Consolidated Financial Statements

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31, 2026
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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") pursuant to 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").
The Company qualifies as a specified company submitting non-consolidated financial statements and has prepared its non-consolidated financial statements pursuant to Article 127 of the Ordinance.

2. Independent audit

The Company has been audited by Ernst & Young ShinNihon LLC with respect to its consolidated financial statements for the fiscal year ended (from April 1, 2025 to March 31, 2026) and its non-consolidated financial statements for the fiscal year ended (from April 1, 2025 to March 31, 2026), pursuant to Article 193-2 (1) of the Financial Instruments and Exchange Act.

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

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

(1) In order to establish a system that enables the proper understanding of the requirements of accounting standards, etc. and appropriate response to changes, etc. in accounting standards, etc. the Company 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 Accounting Standards, the Company obtains press releases and standards published by the International Accounting Standards Board as necessary and monitors latest developments in the standards. The Company has also developed Group accounting policies that comply with IFRS Accounting Standards and applies consistent accounting treatment across the Group based on such policies.

1 [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

① [Consolidated statements of financial position]

(Millions of yen)

	Note	As of March 31, 2025	As of March 31, 2026
Assets			
Current assets			
Cash and cash equivalents	6	138,253	142,123
Trade receivables and other receivables	7	217,360	210,950
Inventories	8	185,878	216,209
Other financial assets	12	62,792	57,575
Income tax receivables	17	14,882	2,128
Other current assets		17,494	22,816
Total current assets		636,662	651,805
Non-current assets			
Property, plant and equipment	10,15	344,906	382,474
Goodwill and intangible assets	11,15	65,317	75,875
Investments accounted for using equity method	19	51,540	38,810
Other financial assets	12	46,085	42,431
Deferred tax assets	17	9,039	11,843
Net defined benefit assets	18	58,998	29,504
Other non-current assets		6,992	7,024
Total non-current assets		582,881	587,964
Total assets		1,219,543	1,239,769
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables and other payables	13	126,551	108,708
Other financial liabilities	14	120,154	100,976
Provisions	16	1,322	5,677
Income tax payables	17	3,506	5,628
Other current liabilities		49,755	62,486
Subtotal		301,291	283,477
Non-current liabilities			
Financial liabilities	14	203,470	219,108
Provisions	16	887	2,159
Deferred tax liabilities	17	21,403	14,795
Net defined benefit liabilities	18	13,806	17,294
Other non-current liabilities		9,494	10,797
Total non-current liabilities		249,062	264,155
Total liabilities		550,354	547,633
Equity			
Issued capital	20	67,176	67,176
Capital surplus	20	78,174	77,700
Retained earnings	20	375,003	391,988
Treasury shares	20	-10,310	-9,820
Other components of equity		141,417	144,929
Total equity attributable to owners of the parent		651,462	671,975
Non-controlling interests		17,727	20,160
Total equity		669,189	692,135
Total liabilities and equity		1,219,543	1,239,769

② [Consolidated statements of income]

(Millions of yen)

	Note	Year ended Mar. 31, 2025	Year ended Mar. 31, 2026
Continuing operations			
Sales	22	796,667	911,644
Cost of sales		623,883	720,353
Gross profit		172,783	191,291
Selling, general and administrative expenses	23	144,661	160,886
Share of profits of investments accounted for using the equity method	19	4,901	3,261
Other operating income	24	1,646	10,065
Other operating expenses	25	6,213	4,919
Operating income		28,457	38,812
Financial income	26	3,247	4,011
Financial expenses	26	6,603	4,784
Income before income taxes		25,100	38,039
Income tax expense	17	12,031	13,730
Net income from continuing operations		13,068	24,308
Discontinued operations			
Net income (loss) from discontinued operations	9	-1,875	—
Net income		11,193	24,308
Net income attributable to:			
Owners of the parent		10,647	22,867
Non-controlling interests		546	1,440
(Earnings per share attributable to owners of the parent)			
Basic earnings (loss) per share (yen)	28	21.78	46.75
Continuing operations		25.34	46.75
Discontinued operations		-3.56	—
Diluted earnings (loss) per share (yen)	28	21.71	46.53
Continuing operations		25.25	46.53
Discontinued operations		-3.55	—

③ [Consolidated statements of comprehensive income]

(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	9	-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

(Millions of yen)

	Note	Year ended Mar. 31, 2026				
		Incurred in the period	Reclassification adjustment	Before tax effect	Tax effect	Amount (net)
Net income						24,308
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of net defined benefit liability (asset)		-35,404	—	-35,404	10,494	-24,909
Net changes in financial assets measured at fair value through other comprehensive income		10,475	—	10,475	-3,201	7,273
Share of other comprehensive income of investments accounted for using equity method		505	—	505	-120	384
Total items that will not be reclassified to profit or loss		-24,423	—	-24,423	7,171	-17,251
Items that may be reclassified to profit or loss						
Exchange differences on translating foreign operations		34,018	-926	33,092	-1,562	31,529
Cash flow hedges		68	—	68	-17	51
Share of other comprehensive income of investments accounted for using equity method		610	—	610	—	610
Total items that may be reclassified to profit or loss		34,698	-926	33,771	-1,580	32,191
Total other comprehensive income		10,274	-926	9,347	5,591	14,939
Total comprehensive income for the period						39,248
Total comprehensive income for the period attributable to:						
Owners of the parent						36,881
Non-controlling interests						2,366

④ [Consolidated statements of changes in equity]

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	20	—	—	—	-9
Disposal of treasury shares	20	—	-8	—	122
Share-based payment transactions	21	—	285	—	—
Cash dividends	29	—	—	-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	Remeasure-ments of net defined benefit liability (asset)	Total				
Opening balance		69,754	-161	20,747	59,929	150,270	-345	659,979	17,975	677,954
Net income		—	—	—	—	—	—	10,647	546	11,193
Other comprehensive income		-8,815	-194	1,074	3,682	-4,252	345	-3,907	213	-3,693
Total comprehensive income for the period		-8,815	-194	1,074	3,682	-4,252	345	6,740	759	7,499
Purchase of treasury shares	20	—	—	—	—	—	—	-9	—	-9
Disposal of treasury shares	20	—	—	—	—	—	—	113	—	113
Share-based payment transactions	21	—	—	—	—	—	—	285	—	285
Cash dividends	29	—	—	—	—	—	—	-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

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Note	Equity attributable to owners of the parent			
		Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance		67,176	78,174	375,003	-10,310
Net income		—	—	22,867	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		—	—	22,867	—
Purchase of treasury shares	20	—	—	—	-9
Disposal of treasury shares	20	—	-3	—	499
Share-based payment transactions	21	—	-470	260	—
Cash dividends	29	—	—	-16,645	—
Changes by business combination	5	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	10,502	—
Total transactions with owners, etc.		—	-473	-5,882	490
Closing balance		67,176	77,700	391,988	-9,820

	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	Remeasure-ments of net defined benefit liability (asset)	Total				
Opening balance		60,939	-356	17,209	63,625	141,417	—	651,462	17,727	669,189
Net income		—	—	—	—	—	—	22,867	1,440	24,308
Other comprehensive income		31,233	51	7,452	-24,724	14,013	—	14,013	926	14,939
Total comprehensive income for the period		31,233	51	7,452	-24,724	14,013	—	36,881	2,366	39,248
Purchase of treasury shares	20	—	—	—	—	—	—	-9	—	-9
Disposal of treasury shares	20	—	—	—	—	—	—	496	—	496
Share-based payment transactions	21	—	—	—	—	—	—	-209	—	-209
Cash dividends	29	—	—	—	—	—	—	-16,645	-1,133	-17,778
Changes by business combination	5	—	—	—	—	—	—	—	1,199	1,199
Transfer from other components of equity to retained earnings		—	—	-9,560	-941	-10,502	—	—	—	—
Total transactions with owners, etc.		—	—	-9,560	-941	-10,502	—	-16,368	66	-16,302
Closing balance		92,172	-304	15,101	37,960	144,929	—	671,975	20,160	692,135

⑤ [Consolidated statements of cash flows]

(Millions of yen)

	Note	Year ended Mar. 31, 2025	Year ended Mar. 31, 2026
Operating activities			
Income before income taxes		25,100	38,039
Income (loss) before income taxes from discontinued operations	9	-2,883	—
Depreciation and amortisation		52,412	55,115
Increase (decrease) in net defined benefit liability and net defined benefit asset	18	68,660	-3,140
Interest and dividend income		-2,706	-3,481
Interest expenses		6,078	5,293
Share of losses (profits) of investments accounted for using the equity method		-4,901	-3,261
Gain on bargain purchase	5	—	-8,527
Loss on step acquisition	5	—	4,662
Decrease (increase) in trade receivables		7,162	32,536
Decrease (increase) in inventories		-4,468	7,570
Increase (decrease) in trade payables		-14,001	-37,087
Decrease (increase) in other receivables		-7,114	28,334
Increase (decrease) in other payables		349	-17,922
Other		4,012	1,064
Subtotal		127,700	99,195
Interest and dividend received		6,477	5,811
Interest expenses paid		-5,872	-5,628
Income tax paid		-46,128	-1,572
Cash flow from operating activities		82,176	97,806
Investing activities			
Purchases of property, plant and equipment		-38,121	-38,033
Proceeds from sale of property, plant and equipment		796	963
Purchases of intangible assets		-12,234	-12,701
Depositing into time deposits		-19,421	-53,128
Proceeds from withdrawal from time deposits		1,568	47,129
Purchases of other financial assets		-76,635	-124,936
Proceeds from sale of other financial assets		8,858	15,514
Proceeds from redemption of other financial assets		74,999	135,939
Proceeds from business transfer	9	3,372	—
Purchases of investments in subsidiaries resulting in change in scope of consolidation	5	—	-2,648
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation		1,218	379
Payments for investments in subsidiaries resulting in change in scope of consolidation		-2,394	—
Purchase of investments in associates		—	-2,295
Decrease (increase) in short-term loans receivable		61	-30,649
Other		-821	-285
Cash flow from investing activities		-58,753	-64,751
Financing activities			
Increase (decrease) in short-term loans payable	27	-13,977	-8,069
Proceeds from long-term loans payable	27	18,737	6,244
Repayments of long-term loans payable	27	-16,614	-19,201
Proceeds from issuance of corporate bonds	27	20,000	30,000
Payments for redemption of corporate bonds	27	-20,000	-25,000
Repayments of lease liabilities	27	-5,098	-4,002
Acquisition of treasury shares	20	-0	-0
Dividends paid	29	-15,646	-16,630
Dividends paid to non-controlling interests		-1,255	-1,133
Other		113	3
Cash flow from financing activities		-33,741	-37,790
Effect of exchange rate changes on cash and cash equivalents		-2,017	8,605
Net increase (decrease) in cash and cash equivalents		-12,335	3,869
Cash and cash equivalents at the beginning of the period	6	150,583	138,253
Net decrease in cash and cash equivalents included in assets related to disposal groups classified as held for sale		6	—
Cash and cash equivalents at the end of the period	6	138,253	142,123

[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 financial statements for the fiscal year ended March 31, 2026 consist of the Company and its subsidiaries (hereinafter referred to as “the NSK Group”) as well as its interests in associates and joint ventures. The NSK Group as well as associates and joint ventures are engaged in the Industrial Machinery Business, the Automotive Business and the Steering Business. The Industrial Machinery Business engages in the production and sales of industrial machinery bearings, precision machinery & parts, condition monitoring systems, and other products for general industrial applications. The Automotive Business is in charge of production and sales of bearings for car manufacturers and automotive component manufacturers, automatic transmission components, etc. The Steering Business engaged in the production and sales of steering systems and related products for car manufacturers.

In the fiscal year ended March 31, 2026, the Company acquired all shares of NSK Steering & Control, Inc. (hereinafter "NS&C"), an equity-method affiliate of the Company that globally oversees the Steering Business, held by Japan Industrial Solutions III Investment Limited Partnership (hereinafter "JIS"). As a result, NS&C and its subsidiaries have become consolidated subsidiaries of the Company. Accordingly, the Steering Business has been added as a new reportable segment. For details, refer to Note 4. Segment information.

The NSK Group’s consolidated financial statements for the fiscal year ended March 31, 2026 were approved by President and CEO Akitoshi Ichii on June 22, 2026.

2. Basis of preparation

(1) Compliance with IFRS Accounting Standards

As the NSK Group qualifies as a *Specified Company complying with any Designated International Accounting Standards* as set forth in Article 1-2(i) of the Consolidation Ordinance, these consolidated financial statements have been prepared in compliance with IFRS Accounting Standards pursuant to 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 f*unctional 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")

"Decrease (increase) in other receivables" and "Increase (decrease) in other payables" were included in "Other" under "Cash flow from operating activities", and "Decrease (increase) in short-term loans receivable" was included in "Other" under "Cash flow from investing activities" in the previous fiscal year, but are presented as separate accounts from the current fiscal year because the amounts have become material. To reflect this change in the presentation method, reclassification has been made to the consolidated financial statements for the previous fiscal year.

As a result, the amount of -¥2,752 million presented in "Other" under "Cash flow from operating activities" in the consolidated statements of cash flows for the fiscal year has been reclassified to -¥7,114 million in "Decrease (increase) in other receivables", ¥349 million in " Increase (decrease) in other payables", and ¥4,012 million in "Other", the amount of -¥760 million presented in "Other" under "Cash flow from investing activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified to ¥61 million in "Decrease (increase) in short-term loans receivable" and -¥821 million in "Other".

(6) Use of estimates and judgements

In preparing IFRS Accounting Standards-compliant consolidated financial statements, the NSK Group makes judgements and develops 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 on an ongoing basis. 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 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 17. Income taxes)

(a) Amount recorded as of March 31, 2026

Deferred tax assets ¥38,298 million

(b)Other information contributing to the understanding of the nature 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 to be 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 fiscal year

Although the projected revenue and revenue growth rate are calculated based on management’s best estimates, the actual results may differ as a result of future changes in uncertain 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 fiscal year.

② Measurement of defined benefit obligation (Note 3. Material accounting policies (12) Retirement benefits and Note 18. Post-employment benefit)

(a) Amount recorded as of March 31, 2026

Present value of defined benefit obligations ¥156,657 million

(b) Other information contributing to the understanding of the nature 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. Certain overseas subsidiaries, including those in the UK, continue to maintain defined benefit plans.

The present value of defined benefit obligations and the related service cost are calculated based on the actuarial assumptions. 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 based on management's best estimate, 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, such revision may have a material impact on the amounts recognised in the consolidated financial statements for the next and subsequent fiscal years.

③ Fair value measurement of financial instruments such as unlisted shares (Note 3. Material accounting policies (6) Other financial assets and Note 27. Financial instruments)

Amount recorded as of March 31, 2026 ¥8,763 million

When determining the fair value of certain financial instruments, the NSK Group uses a valuation technique that use unobservable inputs. Any unobservable input may be affected by 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 in preparing the consolidated financial statements are as follows. These policies have been applied consistently to all reporting periods presented, unless specified otherwise.

(1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists in cases where the Company has power over the investee, is exposed to variable returns from its involvement 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 operating policies but does not have control or joint control. In cases where the NSK Group has 20% or more but no more than 50% of the voting rights of another entity, the NSK Group 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 arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of another entity, etc. Investments in joint ventures are accounted for using the equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in business combinations, non-controlling interests of the acquiree, and goodwill are measured 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 excess of (a) the aggregate of the fair value of the consideration transferred (including contingent consideration), the amount of any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the equity interest in the acquiree held before the acquisition date, over (b) the net of the amounts of the identifiable assets acquired and the liabilities assumed. Conversely, if the net of the amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate amount described above, the difference is recognised in profit or loss on the acquisition date.

(3) Translation of foreign currencies

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

② Financial statements of foreign operations

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

Foreign exchange translation differences arising from the translation of financial statements of foreign operations 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 and net realisable value. Cost consists of raw material costs, direct labour costs, other direct costs and the appropriate allocation of related indirect production costs. Net realisable value is the estimated selling price, less the estimated costs necessary to make the sale.

The costs 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 a 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; and
・Based on the contractual terms, cash flows that are solely payments 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 instruments 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 the 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 the fair value of those that are designated as measured at fair value through profit or loss are recognised in profit or loss. Any dividends from 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 such financial assets.

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 the 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 the 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 such receivables 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 expire or when the contractual rights to receive the cash flows from the financial asset are transferred and substantially all risks and rewards of 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. Items of property, plant and equipment are presented at the carrying amount calculated by deducting accumulated depreciation and accumulated impairment losses from the cost.

Property, plant and equipment, other than land and construction in progress, are depreciated using the straight-line method.

The estimated useful lives of the main asset items are as follows:

・Buildings and structures	2 – 60 years
・Machinery, equipment, vehicle and delivery equipment	4 – 12 years
・Tools, equipment and fixtures	2 – 20 years

The estimated useful life, residual value and depreciation method are reviewed at the end of each fiscal year.

(8) Goodwill and intangible assets

① Goodwill

The measurement at initial recognition is described in "Note 3. Material accounting policies (2) Business combinations". Goodwill is presented at the carrying amount calculated by deducting accumulated impairment losses 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 amortisation and accumulated impairment losses from the acquisition cost. Intangible assets acquired separately 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.

The estimated useful lives of the main asset items are as follows:

・Software	5 – 10 years
・Patent	7 – 15 years
・Customer-related assets	21 years
・Technology-based assets	10 years

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

(9) Leases

At inception of a contract, the NSK Group assesses whether the contract is, or contains, a lease when it 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 is measured at the present value of the lease payments that are not paid at that date. The present value is measured by using the interest rate implicit in the lease or the lessee's incremental borrowing rate. After the commencement date, lease liability is 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 financial expenses.

② Right-of-use asset

At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, 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, the 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 expenses on a straight-line basis over the lease term.

Right-of-use assets are presented as property, plant and equipment or intangible assets and lease liabilities as financial liabilities (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 group of assets that generate 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 is 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 of disposal and value in use for each asset or cash-generating unit, the carrying amount is reduced 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 recoverable amount is reassessed 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 amounts of assets and liabilities for accounting purposes and the tax bases of assets and liabilities based on the asset and liability approach. Deferred tax assets and liabilities are not recognised with respect to the following temporary differences.

- Temporary difference arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets and liabilities in transactions that are not business combinations, affect neither accounting profit nor taxable profit, and at the time of the transaction, do not give rise to equal taxable and deductible temporary differences.
- 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 differences 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 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 to the extent that it is no longer probable that sufficient taxable profit will be available to use all or part of such deferred tax assets. Unrecognised deferred tax assets are reassessed 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 enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax liabilities against current tax assets, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

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 substantively 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

The amount of future benefits earned by employees in return for services provided in prior years and the current year is estimated and discounted to present value. The fair value of plan assets is then deducted from that amount, and the net amount is recognised as an asset or liability. When a defined benefit plan is in a surplus position, the net defined benefit asset is limited to the asset ceiling, which is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. 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 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, returns on plan assets excluding amounts included in net interest, and changes in the effect of the asset ceiling are recognised in other comprehensive income in the period in which they arise as remeasurements of net defined benefit liability (asset).

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 applies IFRS 15 and recognises revenue from contracts with customers by applying the following five-step approach, except for interest income, dividend income, and other applicable items accounted for 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, steering systems for car manufacturers and other products. For sales of products such as bearings, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore 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 NSK Group 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.

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

"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 and automatic transmission components for car manufacturers and automotive component manufacturers, etc.

"Steering Business" engages in the production and sales of steering systems and related products for car manufacturers.

(Changes in Reportable Segments)

Effective from the first quarter of the fiscal year ended March 2024, the Company reclassified its steering business, which was previously included in the automotive business, as discontinued operations. Segment information for the year ended March 31, 2025 only shows the results of continuing operations excluding discontinued operations. There were no discontinued operations in the year ended March 31, 2026.

In the year ended March 31, 2026, the Company acquired all shares of NS&C, an equity-method affiliate of the Company that globally oversees the steering business, held by JIS. As a result, NS&C and its subsidiaries have become consolidated subsidiaries of the Company. Accordingly, the "Steering Business" has been added as a new reportable segment.

In line with this segment addition, the segment information for the steering business prior to the date of acquisition of control (September 1, 2025) has been reclassified from “Automotive Business" to "Steering Business".

(2) Segment sales and performance

The accounting treatment used by the reportable segments is the same as that described in "Material accounting policies”. Intersegment sales are recorded based on prevailing market prices.

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 (Note 3)	Steering Business (Note 3)	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 (loss) (Operating income)	13,944	14,711	1,384	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
Equity gain from investment in associates	867	2,617	1,384	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 machinery.

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

(Note 3) Equity gain from investment in associates accounted for using the equity method of the steering associates, which was included in the Automotive Business, has been reclassified to the Steering Business.

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business (Note 4)	Steering Business (Note 3,4,5)	Subtotal				
Sales								
Sales to third parties	377,491	403,304	100,554	881,349	30,294	911,644	―	911,644
Intersegment sales	―	―	―	―	24,642	24,642	-24,642	―
Total	377,491	403,304	100,554	881,349	54,937	936,287	-24,642	911,644
Segment income (Operating income)	12,565	17,366	7,730	37,662	484	38,146	665	38,812
Total financial income (expenses)								-772
Income before income taxes								38,039
Other items								
Capital expenditure	21,947	22,522	5,203	49,674	2,380	52,055	-161	51,894
Depreciation and amortisation	25,255	23,674	2,909	51,839	3,511	55,351	-235	55,115
Equity gain from investment in associates	923	2,186	44	3,155	106	3,261	―	3,261

(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 machinery.

(Note 2) The adjustment of ¥665 million to segment income includes intersegment elimination of ¥74 million and other operating income of ¥590 million not allocated to the reportable segments.

(Note 3) The segment income of the Steering Business includes one-off gains and losses arising from the acquisition of control over NS&C, such as gain on bargain purchase of ¥8,527 million and loss on step acquisition of -¥4,662 million.

(Note 4) Equity gain from investment in associates accounted for using the equity method of the steering associates, which was included in the Automotive Business prior to the date of acquisition of control, has been reclassified to the Steering Business.

(Note 5) Capital expenditure and Depreciation and amortisation of the steering associates after the date of acquisition are included in the Steering Business.

(3) Information by product and service

This information is omitted as similar information has been disclosed in “(2) Segment sales and performance”.

(4) Information by region

① Sales to third parties

This information is omitted as similar information has been disclosed in “Note 22. Sales”.

② Non-current assets

(Millions of yen)

	As of Mar. 31, 2025	As of Mar. 31, 2026
Japan	225,948	248,422
The Americas	32,268	38,068
Europe	55,282	63,268
China	59,998	69,105
Other Asia	36,725	39,485
Total	410,224	458,350

(Note 1) Non-current assets represent the amounts of property, plant and equipment, goodwill 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 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 (apart from Japan and China), India, Australia, etc.

(Note 4) Non-current assets as of March 31, 2026 include non-current assets held by steering associates.

(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 fiscal year or the current fiscal year. Therefore, no information on major customers is stated.

5. Business combinations

(1) Outline of the business combination

On September 1, 2025, the Company acquired all shares of NS&C, an equity-method affiliate, held by JIS. NS&C and its subsidiaries have become consolidated subsidiaries of the Company. As a result, the ratio of voting rights in NS&C held by the Company rose from 49.9% to 100%. The Company owns all the voting rights in NS&C.

(2) Name of the acquired company and its business

I. Name of the acquired company: NSK Steering & Control, Inc.

II. Business activities: Sales and R&D of steering systems and related products

Manufacturing, sales, development and design of electronic components and software

(3) Date of acquisition

September 1, 2025

(4) Method of acquisition of the acquired company

Acquisition of shares with cash as consideration

(5) Main reason for the business combination

NS&C was a consolidated subsidiary overseeing NSK's global Steering Business. Since August 1, 2023, NS&C has become an equity-method affiliate with JIS holding 50.1% of the voting rights and NSK holding 49.9%. JIS and NSK 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 on a consolidated basis 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, NSK has decided to move forward with the transaction to take initiative to work on the last improvement measure, "Explore opportunities for alliances with strategic partners". After the transaction, NS&C will continue to be maintained a stand-alone company within the NSK Group and will work to further strengthen its corporate structure.

(6) Consideration transferred and its components

(Millions of yen)

	Amount
Fair value of equity interests held before the date of acquisition	13,273
Payment by cash	24,760
Total consideration transferred	38,033

(7) Fair value of assets acquired, liabilities assumed and consideration paid as of the acquisition date

(Millions of yen)

	Provisional	Change	Final
Total of the consideration transferred for the acquired shares	38,033	—	38,033
Loans to the acquired company	30,715	—	30,715
Total	68,748	—	68,748
Cash and cash equivalents	22,111	—	22,111
Trade receivables and other receivables	40,668	—	40,668
Inventories	24,494	105	24,599
Property, plant and equipment	31,567	2,871	34,438
Goodwill and intangible assets	2,574	-2,172	401
Other assets	14,119	1,878	15,997
Total assets	135,535	2,683	138,218
Trade payables and other payables	35,606	—	35,606
Other liabilities	22,878	1,257	24,136
Total liabilities	58,485	1,257	59,742
Equity	77,050	1,425	78,475
Non-controlling interests	1,028	171	1,199
Gain on bargain purchase	-7,272	-1,254	-8,527

(Note)1 Non-controlling interests are measured at the proportionate share of the fair value of the acquired company's identifiable total equity.

2 The fair value of assets acquired and liabilities assumed had not yet been measured at the date of acquisition and were therefore provisionally calculated. The Company completed the fair value measurement of the acquired assets and assumed liabilities, and finalised the purchase price allocation during this fiscal year. The finalisation of this provisional accounting treatment primarily increased property, plant and equipment by ¥2,871 million, decreased goodwill and intangible assets by ¥2,172 million, and increased a gain on bargain purchase by ¥1,254 million.

3 Gain on bargain purchase resulting from this acquisition arose as the fair value of the equity acquired exceeded the consideration transferred for the acquired shares and is recorded as "Other operating income" in the consolidated statement of income.

(8) Cash flow information

(Millions of yen)

	Amount
Cash and cash equivalents used in the acquisition	-24,760
Cash and cash equivalents held by the acquired company at the time of acquisition	22,111
Purchases of investments in subsidiaries resulting in change in scope of consolidation	-2,648

(9) Loss on step acquisition

As a result of remeasuring at its acquisition-date fair value the controlling interest in NS&C that the Company held at the time of acquisition, the Company recognised a loss of ¥4,662 million as a loss on step acquisition. This is recognised in "Other operating expenses" in the consolidated statement of income.

(10) Acquisition-related expenses

Acquisition-related expenses for the business combination of ¥101 million are recognised in "Other operating expenses" in the consolidated statement of income.

(11) Sales and net income of the acquired company after the acquisition date which are recognised in the consolidated statement of income for the current fiscal year

Sales: ¥100,554 million

Net income: ¥4,070 million

Due to the acquisition of NS&C on September 1, 2025, sales and net income for the seven months of the acquired company are shown.

Net income does not include a gain on bargain purchase and a loss on step acquisition.

(12) Sales and net income for the current fiscal year assuming that the acquisition had occurred at the beginning of the current fiscal year (unaudited information)

Sales: ¥976,078 million

Net income: ¥24,469 million

The amounts presented above represent the aggregate sales and net income of the NSK Group and the acquiree from the beginning of the current fiscal year.

6. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and deposits	82,285	108,480
Short-term investments	55,968	33,643
Total	138,253	142,123

7. Trade receivables and other receivables

Trade receivables and other receivables consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Trade receivables	187,493	206,003
Loss allowance	-1,634	-1,537
Other	31,501	6,484
Total	217,360	210,950

The change in the loss allowance for trade receivables and other receivables during the period was as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Opening balance	-1,322	-1,634
Increase during the period	-421	-115
Decrease due to utilisation	4	152
Reversal during the period	72	249
Other	32	-189
Closing balance	-1,634	-1,537

8. Inventories

Inventories consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Finished goods	99,748	112,682
Work in process	53,784	64,434
Raw materials and supplies	32,345	39,092
Total	185,878	216,209

Inventories recognised as expenses during the period amounted to ¥622,726 million including write-downs of ¥8,986 million in the previous fiscal year, and ¥719,011 million including write-downs of ¥9,353 million in the current fiscal year.

9. Discontinued operations

For the year ended March 31, 2025, Rane NSK Steering Systems Private Limited (hereinafter "RNSS"), a former Indian subsidiary in the steering business, was included in discontinued operations. The Company transferred its entire ownership interest in RNSS to Rane Holdings Limited on September 19, 2024, thereby losing control of RNSS. There are no discontinued operations for the year ended March 31, 2026.

1) Income (loss) from discontinued operations

Income (loss) from discontinued operations consisted of the following:

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Sales	14,341	—
Cost of sales and expenses	17,225	—
Income (loss) before income taxes	-2,883	—
Income tax expense	-1,007	—
Net income (loss)	-1,875	—

2) Cash flows from discontinued operations

Cash flows from discontinued operations consisted of the following:

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flow from operating activities	-117	—
Cash flow from investing activities	731	—
Cash flow from financing activities	293	—
Total	907	—

For the year ended March 31, 2025, the Company received the consideration of ¥3,372 million related to the transfer of the steering business of its European subsidiaries business that was executed in December 2023. The consideration was recorded in "Cash flow from investing activities" in the consolidated statements of cash flows.

10. 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, 2025	As of March 31, 2026
Property, plant and equipment	331,291	368,603
Right-of-use assets	13,615	13,871
Total	344,906	382,474

(2) Rollforward 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, 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
Acquisitions	198	1,016	286	—	35,631	37,133
Acquisition through a business combination	8,592	8,308	1,853	9,389	4,929	33,073
Disposals	-2,324	-24,234	-3,220	-304	-309	-30,393
Transfers from construction in progress	6,420	27,109	5,190	—	-38,720	—
Foreign exchange translation differences	11,788	45,781	7,171	474	1,190	66,407
Other	103	507	251	18	-81	799
Balance as of March 31, 2026	308,478	816,690	120,949	46,006	28,435	1,320,560

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, 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
Depreciation expenses	-8,328	-30,584	-6,256	—	—	-45,170
Impairment losses	-59	-636	-28	—	-106	-831
Disposals	2,287	23,378	3,181	—	5	28,853
Foreign exchange translation differences	-7,892	-37,618	-6,100	—	-40	-51,651
Other	-169	-518	-180	—	-41	-909
Balance as of March 31, 2026	-204,521	-644,787	-102,174	—	-473	-951,957

(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, 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
Balance as of March 31, 2026	103,956	171,902	18,774	46,006	27,962	368,603

11. 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, 2025	As of March 31, 2026
Goodwill and intangible assets	62,728	71,987
Right-of-use assets	2,589	3,888
Total	65,317	75,875

(2) Rollforward 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, 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
Acquisitions	—	9,602	467	—	—	—	0	10,070
Acquisition through a business combination	—	395	-0	—	—	—	5	401
Disposals	—	-3,193	-539	—	—	—	-0	-3,733
Foreign exchange translation differences	2,225	1,589	1	1,021	185	571	92	5,686
Other	0	4	—	—	—	—	22	26
Balance as of March 31, 2026	19,493	57,597	3,865	8,748	1,590	4,897	2,225	98,417

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, 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
Amortisation expenses	—	-4,202	-522	-364	-151	—	-0	-5,240
Disposals	—	3,175	539	—	—	—	0	3,714
Foreign exchange translation differences	—	-1,258	-1	-250	-83	—	-57	-1,651
Other	—	-6	—	—	—	—	-9	-15
Balance as of March 31, 2026	—	-20,980	-2,156	-2,117	-808	—	-367	-26,430

(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-base assets	Trademarks	Other	Total
Balance as of April 1, 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
Balance as of March 31, 2026	19,493	36,616	1,709	6,630	781	4,897	1,857	71,987

(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 16 years and 5 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, 2025 and 2026.

(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, 2025	As of March 31, 2026
Industrial Machinery Bearings Business	Industrial Machinery Business	Goodwill	16,625	18,821
		Trademarks	4,326	4,897

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 previous 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 approved by management 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.

There is no impairment loss recorded in the current 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 three-year business plan approved by management 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 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.

12. Other financial assets

Other financial assets consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Time deposits over 3 months	19,272	25,269
Securities	40,986	29,966
Other	2,533	2,339
Total other current financial assets	62,792	57,575

Investment securities	38,033	32,999
Other	8,051	9,431
Total other non-current financial assets	46,085	42,431

13. Trade payables and other payables

Trade payables and other payables consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Trade payables	92,954	91,821
Other	33,597	16,887
Total	126,551	108,708

14. Other financial liabilities

Other financial liabilities consisted of the following:

(Millions of yen)

Classification	As of March 31, 2025	As of March 31, 2026	Average interest rate (%)	Due date for repayment
Short-term debt	71,850	72,495	2.7	—
Current portion of long-term debt	19,128	3,469	1.4	—
Current portion of bonds	25,000	20,000	(Note 2)	
Other	4,175	5,011	—	—
Total other current financial liabilities	120,154	100,976	—	—
Long-term debt	62,423	66,972	1.5	2027 to 2036
Corporate bonds	128,000	138,000	(Note 2)	
Other	13,047	14,135	—	—
Total other non-current financial liabilities	203,470	219,108	—	—

(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, 2025	Balance as of March 31, 2026	Interest rate (%)	Collateral	Redemption date
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	—	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	—	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	10,000	0.845	None	September 6, 2029
NSK Ltd. (i.e., the Company)	59th Series Unsecured Straight Bonds	September 6, 2024	10,000	10,000	1.527	None	September 6, 2034
NSK Ltd. (i.e., the Company)	60th Series Unsecured Straight Bonds	September 2, 2025	—	30,000	1.536	None	September 2, 2030

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

15. 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, 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
Carrying amount as of March 31, 2026	7,177	2,312	1,274	3,107	3,888	17,759
Depreciation expenses of right-of-use assets for the year ended March 31, 2026	2,650	901	517	147	487	4,704

Total cash outflow on lease transaction was as follows:

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Total cash outflow on lease transactions	8,667	7,912

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

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Interest expense for lease liabilities	286	316
Short-term lease payments	1,805	1,937
Low-value asset lease payments	1,437	1,445
Variable lease payments	39	210
Sublease revenue	373	370

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

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Increase in right-of-use assets	5,683	4,690

Changes and the balance by maturity dates of lease liabilities are stated in “Note 27. Financial instruments”.

16. Provisions

Provisions consisted of the following:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Restructuring provision	1,226	5,639
Other	95	37
Total current liabilities	1,322	5,677
Reserves for environmental measures	728	1,934
Other	159	225
Total non-current liabilities	887	2,159

The change in provisions consisted of the following:

(Millions of yen)

	Restructuring provision	Reserves for environmental measures	Other	Total
Balance as of March 31, 2025	1,226	728	254	2,209
Amount recognised during the period	5,313	1,242	24	6,580
Amount of decrease during the period (intended use)	-1,286	-36	-74	-1,397
Amount of decrease during the period (reversal)	-6	—	-1	-8
Other	392	—	60	452
Balance as of March 31, 2026	5,639	1,934	263	7,836

Restructuring provision

The expenses related to the reorganisation of production sites resulting from the structural reforms in European operations have been recorded.

The outflow of economic benefits is expected to occur within one year from the end of the current fiscal year, although it is subject to the progress of the restructuring plan.

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 fiscal year.

(Changes in presentation)

"Restructuring provision", which was included in "Other" in the previous fiscal year, is separately presented in the current fiscal year because the amount has become material. To reflect this change in presentation, the amounts presented in the notes to the consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥1,322 million presented as "Other" of current liabilities for the previous fiscal year has been reclassified to ¥1,226 million under "Restructuring provision" and ¥95 million under "Other". In addition, ¥1,481 million presented as "Other" as of March 31, 2025 in the change in provisions for the previous fiscal year has been reclassified to ¥1,226 million under "Restructuring provision" and ¥254 million under "Other".

17. Income taxes

(1) Deferred tax

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

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	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.

From April 1, 2025 to March 31, 2026

Deferred tax assets (Millions of yen)

	Opening balance (April 1, 2025)	Amount recognised in profit or loss	Amount recognised in other comprehensive income	Movements due to changes in the scope of consolidation	Closing balance (March 31, 2026)
Defined benefit liability	2,408	-1,008	10,219	12	11,632
Non-current assets-internal profit between consolidated companies	427	-167	—	—	260
Carryforward of unused tax losses	3,711	-2,437	—	25	1,300
Accrued bonuses	3,810	497	—	270	4,578
Inventories	4,075	1,153	—	312	5,541
Other	11,663	554	14	2,752	14,985
Total	26,098	-1,407	10,234	3,373	38,298

Deferred tax liabilities

Depreciation expenses	-4,141	175	—	-221	-4,187
Reserve for advanced depreciation on fixed assets	-1,673	55	—	—	-1,617
Financial assets measured at fair value through other comprehensive income	-9,066	—	1,307	-310	-8,069
Assets identified in business combination	-3,609	116	-468	-1,257	-5,219
Other	-19,971	2,385	-1,547	-3,023	-22,156
Total	-38,462	2,732	-708	-4,813	-41,251
Net deferred tax assets (liabilities)	-12,364	1,325	9,525	-1,439	-2,952

(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, 2025	As of March 31, 2026
Carryforward of unused tax losses	22,745	28,295
Deductible temporary differences	14,850	15,105
Carryforward of tax credits	1,420	2,212
Total	39,017	45,614

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, 2025	As of March 31, 2026
Year 1	—	—
Year 2	—	—
Year 3	—	—
Year 4	—	—
After Year 5 or no expiry date	22,745	28,295
Total	22,745	28,295

The amounts of carryforward of unused tax losses for which deferred tax assets have not been recognised and which have no expiry date are ¥21,818 million and ¥27,367 million for the previous fiscal year and the current 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, 2025	As of March 31, 2026
Year 1	—	—
Year 2	—	1,454
Year 3	1,420	757
Year 4	—	—
After Year 5 or no expiry date	—	—
Total	1,420	2,212

The deferred tax assets attributable to taxable entities which recorded tax loss in the previous or current 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 ¥13,342 million and ¥21,283 million for the previous and current fiscal year, respectively. The NSK Group assesses the recoverability of deferred tax assets arising from deductible temporary differences by analysing future taxable profits based on future profit-generating capabilities and tax planning strategies.

Unrecognised deferred tax liabilities

Temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities have not been recognised were ¥18,683 million and ¥63,988 million in the previous fiscal year and the current fiscal year, respectively. The deferred tax liabilities have not been recognised for temporary differences pertaining to investments in subsidiaries and associates, 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 fiscal year and the current 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 amounts for the year ended March 31, 2025 relate only to continuing operations. There were no discontinued operations for the year ended March 31, 2026.

Income tax expenses consisted of the following.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Current tax expenses	14,584	14,616
Deferred tax expenses	-2,552	-885
Income tax expenses	12,031	13,730

Income taxes related to sales of financial assets measured at fair value through other comprehensive income in the previous fiscal year and the current fiscal year are ¥2,003 million and ¥4,198 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, 2025	Year ended March 31, 2026
Statutory effective tax rate	30.5 %	30.5 %
Non-deductible permanent differences such as entertainment expenses	3.9	1.6
Different tax rates applied to income of foreign subsidiaries	-7.4	-6.7
Tax effect of unused tax losses of subsidiaries not recognised for financial accounting purposes	17.9	12.3
Tax credits	-1.8	-4.4
Changes in unrecognised deferred tax assets	7.0	-1.5
Tax effects on undistributed earnings of foreign subsidiaries and associates	-6.5	-3.4
Withholding taxes on dividends from foreign subsidiaries and associates	5.6	7.1
Other	-1.3	0.6
Effective tax rate after application of tax effect accounting	47.9 %	36.1 %

(Changes in presentation)

"Tax effects on undistributed earnings of foreign subsidiaries and associates" and "Withholding taxes on dividends from foreign subsidiaries and associates", which were included in "Other" in the previous fiscal year, are separately presented in the current fiscal year because the amounts have become material. To reflect these changes in presentation, the amounts presented in the notes to the consolidated financial statements for the previous fiscal year have been reclassified.

(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.

18. Post-employment benefits

(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 was expected to continue, a portion of the defined retirement benefit trust was returned to the Company in the previous 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.

In March 2024, the NSK Group 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 were ¥46,261 million and ¥49,707 million as of March 31, 2025 and 2026, respectively.

In addition, in December 2025, the NSK Group resolved to execute a pension buy-out and distribute the remaining assets of the plan following its wind-up. The pension buy-out is scheduled to be completed during the fiscal year ending March 31, 2027.

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, 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

As of March 31, 2026

(Millions of yen)

	Japan	U.K.	Other	Total
Present value of defined benefit obligations	94,327	50,009	12,320	156,657
Fair value of plan assets	-162,411	-49,949	-7,079	-219,439
Effect of the asset ceiling	50,572	—	—	50,572
Total	-17,511	60	5,241	-12,209
Net liability (asset) on the consolidated statements of financial position	-17,511	60	5,241	-12,209

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, 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
Current service cost	3,963	—	836	4,799
Interest cost	2,289	2,783	565	5,638
Remeasurements of net defined benefit liability (asset)				
Actuarial gains or losses arising from changes in demographic assumptions	308	705	-63	950
Actuarial gains or losses arising from changes in financial assumptions	-11,917	-1,980	-421	-14,318
Retirement benefit paid	-8,094	-3,316	-830	-12,241
Movements due to liquidation	—	—	-1	-1
Movements due to changes in the scope of consolidation	9,479	—	376	9,856
Foreign exchange translation differences, etc.	402	4,166	594	5,162
Present value of defined benefit obligations as of March 31, 2026	94,327	50,009	12,320	156,657

(Note) “Movements due to changes in the scope of consolidation” for the current fiscal year were attributable to NS&C and its subsidiaries becoming consolidated subsidiaries of the Company from the interim period of the fiscal year ended March 31, 2026.

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

	Japan	U.K.	Other
Weighted average duration	11 years	11 years	7-9 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, 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
Interest income	3,602	2,738	282	6,624
Return on plan assets	2,385	-624	-31	1,730
Contributions by employer	2,613	401	927	3,942
Retirement benefit paid	-4,663	-3,316	-580	-8,560
Movements due to changes in the scope of consolidation	9,672	—	—	9,672
Foreign exchange translation differences, etc.	—	3,854	174	4,028
Fair value of plan assets as of March 31, 2026	162,411	49,949	7,079	219,439

(Note) “Movements due to changes in the scope of consolidation” for the current fiscal year were attributable to NS&C and its subsidiaries becoming consolidated subsidiaries of the Company from the interim period of the fiscal year ended March 31, 2026.

Changes in the effect of the asset ceiling were as follows:

(Millions of yen)

	Japan	U.K.	Other	Total
As of April 1, 2025	—	—	—	—
Remeasurements:				
Effect of limiting the net defined benefit asset to the asset ceiling	50,572	—	—	50,572
As of March 31, 2026	50,572	—	—	50,572

(Note) A portion of the Company's pension plans has an unrecognized surplus because the economic benefits are not available in the form of reductions in future contributions or refunds from the plan.

The NSK Group plans to make contributions of ¥3,289 million in the fiscal year ending March 31, 2027.

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, 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	―

As of March 31, 2026

(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	27,725	―	―	―	1,063	―
Bonds	100,352	―	―	―	4,166	―
Other	2,553	31,779	242	49,707	1,848	―
Total	130,631	31,779	242	49,707	7,079	―

Significant actuarial assumptions were as follows:

As of March 31, 2025

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

As of March 31, 2026

	Japan	U.K.	Other
Discount rate	Mainly 3.5%	6.2%	Mainly 5.1-5.4%

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, 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.

As of March 31, 2026

(Millions of yen)

		Japan	U.K.	Other
Discount rate	0.5% increase	-4,248	-2,615	-358
	0.5% decrease	4,547	2,868	413

(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 fiscal year and the current fiscal year are as follows:

(Millions of yen)

Year ended March 31, 2025	Year ended March 31, 2026
2,463	2,897

(3) Employee benefit costs

The total employee benefit costs for the previous fiscal year and the current fiscal year were ¥187,704 million and ¥207,250 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

19. 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 for the previous fiscal year include the investment in the ordinary shares of NSK Steering & Control, Inc. (ownership interest: 49.9%). Condensed financial information of these entities is as follows:

(1) NSK-Warner K.K.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current assets	24,902	26,621
Non-current assets	19,065	19,399
Total assets	43,968	46,021
Current liabilities	6,267	6,504
Non-current liabilities	5,684	6,056
Total liabilities	11,952	12,560
Total equity	32,016	33,460
Ownership ratio (%)	50.0%	50.0%
Equity attributable to owners of the parent	16,008	16,730
Consolidation elimination	5,008	7,286
Carrying amount	21,016	24,017

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Sales	46,012	41,343
Income before income taxes	3,390	5,622
Net income	2,793	4,702
Other comprehensive income	354	-187
Total comprehensive income	3,147	4,515

Dividends received by the Company from NSK-Warner K.K. amounted to ¥3,176 million and ¥1,733 million in the previous fiscal year and the current fiscal year, respectively.

(2) NSK Steering & Control, Inc. (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current assets	97,947	—
Non-current assets	42,641	—
Total assets	140,588	—
Current liabilities	79,542	—
Non-current liabilities	17,194	—
Total liabilities	96,737	—
Total equity	43,850	—
Ownership ratio (%)	49.9%	—
Equity attributable to owners of the parent	21,881	—
Consolidation elimination	-4,393	—
Carrying amount	17,487	—

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Sales	160,329	64,433
Income before income taxes	3,297	1,567
Net income	1,774	772
Other comprehensive income	119	596
Total comprehensive income	1,894	1,369

(Note 1) NS&C and its subsidiaries had been an equity-method affiliate of the Company and its subsidiaries since August 1, 2023. On September 1, 2025, the Company acquired all shares of NS&C held by JIS, and as a result, NS&C and its subsidiaries were included in the scope of consolidation. The amounts presented for the current fiscal year represent NS&C's results of operations up to August 31, 2025.

(Note 2) The Company received no dividends from NS&C in either the previous fiscal year or the current fiscal year during the period from August 1, 2023, when NS&C became an equity-method affiliate, to September 1, 2025, when NS&C and its subsidiaries were included in the scope of consolidation. Accordingly, no dividends were received from NS&C in either the previous fiscal year or the current fiscal year.

20. Equity and other equity items

(1) Issued shares and treasury 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 previous 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

As of March 31, 2026

	Opening balance (April 1, 2025)	Increase	Decrease	Closing balance (March 31, 2026)
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	11,199,753	12,275	533,009	10,679,019

(Note 1) The number of treasury shares includes 8,818,768 shares of the Company held in the trust account of the Board Benefit Trust at the end of the current 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: 1,182 shares

Treasury shares (the Company's shares) acquired by equity method affiliates that are attributable to the Company: 11,093 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 : 90 shares

Shares provided from the Board Benefit Trust, etc.: 532,919 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.

21. Share-based payments

(1) Share option scheme

Until the 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 fiscal year and the current fiscal year were as follows. All stock options had expired as of July 29, 2025.

	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, 2025	As of March 31, 2026
Granted in 2015	820,000	461,000	—

The number of exercisable share options outstanding and the average exercise prices in the previous fiscal year and the current fiscal year are presented in the table below.

	Year ended March 31, 2025		Year ended March 31, 2026	
	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	477,000	1,806	461,000	1,806
Options exercised during the period	—	—	—	—
Options expired during the period	-16,000	1,806	-461,000	1,806
Unexercised options outstanding at the end of the period	461,000	1,806	—	—
Exercisable options outstanding at the end of the period	461,000	1,806	—	—

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

The Company introduced a performance-based share-based payment programme for the newly established executive officer position effective April 1, 2025.

Share-based payment expenses for the current fiscal year were recognised based on the number of points and others granted as consideration for the fiscal year ended March 31, 2026. Expenses for equity-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current fiscal year are ¥283 million and ¥214 million, respectively. Expenses for cash-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current fiscal year are -¥44 million and ¥412 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 fiscal year is 6,859,789 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, 2025	Year ended March 31, 2026
Grant date	June 27, 2024	June 25, 2025
Number of points granted	37,973	46,950
Share price at the grant date	¥787	¥658
Estimated remaining life (Note 1)	7 years	7 years
Dividend payout ratio (Note 2)	3.6%	4.3%
Discount rate (Note 3)	0.74%	1.12%
Weighted-average fair value per point	¥612	¥487

(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, 2025	Year ended March 31, 2026
Grant date	April 1, 2024	April 1, 2025
Number of points granted (Note 1)	479,515	578,962
Share price at the grant date	¥876	¥634
Estimated remaining life (Note 2)	7 years	7 years
Dividend payout ratio (Note 3)	3.9%	5.4%
TOPIX dividend ratio (Note 4)	2.3%	—
Discount rate (Note 5)	0.49%	1.21%
Weighted-average fair value per point	¥796	¥490

(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. Following the revision of the share compensation plan, the TOPIX dividend ratio is no longer used in the calculation of fair value from the current fiscal year.

(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 fiscal year were recognised based on the number of points granted as consideration for the fiscal year ended March 31, 2026. Expenses for equity-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current fiscal years are ¥127 million and ¥105 million, respectively. Expenses for cash-settled share-based payment transactions recognised in the consolidated statements of income for the previous and the current fiscal year are ¥34 million and ¥66 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 fiscal year is 1,958,979 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 corporate officers who are not subject to the Company's performance evaluation are as follows:

	Year ended March 31, 2025	Year ended March 31, 2026
Grant date	August 1, 2024	August 1, 2025
Number of points granted	127,808	155,881
Share price at the grant date	¥763	¥717
Estimated remaining life (Note 1)	5 years	5 years
Dividend payout ratio (Note 2)	3.7%	4.4%
Discount rate (Note 3)	0.66%	1.08%
Weighted-average fair value per point	¥635	¥576

(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 corporate officers who are subject to the Company's performance evaluation are as follows:

	Year ended March 31, 2025	Year ended March 31, 2026
Grant date	August 1, 2024	August 1, 2025
Number of points granted (Note1, 6)	109,739	92,377
Share price at the grant date	¥763	¥717
Estimated remaining life (Note 2)	4 years	4 years
Dividend payout ratio (Note 3)	4.5%	4.7%
TOPIX dividend ratio (Note 4)	2.3%	—
Discount rate (Note 5)	0.58%	0.98%
Weighted-average fair value per point	¥756	¥653

(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. Following the revision of the share compensation plan, the TOPIX dividend ratio is no longer used in the calculation of fair value from the current fiscal year.

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

(Note 6) For the year ended March 31, 2025, 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.

22. Sales

(1) Disaggregation of revenue

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

Effective from the first quarter of the fiscal year ended March 31, 2024, the Company reclassified its steering business, which was previously included in the Automotive Business, as discontinued operations. The amounts for the year ended March 31, 2025 relate only to continuing operations. There were no discontinued operations for the year ended March 31, 2026.

On September 1, 2025, the Company acquired all shares of NS&C, an equity-method affiliate of the Company, that globally oversees the steering business. As a result, NS&C and its subsidiaries have become consolidated subsidiaries of the Company. Accordingly, the Steering Business has been added as a new reportable segment. For details, refer to Note 4. Segment information.

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Reportable segments				Other	Total
	Industrial Machinery Business	Automotive Business	Steering 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 machinery.

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Reportable segments				Other	Total
	Industrial Machinery Business	Automotive Business	Steering Business	Subtotal		
Japan	83,914	156,247	29,899	270,061	16,887	286,949
The Americas	65,887	91,543	25,551	182,981	168	183,149
Europe	58,201	32,200	29,432	119,834	6,865	126,699
China	112,245	66,949	10,886	190,080	4,410	194,490
Other Asia	57,242	56,364	4,784	118,391	1,963	120,355
Total	377,491	403,304	100,554	881,349	30,294	911,644

(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 machinery.

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. The Steering Business engages in the production and sales of steering systems and related products for car 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 7. 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.

23. Selling, general and administrative expenses

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

The amounts for the year ended March 31, 2025 relate only to continuing operations. There were no discontinued operations for the year ended March 31, 2026.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Labour costs	63,296	67,895
Logistics expenses	21,905	24,039
Research and development costs	12,214	14,921
Product compensation	1,882	981
Depreciation and amortisation	9,923	11,246
Transportation expenses	2,845	3,054
Commission	3,460	4,580
Sales-related expenses	3,126	3,094
Maintenance and repairs	8,605	11,159
Other	17,400	19,912
Total	144,661	160,886

24. Other operating income

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

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Gain on bargain purchase (Note 1)	—	8,527
Foreign exchange gains	—	611
Income related to loss of control of subsidiaries (Note 2)	1,646	—
Others	—	926
Total	1,646	10,065

(Note 1) Details of “Gain on bargain purchase” for the current fiscal year are described in Note 5. Business combinations.

(Note 2) “Income related to loss of control of subsidiaries” in the previous fiscal year represents the gain recognised upon the loss of control of NSK Logistics Co., Ltd. (“NLK”), a subsidiary of the Company, resulting from the transfer of a portion of the shares of NLK to SBS Holdings, Inc.

25. Other operating expenses

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

The amounts for the year ended March 31, 2025 relate only to continuing operations. There were no discontinued operations for the year ended March 31, 2026.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Loss on step acquisition (Note 1)	—	4,662
Foreign exchange losses	2,507	—
Steering Business-related expenses (Note 2)	1,234	—
Loss related to loss of control of subsidiaries (Note 3)	1,206	—
Litigation related expenses (Note 4)	869	—
Others	395	257
Total	6,213	4,919

(Note 1) Details of “Loss on step acquisition” for the year ended March 31, 2026 are described in Note 5. Business combinations.

(Note 2) “Steering Business-related expenses” for the year ended March 31, 2025 include professional fees for business restructuring and warranty related expenses which date back before the Share Purchase Agreement signed on May 12, 2023.

(Note 3) “Loss related to loss of control of subsidiaries” for the year ended March 31, 2025 represents the loss arising from the loss of control of Neuweg Fertigung GmbH (“NWG”) following the transfer by NSK Europa Holding GmbH, a subsidiary of the Company, of all shares of NWG to New Way Group Holdings Limited.

(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” for the year ended March 31, 2025.

26. Financial income and expenses

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

The amounts for the year ended March 31, 2025 relate only to continuing operations. There were no discontinued operations for the year ended March 31, 2026.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Interests income Financial assets measured at amortised cost	1,632	2,561
Dividends income Financial assets measured at fair value through other comprehensive income	1,073	920
Other financial income Financial assets measured at amortised cost	541	530
Total financial income	3,247	4,011
Interest expenses Financial liabilities measured at amortised cost	5,780	5,293
Other financial expenses	823	-509
Total financial expenses	6,603	4,784

27. Financial instruments

(1) Capital management

The NSK Group manages its capital 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 enhance capital efficiency through improvements in Return On Equity (ROE; ratio of consolidated net income attributable to owners of the parent to equity attributable to owners of the parent) and 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 fiscal year-end, the amount of its impact on income before income taxes in the 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, 2025	Year ended March 31, 2026
Income before income taxes	U.S. dollar	50	169
	Euro	-2	95

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

(Millions of yen)

Type	As of March 31, 2025			As of March 31, 2026		
	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	17,714	—	138	16,676	—	-387
Euro	4,900	—	-58	5,063	—	-1
Buy						
U.S. dollar	716	—	1	1,042	—	8
Euro	—	—	—	—	—	—

(b) Interest rate risks

Some of the NSK Group’s borrowings are borrowings with floating rates and are exposed to the risk of interest rate fluctuations. Interest rate risks are also hedged by using derivatives transactions (interest rate 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 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 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, 2025	Year ended March 31, 2026
Income before income taxes	-733	-728

(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 fiscal year-end, the amount of its impact on other comprehensive income would be as follows:

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Other comprehensive income	-215	-166

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, 2025 and March 31, 2026 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, 2025	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	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

(Millions of yen)

As of March 31, 2026	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	108,708	108,708	108,708	—	—	—	—	—
Short-term debt	72,495	74,451	74,451	—	—	—	—	—
Long-term debt	70,442	74,571	4,515	19,113	10,117	12,993	1,850	25,980
Corporate bonds	158,000	163,551	21,193	25,112	26,003	30,853	30,553	29,835
Lease liabilities	18,254	21,861	5,010	3,111	2,170	1,697	1,403	8,468
Derivative financial assets								
Foreign exchange forward contracts	26	26	26	—	—	—	—	—
Derivative financial liabilities								
Foreign exchange forward contracts	434	434	434	—	—	—	—	—
Interest rate swap	457	427	97	85	72	59	47	64

(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, 2025		As of March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long-term debt	81,552	79,616	70,442	67,587
Corporate bonds	153,000	148,476	158,000	151,460

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, 2025 and 2026.

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, 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

As of March 31, 2026

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through other comprehensive income				
Shares, etc.	24,236	—	8,635	32,871
Financial assets measured at fair value through profit or loss				
Derivative financial assets	—	26	—	26
Other financial assets	—	—	127	127
Financial liabilities				
Financial liabilities measured at amortised cost				
Long-term debt	—	67,587	—	67,587
Corporate bonds	—	151,460	—	151,460
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	—	434	—	434
Derivatives to which hedge accounting is applied				
Derivative financial liabilities	—	457	—	457

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 fiscal year and the current fiscal year.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Opening balance	6,293	6,651
Gain (loss) recognised in other comprehensive income	-250	2,122
Gain (loss) recognised in profit or loss	-10	-11
Purchases	625	—
Sale and redemption	-0	-1
Other	-6	2
Closing balance	6,651	8,763

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, 2025	As of March 31, 2026
Yokohama Financial Group, Inc.	3,582	5,016
Mizuho Financial Group, Inc.	4,484	4,492
ISUZU MOTORS LIMITED	2,389	2,631

(Note) Yokohama Financial Group, Inc. changed its corporate name from Concordia Financial Group, Inc. effective October 1, 2025.

The fair value of financial instruments without active markets for the previous fiscal year and the current fiscal year were ¥6,651 million and ¥8,763 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 fiscal year and the current fiscal year were ¥4,613 million and ¥9,560 million, respectively.

The financial assets measured at fair value through other comprehensive income that were derecognised were as follows:

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Fair value at the date of derecognition	8,858	15,514
Cumulative gain or loss at the date of derecognition	6,616	13,758
Dividends income on investments that have been derecognised	211	243

(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, 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	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

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Opening balance as of April 1, 2025	Cash flow	Changes arising from non-cash transactions			Closing balance as of March 31, 2026
			Increase due to conclusion or amendment of contract	Movements due to changes in the scope of consolidation	Foreign exchange translation, etc.	
Corporate bonds	153,000	5,000	—	—	—	158,000
Short-term loans payable	71,850	-8,069	—	—	8,714	72,495
Long-term loans payable	81,552	-12,956	—	—	1,846	70,442
Lease liabilities	16,710	-4,002	3,820	1,400	325	18,254
Total	323,113	-20,029	3,820	1,400	10,887	319,192

28. Earnings per share

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

	Year ended March 31, 2025	Year ended March 31, 2026
Basic earnings (loss) per share	¥21.78	¥46.75
Continuing operations	¥25.34	¥46.75
Discontinued operations	¥-3.56	¥—
Diluted earnings (loss) per share	¥21.71	¥46.53
Continuing operations	¥25.25	¥46.53
Discontinued operations	¥-3.55	¥—

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

	Year ended March 31, 2025	Year ended March 31, 2026
Net income (loss) attributable to owners of the parent (millions of yen)	10,647	22,867
Continuing operations	12,387	22,867
Discontinued operations	-1,740	—
Weighted average number of issued common shares (thousand shares)	488,763	489,168
Impact of dilution: Board Benefit Trust, etc. (thousand shares)	1,787	2,294
Weighted average number of issued common shares after dilution (thousand shares)	490,550	491,463

29. Dividends

(1) Dividends paid

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.

Year ended March 31, 2026

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, 2025	Common shares	8,436	17.00	March 31, 2025	June 6, 2025
Meeting of Board of Directors held on November 4, 2025	Common shares	8,477	17.00	September 30, 2025	December 4, 2025

(Note 1) 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.

(Note 2) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on November 4, 2025 includes a dividend of ¥149 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 fiscal year but with an effective date in the following fiscal year

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.

Year ended March 31, 2026

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 28, 2026	Common shares	Retained earnings	8,477	17.00	March 31, 2026	June 8, 2026

(Note) The total amount of dividends based on the resolution passed at the meeting of the Board of Directors held on May 28, 2026 includes a dividend of ¥149 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

30. 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, 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.

Year ended March 31, 2026

(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	36,135	6,867

(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.

(2) Remuneration of management personnel

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

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Fixed remuneration/performance-linked remuneration	812	520
Share-based payments	238	369
Total	1,051	890

31. Contingencies

None.

32. Events after the reporting period

Execution of Memorandum of Understanding Regarding Business Integration Through Establishment of a Joint Holding Company (Share Transfer) Between NSK Ltd. and NTN Corporation

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

1. Background and Objectives of Business Integration

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

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

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

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

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

2. Summary of Business Integration

(1) Method of Business Integration

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

(2) Schedule of Business Integration

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

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

(3) Matters Related to Listing Application for Holding Company

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

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

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

(4) Share Transfer Ratio

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

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

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

(6) Integration Preparatory Committee

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

3. Overview of Holding Company

(1) Trade Name and Other Information

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

(2) Organ and Other Matters

1) Organ

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

2) Authority, functions, officers, etc.

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

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

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

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

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

4.Overview of Parties to Share Transfer

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

5.Others

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

(2) 【Others】

① Quarterly information from April 1, 2025 to March 31, 2026

	Three months ended June 30, 2025	Six months ended September 30, 2025	Nine months ended December 31, 2025	Fiscal year ended March 31, 2026
Sales (millions of yen)	195,760	412,250	658,464	911,644
Income before income taxes (millions of yen)	4,894	17,303	28,169	38,039
Net income attributable to owners of the parent (millions of yen)	1,083	10,537	14,975	22,867
Basic earnings per share (yen)	2.22	21.55	30.62	46.75

	Three months ended June 30, 2025	Three months ended September 30, 2025	Three months ended December 31, 2025	Three months ended March 31, 2026
Quarterly basic earnings per share (yen)	2.22	19.33	9.07	16.13

(Note 1) In the fourth quarter, the provisional accounting treatment for the business combination was finalised. Accordingly, the figures for the six months ended September 30, 2025, the nine months ended December 31, 2025, the three months ended September 30, 2025, and the three months ended December 31, 2025 have been retrospectively adjusted to reflect the finalisation of the provisional accounting treatment.

(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.

Translation

Independent Auditor’s Audit Report and Internal Control Audit Report

June 22, 2026

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	Takayuki Murakami

<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, 2026 (April 1, 2025 through March 31, 2026).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 (including the provisions applicable to audits of financial statements of public interest entities) 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.

Emphasis of Matter

As described in Note 32, “Events after the reporting period,” to the consolidated financial statements, the Company and NTN Corporation reached a basic agreement to establiish a joint holding company by way of a joint share transfer. Pursuant to a resolution adopted at the meeting of the Board of Directors held on May 12, 2026, the Company executed a memorandum of understanding for the business integration on the same date.

Our opinion is not modified in respect of this matter.

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.

<table>
<tr><td colspan="2">Business combination associated with the acquisition of the steering business</td></tr>
<tr><td>Description of Key Audit Matter</td><td>Auditor’s Response</td></tr>
<tr><td>As described in “5. Business Combinations” in the Notes to Consolidated Financial Statements, on September 1, 2025, the Company acquired all shares of NSK Steering & Control Inc. (“NS&C”) held by Japan Industrial Solutions III Investment Limited Partnership for cash consideration of ¥24,760 million. As a result of the share acquisition, NS&C, which had been an equity-method affiliate of the Company, became a consolidated subsidiary of the Company. As a result of the business combination, the Company remeasured its previously held equity interest in NS&C at fair value as at the acquisition date and recognized a loss on step acquisitions of ¥4,662 million in other operating expenses. Furthermore, following the completion of the fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date, the Company recognized a gain on bargain purchase of ¥8,527 million in other operating income.
The fair value measurement of the previously held equity interest in a step acquisition, as well as the fair value measurement of the identifiable assets acquired and liabilities assumed as of the acquisition date and the selection of valuation methods and key assumptions used in the purchase price allocation, involve estimation uncertainty and are subject to subjective management judgment.
Since the effect of the accounting for the business combination on the financial statements was material and the related estimates and judgments involved a high degree of specialization, we determined the business combination resulting from the acquisition of the steering business to be a key audit matter.</td><td>We mainly performed the following audit procedures in considering the business combination associated with the acquisition of the steering business.
・To gain an understanding of the transaction, we made inquiries of management and inspected relevant materials, such as minutes of board meetings and contracts.
・We examined the accuracy of cash consideration for the acquisition by reviewing the contracts related to the acquisition of all shares of NS&C and reconciling it with cash disbursement supporting documentation.
・We involved valuation specialists from our network firm to evaluate the fair value measurement methods and related assumptions used by management’s specialist as described below.
・The fair value of the shares acquired
・The fair value of the Company's previously held equity interest in NS&C at the time when control was obtained
・Fair values of identifiable assets acquired and liabilities assumed at the acquisition date
・We assessed the competence, skills and objectivity of the specialists engaged by management
・To assess whether the gain on bargain purchase was appropriately measured, we evaluated the accuracy of the calculations by considering whether the gain on bargain purchase recognized was equal to the excess of the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date over the consideration transferred.
・We evaluated the reasons why a gain on bargain purchase arose and assessed the appropriateness of related disclosures.</td></tr>
</table>

<table>
<tr><th colspan="2">Recoverability of deferred tax assets</th></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in “(1) Deferred taxes” under “17. Income taxes” in the notes to the consolidated financial statements, the Company recorded deferred tax assets (“DTA”) of ¥38,298 million. The Company recorded DTAs amounting to ¥21,283 million attributable to taxable entities that suffered a loss in either the current or preceding fiscal year and whose utilization of DTAs is dependent on future taxable profits.
Among these, the deferred tax assets (DTAs) associated with deductible temporary differences and tax loss carryforwards as of the end of the current fiscal year, relate to corporate tax (national tax) under the Japanese Group Relief System, as well as the Company's inhabitants’ tax and enterprise tax (local taxes). These DTAs are recognized by taking into account the estimated taxable profits based on future profitability and the periods in which taxable temporary differences are expected to reverse. They account for a significant proportion of the recorded DTAs and are considered particularly material.
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 profit based on profitability is based on the Company’s future business plans. The significant assumptions underlying the business plans are projected revenue and the revenue growth rate.
Given that the key assumptions for estimated taxable profits based on future 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.</td><td>We mainly performed the following audit procedures to assess the valuation of DTAs related to corporate tax (national tax) under the Japanese Group Relief System, as well as the Company's inhabitants’ tax and enterprise tax (local taxes).
・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 DTAs, as well as to evaluate the balances of these temporary differences and tax loss carryforwards.
・We compared the future business plans used as of the end of the previous fiscal year, to the actual results for the current fiscal year, analyzed any variances, and assessed the accuracy of the business plans.
・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.
・We evaluated management's assumptions by comparing the projected revenue and revenue growth rate with industry demand forecasts released by external organizations.
・We performed sensitivity analysis with regards to the estimate of future taxable profits and examined its impact on the recoverability of DTAs.</td></tr>
</table>

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 is 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards.
・ 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.