) under the Japanese Group Relief System as well as inhabitant tax and enterprise tax (local taxes) as of the end of the fiscal year ended March 31, 2025, are recognized by taking into account the estimated future taxable profits based on profitability and the periods in which taxable temporary differences are expected to reverse. The amount of those DTA account for a significant proportion of the DTA recognized in the consolidated financial statements and are considered particularly important.</p> <p>As described in “(6) Use of estimates and judgements” under “2. Basis of preparation” in the notes to the consolidated financial statements, estimated future taxable profits based on profitability is based on the Company's future business plans. The key assumptions underlying the business plans are projected revenue and the revenue growth rate.</p> <p>Given that the key assumptions for estimated future taxable profits based on profitability are impacted by geopolitical risks stemming from unstable international conditions, as well as the risk of a deceleration of the global economy due to uncertain US trade policies among other factors, these assumptions involve a high degree of uncertainty and require management to exercise judgment. Therefore, we have determined that this is a key audit matter.</p>	<p>We mainly performed the following audit procedures in considering the valuation of DTA related to corporate tax (national tax) under the Japanese Group Relief System as well as inhabitant tax and enterprise tax (local taxes).</p> <ul style="list-style-type: none"> <li>• We involved tax specialists from our network firm to assess the accuracy of the temporary differences and tax loss carryforwards that form the basis for the recorded DTA, and evaluated the balances of these temporary differences and tax loss carryforwards.</li> <li>• We compared the future business plans as of the end of the fiscal year ending March 31, 2024, to the actual results for the fiscal year ending March 31, 2025, to identify any differences, and assessed the accuracy of the plans.</li> <li>• We obtained business plans and related materials for each business segment, made inquiries with management about the business plans and examined the future business plans.</li> <li>• We evaluated management's assumptions by comparing the projected revenue and revenue growth rate with industry demand forecasts released by external organizations.</li> <li>• We performed sensitivity analysis with regards to the estimate of future taxable profits and examined its impact on the recoverability of DTA.</li> </ul>

## **Other Information**

Other information comprises information contained in the Annual Securities Report other than the consolidated financial statements, the non-consolidated financial statements, and the audit report of the consolidated financial statements and the non-consolidated financial statements. Management is responsible for the preparation and disclosure of the other information. The Audit Committee responsible for overseeing the Group's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

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

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

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

## **Auditor's responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

- Plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which forms the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### **<Internal control audit>**

##### **Opinion**

We also have audited, pursuant to the provisions of Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act of Japan, the internal control report as of March 31, 2025 of NSK Ltd.

In our opinion, the internal control report referred to above, which represents that the internal control over financial reporting of NSK Ltd. as of March 31, 2025 is effective, presents fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

##### **Basis for Opinion**

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under auditing standards for internal control over financial reporting are described in the Auditor's Responsibilities for Audit of the Internal Control section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

##### **Responsibilities of Management and Audit Committee for the Internal Control Report**

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the internal control report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for supervising and inspecting the provision and status of operation of internal control over financial reporting.

Internal control over financial reporting may not prevent or detect misstatements.

##### **Auditor's Responsibilities for Audit of the Internal Control**

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement and to issue an auditor's report of internal control that expresses our opinion on the internal control report based on our audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. Our audit of the internal control involves

the following:

- Perform auditing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgment as the Independent Auditor, including the significance of effects on reliability of financial reporting.
- Evaluate the overall internal control report presentation, including the appropriateness of the scope, procedures and result of the assessment determined and presented by management.
- Plan and perform our internal control audit to obtain sufficient and appropriate audit evidence about the results of the assessment of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit of the internal control and significant findings of the audit of the internal control, significant deficiencies in internal control that we identified requiring disclosure, results of the correction of such deficiencies and other matters required by auditing standards for internal control.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

#### **Notes to the Readers of Independent Auditor's Report**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Although the Independent Auditor's Audit Report and Internal Control Audit Report includes opinions on "Internal control audit" and "Other information" included in the original Annual Securities Report, these information have not been translated into English and are not included in the English translation of the Consolidated Financial Statements.

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(Note) 1 The original version of the Independent Auditor's Audit Report presented above is kept separately by the Company (the filing company of the Annual Securities Report).

2 XBRL data is not included in the scope of audit.