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(Commencement date of electronic provision measures: June 6, 2024)

OTHER MATTERS SUBJECT TO ELECTRONIC PROVISION MEASURES FOR THE FISCAL 2023 (163rd) ORDINARY GENERAL MEETING OF SHAREHOLDERS (MATTERS OMITTED FROM THE PAPER COPY OF MEETING MATERIALS)

(From April 1, 2023 to March 31, 2024)

NSK Ltd.

Consolidated Financial Statements: Consolidated Statement of Changes in Equity

(Millions of yen)

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

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

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

Notes to the Consolidated Financial Statements

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

1. Standards for Preparation of Consolidated Financial Statements

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

2. Scope of Consolidation

(1) Consolidated subsidiaries

The Company has 82 consolidated subsidiaries.

Major consolidated subsidiaries:

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

(2) Equity-method affiliated companies

The Company has 12 equity-method affiliates.

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

Major equity-method affiliates:

NSK-Warner K. K., NSK Steering & Control, Inc. (hereinafter "NS&C")

(3) Changes in consolidation and affiliation

Consolidated subsidiaries
Decrease due to transfer of shares: 10 companies
Equity-method affiliates and their subsidiaries
Increase due to transfer of shares:10 companies
Increase due to new establishment: 3 companies

On August 1, 2023, the Company transferred 50.1% of the shares held in NS&C to Japan Industrial Solutions III Investment Limited Partnership (hereinafter "JIS"), resulting in NS&C transferring from a consolidated subsidiary to an equity-method affiliate of the Company.

As a result, subsidiaries of NS&C which were excluded from consolidated subsidiaries (NSK Steering Systems Co., Ltd., NSK Steering Systems America, Inc., NSK Steering Systems Europe (Polska) Sp. Z O.O., NSK Hangzhou Automotive Components Co., Ltd., Siam NSK Steering Systems Co., Ltd., and four other companies) and subsidiaries of NS&C that were established on December 1, 2023 (NSK Steering Systems U.K. Ltd., NSK Steering Systems France S.A.S., and NSK Steering Systems Deutschland GmbH) are included in profit and loss of equity-method affiliates as they have a material impact on the consolidated financial statements.

3. Matters relating to accounting principles and standards

(1) Valuation rules and methods for significant assets

I. Trade receivables and other receivables

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

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

II. Other financial assets

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

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

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

III. Inventories

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

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

(2) Accounting principles for depreciation of material depreciable assets

Property, plant and equipment

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

(3) Accounting principles for material allowances

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

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

(4) Accounting principles for retirement benefit obligations

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

I. Defined benefit plans

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

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

II. Defined contribution plans

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

(5) Revenue recognition

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

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

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

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

I. Foreign currency transactions

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

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

II. Financial statements of foreign operation

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

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

Changes to Presentation Methods

1. Changes due to the classification of the steering business as discontinued operations

The assets, liabilities, and other components of equity of the steering business are classified as disposal group classified as held for sale, and from the current consolidated fiscal year, the steering business is classified as a discontinued operations. For further details, please see the section titled “Disposal Groups Classified as Held for Sale and Discontinued Operations.”

Notes on Accounting Estimates

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

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

1. Recoverability of deferred tax assets

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

Account title	Amount
Deferred tax assets	¥10,309 million
Deferred tax liabilities	¥21,890 million

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

I. **Method of calculation**

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

II. **Key assumptions**

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

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

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

2. Measurement of defined benefit plan obligations

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

Account title	Amount
Net defined benefit assets	¥121,589 million
Net defined benefit liabilities	¥13,582 million

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

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

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

3. Fair value measurement of financial instruments

Amount recorded in the current fiscal year ¥6,293 million

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

Notes to the Consolidated Statement of Financial Position

1. Accumulated depreciation of property, plant and equipment	¥885,815 million

2. Provisions

Summary of the Company's Provisions

Reserves for environmental measures	¥881 million
Other	¥654 million

Reserves for environmental measures

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

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

Other

Other includes provisions for restructuring.

3. Litigation and other legal matters

Until the end of the third quarter of the current fiscal year, the Company had posted reasonably estimated losses in "provisions (non-current)" in connection with possible claims for damages that may arise in the future related to alleged violations of competition laws in past sales of the Company's and certain subsidiaries' products. However, at the end of the current fiscal year, the Company reversed the amount corresponding to such losses from "provisions (non-current)" as it is now judged that the probability of such claims for damages is low, considering the current status of negotiations with the counterparties of the claims. If the Company, its subsidiaries, or its affiliated companies receive any claims for damages related to the above-mentioned alleged violations of competition laws in the future, the NSK Group will manage these claims appropriately.

Separately, 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 damage, 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. The NSK Group will continue to fight against these claims, arguing that the NSK Group's products had nothing to do with the fire.

The Company, its subsidiaries and its affiliated companies may face additional follow-on actions similar or identical in nature to these actions. The NSK Group will manage these actions appropriately.

Notes to Consolidated Statement of Income

1. Other operating expenses

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

	(Millions of yen)
Foreign exchange loss	1,658
Competition law expenses	(345)
Other	0
Total	1,313

(Note)

In connection with the alleged violations of competition laws in past sales of the Company's and certain subsidiaries' products, the Company had posted losses related to possible future claims for damages in "provisions (non-current)." However, as it is now judged that the probability is low, the Company reversed the amount corresponding to such losses from "provisions (non-current)" at the end of the current fiscal year. The reversal gain resulting from this transaction is included in "Competition law expenses" for the current fiscal year.

Notes to the Consolidated Statement of Changes in Equity

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

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 23, 2023 Board of Directors	Common stock	7,819	15.00	March 31, 2023	June 7, 2023
October 31, 2023 Board of Directors	Common stock	7,444	15.00	September 30, 2023	December 4, 2023
Total		15,263			

Note: The total amount of dividends includes dividend of ¥222 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(2) Regarding dividends with a record date within the consolidated fiscal year but with an effective date in the following consolidated fiscal year, the following distribution of capital surplus is to be proposed and deliberated at the Board of Directors meeting to be held on May 22, 2024.

I. Total amount of dividend	¥7,444 million
II. Financial source of dividend	Retained earnings
III. Dividend per share (yen)	¥15.00
IV. Record date	March 31, 2024
V. Effective date	June 7, 2024

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

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

Category	Share acquisition rights	Type of shares that are the object of share acquisition rights	Number of shares that are the object of share acquisition rights
NSK Ltd.	Share acquisition rights granted in 2015	Common stock	477,000 shares

Notes to the Statement of Financial Instruments

1. Financial Instruments

Management of financial risks

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

(1) Market risks

I. Foreign exchange risks

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

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

II. Interest rate risk

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

III. Price risks

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

(2) Credit risks

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

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

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

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

(3) Liquidity risks

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

2. Carrying amount and fair value

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

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

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

(Millions of yen)

	Carrying amount	Fair value
Financial liabilities		
Long-term debts	79,556	78,846
Corporate bonds	153,000	151,479

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

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

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

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

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

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

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

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

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

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

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

(Millions of yen)

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

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

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

Financial assets classified as Level 3 include unlisted equity securities.

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

The assets and liabilities of the steering business are classified as disposal groups classified as held for sale and are not included in financial assets and financial liabilities at the end of the current fiscal year.

Per Share Information

1. Equity per share attributable to owners of the Parent	¥1,350.52
2. Basic net income per share	¥17.27
Continuing operations	¥27.47
Discontinued operations	¥(10.20)

Notes on Revenue Recognition

(1) Breakdown of Earnings

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

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

Starting from the current fiscal year, the steering business, which was previously included in the automotive business, has been classified as discontinued operations and excluded from the reportable segments.

(Millions of yen)

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

(Notes)

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

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

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

(2) Outstanding contracts

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

(3) Transaction prices allocated to remaining performance obligations

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

Disposal Groups Classified as Held for Sale and Discontinued Operations

On May 12, 2023, the Company entered into an agreement with JIS to jointly operate NS&C, a consolidated subsidiary that globally manages the Company's steering business. As a result, the steering business has been classified as a disposal group held for sale and as discontinued operations from the first quarter of the consolidated fiscal year. On August 1, 2023, the Company lost control of NS&C, and from the second quarter of the consolidated fiscal year, NS&C and its subsidiaries became equity-method affiliates of the Company. The gain or loss related to the loss of control is included in discontinued operations, while the share of profit or loss of investments accounted for using the equity method is included in continuing operations. In the third quarter of the consolidated fiscal year, the Company's European subsidiaries entered into and executed an agreement with NS&C's European subsidiaries to transfer the business related to the sale and technology of steering products from December 1, 2023. Some companies are scheduled for individual transfer at a later date.

(1) Disposal groups classified as held for sale

The breakdown of assets and liabilities related to disposal groups classified as held for sale at the end of the fiscal year is as follows:

(Millions of yen)

	Fiscal 2023 (Year ended March 31, 2024)
Assets related to disposal groups classified as held for sale	
Cash and cash equivalents	6
Trade receivables and other receivables	4,065
Inventories	2,048
Other current assets	128
Property, plant and equipment	4,002
Goodwill and intangible assets	33
Other financial assets(non-current)	222
Deferred tax assets	1,114
Other non-current assets	22
Total assets	11,643
Liabilities related to disposal groups classified as held for sale	
Trade payables and other payables	3,908
Other financial liabilities (current)	5,961
Other current liabilities	1,427
Financial liabilities (non-current)	73
Total liabilities	11,370

(2) Discontinued operations

For the current consolidated fiscal year, NS&C and its subsidiaries, over which the Company lost control on August 1, 2023, and some companies scheduled for individual transfer at a later date are included in the scope of discontinued operations.

The profit and loss from discontinued operations, generated by NS&C and its subsidiaries prior to loss of control and the companies scheduled for individual transfer at a later date, is as follows:

(Millions of yen)

	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Sales	86,579
Cost of sales and expenses	89,566
Income (loss) before income taxes	(2,986)
Income tax expense	1,702
Net income (loss)	(4,689)

(3) Transfer of NS&C shares

I. Overview of the transaction

On May 12, 2023, the Company entered into an agreement with JIS to jointly operate NS&C, a consolidated subsidiary that globally manages the Company's steering business. In relation to this agreement, after discussions and agreement with JIS, the Company initially subscribed for 10,041 class shares equivalent to 50.1% of the voting rights of NS&C, and on August 1, 2023, the Company transferred these class shares to JIS for ¥19,991 million. As a result, the Company lost control of NS&C, and from the second quarter of the consolidated fiscal year, NS&C and its subsidiaries became equity-method affiliates of the Company.

II. Assets and liabilities associated with the loss of control

(Millions of yen)

	Amount
Current assets	118,327
Non-current assets	33,612
Total assets	151,940
Current liabilities	42,375
Non-current liabilities	68,563
Total liabilities	110,939

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

In the current consolidated fiscal year, the loss associated with the loss of control of NS&C was ¥114 million, which is included in "Income (loss) from discontinued operations" in the consolidated statement of income. The net loss includes a gain of ¥337 million arising from the measurement of the remaining investments at the fair value at the date of loss of control.

(4) Transfer of the steering business of European subsidiaries

I. Overview of the transaction

During the third quarter of the consolidated fiscal year under review, the Company's European subsidiaries entered into and executed an agreement with NS&C's European subsidiaries to transfer the business related to the sale and technology of steering products effective December 1, 2023. The consideration for the business transfer is scheduled to be received at a later date.

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

(Millions of yen)

	Amount
Current assets	7,953
Non-current assets	1,098
Total assets	9,052
Current liabilities	6,727
Non-current liabilities	73
Total liabilities	6,800

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

The Company recognized a gain of ¥1,016 million related to the business transfer from the loss of control of the Company's European subsidiary business related to sales and technology of steering products in the consolidated fiscal year under review, which is included in "Income (loss) from discontinued operations" in the consolidated statement of income.

Financial Statements: Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Capital surplus Total
As of April 1, 2023	67,176	77,923	368	78,292
Change of items during the period				
Cash dividends	–	–	–	–
Accumulation of reserves	–	–	–	–
Reversal of reserves	–	–	–	–
Net income	–	–	–	–
Purchase of treasury shares	–	–	–	–
Disposal of treasury shares	–	–	(11)	(11)
Retirement of treasury shares	–	–	(47,536)	(47,536)
Transfer from retained earnings to capital surplus	–	–	47,179	47,179
Net change during the period, except for items under shareholders’ equity	–	–	–	–
Total changes of items during the period	–	–	(368)	(368)
As of March 31, 2024	67,176	77,923	–	77,923

	Equity attributable to owners of the parent				
	Retained earnings				
	Retained earnings	Other retained earnings			Retained earnings Total
		Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
As of April 1, 2023	10,292	3,913	119,766	54,807	188,779
Change of items during the period					
Cash dividends	–	–	–	(15,263)	(15,263)
Accumulation of reserves	–	–	20,000	(20,000)	–
Reversal of reserves	–	(152)	–	152	–
Net income	–	–	–	64,029	64,029
Purchase of treasury shares	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–
Retirement of treasury shares	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	(47,179)	(47,179)
Net change during the period, except for items under shareholders' equity	–	–	–	–	–
Total changes of items during the period	–	(152)	20,000	(18,261)	1,586
As of March 31, 2024	10,292	3,761	139,766	36,545	190,365

	Equity attributable to owners of the parent		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total equity attributable to owners of the parent	Other valuation difference on available-for-sale securities	Total valuation and translation adjustments		
As of April 1, 2023	(35,751)	298,497	21,550	21,550	310	320,357
Change of items during the period						
Cash dividends	–	(15,263)	–	–	–	(15,263)
Accumulation of reserves	–	–	–	–	–	–
Reversal of reserves	–	–	–	–	–	–
Net income	–	64,029	–	–	–	64,029
Purchase of treasury shares	(21,713)	(21,713)	–	–	–	(21,713)
Disposal of treasury shares	486	475	–	–	–	475
Retirement of treasury shares	47,536	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	–	–	–
Net change during the period, except for items under shareholders' equity	–	–	(1,731)	(1,731)	(40)	(1,771)
Total changes of items during the period	26,309	27,526	(1,731)	(1,731)	(40)	25,755
As of March 31, 2024	(9,442)	326,023	19,819	19,819	269	346,113

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

Notes to the Non-Consolidated Financial Statements

Notes on Significant Accounting Policies

1. Valuation of securities

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

2. Valuation of inventories

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

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

3. Depreciation and amortization of noncurrent assets

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

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

4. Allowances

(1) Allowance for doubtful accounts

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

(2) Provision for retirement benefits

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

(3) Provision for officer stock benefits

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

(4) Provision for employee stock benefits

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

(5) Reserves for environmental measures

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

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

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

5. Recognition criteria for revenue and expenses

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

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

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

Changes to Presentation Methods

(Balance sheet)

In the previous fiscal year, "Software" and "Software in progress" were included in "Other" under "Intangible fixed assets." However, due to their increased monetary materiality, they are separately itemized from the fiscal year under review.

Notes on Accounting Estimates

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

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

1. Recoverability of deferred tax assets

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

Account title	Amount
Deferred tax assets (before deduction of valuation allowance)	¥63,659 million
Valuation allowance	¥(31,371) million

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

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

2. Measurement of defined benefit plan obligations

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

Account title	Amount
Prepaid pension cost	¥41,868 million

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

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

3. Valuation of shares of affiliated companies

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

Account title	Amount
Stocks of subsidiaries and affiliates	¥145,492 million
Investment in subsidiaries and affiliates	¥40,243 million

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

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

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

Notes to Balance Sheet

1. Accumulated depreciation of tangible noncurrent assets	¥345,000 million

2. Loan guarantees

Loan guarantees	¥63,235 million
(Guarantees for bank loans of affiliates)	(¥62,699 million)
(Guarantees for bank guarantees of affiliates)	(¥535 million)

3. Receivables from affiliated companies and payables to affiliated companies

Short-term receivables	¥67,523 million
Long-term receivables	¥11,029 million
Short-term payables	¥85,726 million
Long-term payables	¥194 million

Notes to Statement of Income

1. Transactions with affiliated companies

Operating transactions	Sales	¥121,160 million
	Purchases	¥144,882 million
Other non-operating transaction		¥79,822 million

2. Gain on sale of shares of associates

The gain on sale of shares of associates under extraordinary income was recorded due to the partial sale of shares in NSK Steering & Control, Inc., which was a consolidated subsidiary.

3. Business restructuring related expenses

The Company recorded ¥1,174 million in business restructuring related expenses under extraordinary loss. The main details are outside expert fees related to the restructuring of the steering business.

4. Loss on valuation of stocks of subsidiaries and affiliates

In the current fiscal year, the Company recorded extraordinary losses of ¥119 million for AKS Precision Ball Europe, Ltd. in loss on valuation of stocks of affiliated companies.

Notes to Statement of Changes in Shareholders' Equity

Type and number of treasury stock at end of period	Common stock	10,813,032 shares

Notes on Tax Effect Accounting

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

Deferred tax assets	
Accrued retirement benefits	¥24,703 million
Accrued bonuses	¥3,128 million
Valuation loss on stock of subsidiaries and affiliates	¥29,398 million
Loss on devaluation of investment securities	¥387 million
Impairment loss	¥287 million
Other	¥5,754 million
Subtotal of deferred tax assets	¥63,659 million
Valuation allowance	¥(31,371 million)
Total deferred tax assets	¥32,287 million
Deferred tax liabilities	
Reserve for advanced depreciation of noncurrent assets	¥(1,650 million)
Valuation difference on available-for-sale securities	¥(8,223 million)
Other	¥(320 million)
Total deferred tax liabilities	¥(10,194 million)
Net deferred tax assets (liabilities)	¥22,093 million

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

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

Notes on Leased Noncurrent Assets

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

Notes on Related-Party Transactions

Subsidiaries and affiliates, etc.

(Millions of yen)

Type	Company Name	Possession of Voting Rights	Relationship with Related Party	Types of Transaction	Transaction Amount	Title of Account	Balance as of March 31, 2024
Subsidiary	NSK Toyama Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Loans[1]	2,263	Long-term loans	9,587
Subsidiary	Amatsuji Steel Ball Mfg. Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Repayment of funds[1]	3,931	Short-term debts	25,472
Affiliate	NSK-Warner K. K.	50.0%	Purchase of finished goods Executive posts concurrently held	Purchase of automotive-related finished goods[2]	46,771	Accounts payable	10,080
Affiliate	NSK Steering & Control, Inc.	49.9%	Purchase of finished goods Business transfer	Purchase of automotive-related finished goods[3] Business transfer[4] Total assets transferred Share acquisition	– 73,285 73,285	Other payables – –	13,444 – –

Corporate pension plans for employees, etc.

Corporate pension	Retirement benefit trust	–	Pension assets for retirement benefit accounting	Partial return of assets	35,000	–	–

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

Notes:

1. *Interest rates for borrowing and lending are set in a rational manner taking into account market rates.*
2. *The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the counterparty.*
3. *The transaction amounts for purchases of automotive-related products, etc., are presented on a net basis because the Company acted as an agent in these transactions.*
4. *The business transfer was conducted through an absorption-type company split in which the Company's steering business was succeeded to NSK Steering & Control, Inc., and the acquisition of shares was made by the Company as consideration for the business transfer. Details are described in the "Notes on Business Combinations."*

Per Share Information

Net assets per share	¥706.98
Net income per share	¥129.89

Notes on Significant Subsequent Events

(Absorption-type merger of consolidated subsidiaries)

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

1. Overview of the transaction
   (1) Names and business descriptions of the combined companies

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

   (2) Date of business combination
   April 1, 2024
   (3) Legal form of business combination
   An absorption-type merger with the Company as the surviving company and NSK Human Resource Services Ltd. and NSK Network And Systems Co., Ltd. as the absorbed companies
   (4) Name of the company after the combinations
   NSK Ltd.
   (5) Other matters related to the overview of the transaction
   The purpose is to consolidate management resources and streamline operations within the NSK Group.

2. Overview of the accounting treatment applied
   The transaction will be accounted for as a transaction under common control based on the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

Notes to the Company's consolidated dividend regulations

The Company is a company subject to consolidated dividend regulations.

Notes to Revenue Recognition

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

Notes on Business Combinations

(Transactions under common control, etc.)

On April 1, 2023, the Company transferred the business of its Steering & Actuator Division HQ (hereinafter referred to as the “Steering Business”) to its wholly-owned subsidiary, ADTech Corporation, through an absorption-type company split.

1. Overview of the transaction
   (1) Description of the business subject to the transaction
   Steering Business
   (2) Date of business combination
   April 1, 2023
   (3) Legal form of business combination
   An absorption-type company split with the Company as the splitting company and ADTech Corporation as the succeeding company.
   (4) Name of the company after the combination
   ADTech Corporation
   ADTech Corporation changed its trade name to NSK Steering & Control, Inc. on April 1, 2023.

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

Through this absorption-type company split and other intragroup reorganizations, the Company transferred the shares of subsidiaries related to the Steering Business and other major assets of the Steering Business to ADTech Corporation, thereby establishing an independent profit and loss steering business organization with ADTech Corporation as the global headquarters, and strengthening business segment management.

2. Overview of the accounting treatment applied

The transaction has been accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).