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Securities Code: 6471
June 10, 2021

**NOTICE OF
THE FISCAL 2020 (160th) ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders with Voting Rights:

Notice is hereby given that the Fiscal 2020 (160th) Ordinary General Meeting of Shareholders of NSK Ltd. (hereinafter referred to as “the Company”) will be held as described below.

To prevent the spread of COVID-19 and ensure the health and safety of all, we strongly request that shareholders refrain from attending the meeting in person, and instead exercise voting rights by postal mail or via the internet in advance of the meeting.

Please review the “Reference Documents for the General Meeting of Shareholders” which follow this Notice, and exercise your voting rights no later than 5:15 p.m. on Thursday, June 24, 2021 (Japan time).

Yours very truly,

Akitoshi Ichii
Director,
President and Chief Executive Officer
NSK Ltd.
1-6-3, Ohsaki, Shinagawa-ku, Tokyo, Japan

- | | |
|---------------------------------|---|
| 1. Date and Time: | Friday, June 25, 2021, at 10:00 a.m. (reception opens at 9:00 a.m.) |
| 2. Place: | Nissei Building, 3F (Nissei Hall)
1-6-3, Ohsaki, Shinagawa-ku, Tokyo |
| 3. Agenda of the Meeting | |
| Matters to be reported: | Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements for the 160th Fiscal Term (from April 1, 2020 to March 31, 2021) |
| Matter to be resolved: | |
| Proposal | Election of Nine Directors |

To prevent the spread of COVID, we strongly request that shareholders refrain from attending the meeting in person, and instead exercise voting rights by postal mail or via the internet in advance of the meeting.

Regarding COVID-19 Infection Prevention Measures

At the meeting, we will be implementing the following precautions and measures to prevent the spread of infection.

- Explanation will be more concise compared to previous years to reduce the length of the meeting, thereby reducing the chance of exposure.
- Shareholders will be asked to sit such that there is a two meter space between each person. Increasing physical distance between each person will reduce the number of seats available to less than 50. If the hall is full, we may be required to refuse entry to shareholders.
- At the reception desk, we will be checking the temperature of all participants using a non-contact thermometer. Individuals displaying symptoms such as having a high temperature or coughing will be refused entry to the meeting. Individuals who begin to exhibit signs of sickness such as coughing during the meeting may be asked to leave the meeting partway through.
- The coffee and tea station as well as product display will be closed.
- Company officers and employees will be wearing masks.
- We will be requesting all shareholder attendees to disinfect their hands and wear a mask.

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

The Company's Website:

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

Other Matters Related to this Notice

Of the documents which should be provided along with this Notice, the Consolidated Statements of Changes in Equity, the Notes to the Consolidated Financial Statements, the Non-consolidated Statements of Changes in Net Assets, and the Notes to the Non-Consolidated Financial Statements are published on the Company's website at the following address pursuant to laws and regulations as well as Article 15 of the Articles of Incorporation of the Company. Therefore, these documents are not included in the attached 160th Report.

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

Reference Documents for General Meeting of Shareholders**Proposal : Election of Nine Directors**

The terms of office of all nine directors will expire at the conclusion of the 160th Ordinary General Meeting of Shareholders of the Company (hereinafter the "Meeting"). Accordingly, election of nine Directors is proposed based on the Nomination Committee's decision. An overview of the candidates and the policy and procedure for the election of Directors is provided below.

Policy and procedure for the election of Directors:

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

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

The selected were subsequently decided by the Nomination Committee held on April 26, 2021, and were deliberated at the Board meeting on May 20, 2021, and the candidates are outlined in a Proposal to shareholders and taken up at the ordinary general meeting of shareholders.

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**Note:**

- If there are any amendments to the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements, these amendments will be published on the Company's website (<https://www.nsk.com/investors/stockandbond/index.html>).

## The List of the Candidates for Director

| No. | Name               | Current Position and Area of Responsibility in the Company                                                                   | Years as Director at NSK Ltd. | Attendance at Board of Directors and Committee Meetings                                                        | Concurrent Positions at Other Listed Companies |
|-----|--------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1   | Toshihiro Uchiyama | Reappointment<br>Director, Chairman<br>Member of the Nomination Committee                                                    | 9                             | Board of Directors:<br>90% (9/10)<br>Nomination Committee:<br>100% (5/5)                                       | 0                                              |
| 2   | Akitoshi Ichii     | Reappointment<br>Director, Representative,<br>President and Chief Executive Officer,<br>Member of the Compensation Committee | 4                             | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (4/4)                                   | 0                                              |
| 3   | Saimon Nogami      | Reappointment<br>Director, Representative,<br>Senior Executive Vice President,<br>Chief Financial Officer                    | 8                             | Board of Directors:<br>100% (10/10)                                                                            | 0                                              |
| 4   | Kenichi Yamana     | New Appointment<br>Executive Advisor                                                                                         | —                             | —                                                                                                              | 0                                              |
| 5   | Hajime Bada        | Reappointment<br>Outside Director<br>Independent Director                                                                    | 3                             | Board of Directors:<br>90% (9/10)<br>Nomination Committee:<br>100% (5/5)                                       | 2                                              |
| 6   | Akemi Mochizuki    | Reappointment<br>Outside Director<br>Independent Director                                                                    | 3                             | Board of Directors:<br>100% (10/10)<br>Audit Committee:<br>100% (16/16)                                        | 2                                              |
| 7   | Yoshitaka Fujita   | Reappointment<br>Outside Director<br>Independent Director                                                                    | 2                             | Board of Directors:<br>100% (10/10)<br>Nomination Committee:<br>100% (5/5)<br>Audit Committee:<br>100% (10/10) | 0                                              |
| 8   | Mitsuhiro Nagahama | Reappointment<br>Outside Director<br>Independent Director                                                                    | 1                             | Board of Directors:<br>100% (8/8)<br>Compensation Committee:<br>100% (3/3)<br>Audit Committee:<br>100% (10/10) | 2                                              |
| 9   | Koichi Obara       | New Appointment<br>Outside Director<br>Independent Director                                                                  | —                             | —                                                                                                              | 0                                              |

### Notes:

- Regarding attendance of meetings of the Board of Directors and Committees: The data shows each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2020 (April 1, 2020, through March 31, 2021). On June 30, 2020, Yoshitaka Fujita was appointed to the Audit Committee, and Mitsuhiro Nagahama was appointed to the Board of Directors, the Compensation Committee, and to the Audit Committee. Accordingly, attendance is counted only during the period of appointment.
- Number of concurrent positions is noted as expected on June 25, 2021, the date of the 160th Ordinary General Meeting of Shareholders.
- The planned members of each Committee if all nine candidates for Director are elected at this Meeting are described on page 15.
- Outside Director:** Candidate for Outside Director.
- Independent Director:** Candidate for Outside Director who satisfies the Company's Criteria for Independence of Outside Directors (page 15) and the criteria for independence prescribed by the Tokyo Stock Exchange (<https://www.jpx.co.jp/english/equities/listing/ind-executive/index.html>), and who has been reported by the Company as Independent Director to the Tokyo Stock Exchange, subject to the approval of their election at this Meeting.

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| No. 1                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                     | Toshihiro Uchiyama               |  |
| Reappointment                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                     |                                  |                                                                                     |
| Company Shares Owned: 101,900                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                     | Age: 62 (DoB: November 28, 1958) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                            | Board of Directors: 90% (9/10)<br>Nomination Committee:100% (5/5)                                                                                                   |                                  |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                     |                                  |                                                                                     |
| Apr. 1981                                                                                                                                                                                                                                                                                                                                                                                                                                        | Joined the Company                                                                                                                                                  |                                  |                                                                                     |
| Mar. 2006                                                                                                                                                                                                                                                                                                                                                                                                                                        | Deputy Head of Procurement Division HQ                                                                                                                              |                                  |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                        | Vice President, Deputy Head of Corporate Planning Division HQ                                                                                                       |                                  |                                                                                     |
| Jun. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                        | Head of Corporate Planning Division HQ                                                                                                                              |                                  |                                                                                     |
| Jun. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                        | Senior Vice President, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Offices                                                                  |                                  |                                                                                     |
| Jun. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                        | Responsible for Asia, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Offices                                                                   |                                  |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director (current)                                                                                                                                                  |                                  |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                        | Representative, Executive Vice President, Member of the Compensation Committee, Responsible<br>for Administrative Divisions, Head of Corporate Strategy Division HQ |                                  |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                        | President and Chief Executive Officer, Chair of the Nomination Committee                                                                                            |                                  |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                        | Member of the Nomination Committee (current)                                                                                                                        |                                  |                                                                                     |
| Apr. 2021                                                                                                                                                                                                                                                                                                                                                                                                                                        | Chairman (current)                                                                                                                                                  |                                  |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                     |                                  |                                                                                     |
| Toshihiro Uchiyama is well versed in the Company’s businesses and markets through his experience as a Director and as President and Chief Executive Officer of the Company. The Company has designated him as a director nominee with the expectation that his abundant experience and insight will enable effective supervision of the Company's business execution and contribute to the development of strategies to enhance corporate value. |                                                                                                                                                                     |                                  |                                                                                     |

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| No. 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                            | Akitoshi Ichii             |  |
| Reappointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                            |                            |                                                                                     |
| Company Shares Owned: 63,561                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                            | Age: 58 (DoB: May 8, 1963) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Board of Directors: 100% (10/10)<br>Compensation Committee 100% (4/4)                                                                      |                            |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                            |                            |                                                                                     |
| Apr. 1986                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Joined the Company                                                                                                                         |                            |                                                                                     |
| Dec. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deputy Head of Automotive Bearings Division HQ (Automotive Business Division HQ)                                                           |                            |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Head of Operations in India                                                                                                                |                            |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Vice President, Deputy Head of Corporate Planning Division HQ                                                                              |                            |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Head of Corporate Planning Division HQ, Responsible for Asia                                                                               |                            |                                                                                     |
| Apr. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Senior Vice President                                                                                                                      |                            |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Director (current)                                                                                                                         |                            |                                                                                     |
| Apr. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Representative (current), Executive Vice President, Responsible for Administrative Divisions,<br>Responsible for Investor Relations Office |                            |                                                                                     |
| Jun. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Member of the Compensation Committee (current)                                                                                             |                            |                                                                                     |
| Apr. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Responsible for Europe and the Americas                                                                                                    |                            |                                                                                     |
| Apr. 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | President and Chief Executive Officer (current)                                                                                            |                            |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                            |                            |                                                                                     |
| Akitoshi Ichii is well versed in the Company’s businesses and markets and has a broad range of experience in areas such as corporate planning, the automotive business, and overseas business. The Company has designated him as a director nominee with the expectation that by having the President and CEO concurrently serve as a Director, he will be better positioned to fulfill his accountability for management execution to the Board of Directors, while at the same time contributing to the development and execution of strategies aimed at increasing corporate value. |                                                                                                                                            |                            |                                                                                     |

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| No. 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                        | Saimon Nogami                     |  |
| Reappointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                        |                                   |                                                                                     |
| Company Shares Owned: 58,600                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                        | Age: 60 (DoB: September 19, 1960) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Board of Directors: 100% (10/10)                                                                                                                                                                       |                                   |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                        |                                   |                                                                                     |
| Apr. 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Joined the Company                                                                                                                                                                                     |                                   |                                                                                     |
| Feb. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deputy Head of Industrial Machinery Business Division HQ                                                                                                                                               |                                   |                                                                                     |
| Jun. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Vice President                                                                                                                                                                                         |                                   |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Director (current), Senior Vice President, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Offices                                                                                 |                                   |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Representative (current), Executive Vice President, Member of the Compensation Committee,<br>Responsible for Administrative Divisions, Responsible for Asia, Head of Corporate Strategy<br>Division HQ |                                   |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Chief Financial Officer (current)                                                                                                                                                                      |                                   |                                                                                     |
| Apr. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Senior Executive Vice President (current)                                                                                                                                                              |                                   |                                                                                     |
| Apr. 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Responsible for Europe and the Americas (current)                                                                                                                                                      |                                   |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                        |                                   |                                                                                     |
| Saimon Nogami is well versed in the Company’s businesses and markets and has a broad range of experience in areas such as the industrial machinery business, overseas business, and corporate and financial planning. The Company has designated him as a director nominee with the expectation that by having the Representative Senior Executive Vice President and Chief Financial Officer concurrently serve as a director, he will be better positioned to fulfill his accountability for management execution to the Board of Directors, while at the same time contributing to the development and execution of strategies aimed at increasing corporate value. |                                                                                                                                                                                                        |                                   |                                                                                     |

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| No. 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                     | Kenichi Yamana                 |  |
| New Appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                     |                                |                                                                                     |
| Company Shares Owned: 19,379                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                     | Age: 59 (DoB: January 4, 1962) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                      | —                                                                                   |                                |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                    |                                                                                     |                                |                                                                                     |
| Apr. 1986                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Joined the Company                                                                  |                                |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Head of Consolidated Accounting Department (Finance Division HQ)                    |                                |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Vice President, Deputy Head of Finance Division HQ, Responsible of IR & CSR Offices |                                |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Responsible Head of IR Office                                                       |                                |                                                                                     |
| Apr. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Senior Vice President, Responsible for ASEAN Operations                             |                                |                                                                                     |
| Apr. 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Executive Advisor (current)                                                         |                                |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                     |                                |                                                                                     |
| Kenichi Yamana is well versed in the Company’s businesses with a broad range of experience spanning finance and accounting and overseeing operations in the ASEAN region. Such experience and knowledge of corporate governance make him sufficiently qualified to supervise the execution of the Company’s business operations and contribute to the enhancement of corporate value over the mid-to-long term. Accordingly, he is nominated for the position of Director. |                                                                                     |                                |                                                                                     |



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| No. 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                               | Hajime Bada                    |  |
| Reappointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                               |                                |                                                                                     |
| Company Shares Owned: 6,700                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                               | Age: 72 (DoB: October 7, 1948) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Board of Directors: 90% (9/10)<br>Nomination Committee: 100% (5/5)                            |                                |                                                                                     |
| Years since assuming office as Outside Director of the Company: 3 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                               |                                |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                               |                                |                                                                                     |
| Apr. 1973                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Joined Kawasaki Steel Corporation (currently JFE Steel Corporation)                           |                                |                                                                                     |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director of Kawasaki Steel Corporation                                                        |                                |                                                                                     |
| Apr. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Senior Vice President of JFE Steel Corporation                                                |                                |                                                                                     |
| Apr. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Representative Director, President of JFE Steel Corporation (retired Apr. 2010)               |                                |                                                                                     |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director of JFE Holdings, Inc.                                                                |                                |                                                                                     |
| Apr. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Representative Director, President of JFE Holdings, Inc.                                      |                                |                                                                                     |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director of JFE Holdings, Inc.                                                                |                                |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Advisor of JFE Holdings, Inc.                                                                 |                                |                                                                                     |
| Jun. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director (current), Member of the Nomination Committee                                        |                                |                                                                                     |
| Jun. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Chair of the Nomination Committee (current), Honorary Advisor of JFE Holdings, Inc. (current) |                                |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                               |                                |                                                                                     |
| Hajime Bada has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on his considerable experience and insight as a corporate executive. As the Chair of the Nomination Committee, he has played a leading role in the Committee through discussions and deliberations on proposals for the election of directors and succession planning. The Company has designated him as an outside director nominee with the expectation that he will continue to contribute to the enhancement and reinforcement of the Company's corporate governance and the enhancement of corporate value. |                                                                                               |                                |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                               |                                |                                                                                     |
| Hajime Bada has not engaged in business execution at JFE Holdings, Inc. since July 2015. Although there are mutual transactions between the Company and JFE Holdings, Inc., the value of such transactions was less than 0.5% of net sales of each company, constituting no special interest between the Company and Mr. Bada. Mr. Bada fulfills the Company's Criteria for Independence of Outside Directors (Page 15) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Bada as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.                                                                                                                 |                                                                                               |                                |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                               |                                |                                                                                     |
| Honorary Advisor of JFE Holdings, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                               |                                |                                                                                     |
| Outside Director of Mitsui Chemicals, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                               |                                |                                                                                     |
| Independent Corporate Auditor of Asagami Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                               |                                |                                                                                     |

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| No. 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                            | Akemi Mochizuki              |  |
| Reappointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                            |                              |                                                                                     |
| Company Shares Owned: 6,700                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                            | Age: 67 (DoB: June 10, 1954) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Board of Directors: 100% (10/10)<br>Audit Committee: 100% (16/16)          |                              |                                                                                     |
| Years since assuming office as Outside Director of the Company: 3 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                            |                              |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                            |                              |                                                                                     |
| Oct. 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Joined Aoyama Audit Corporation                                            |                              |                                                                                     |
| Mar. 1988                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Registered as a Certified Public Accountant                                |                              |                                                                                     |
| Aug. 1996                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Joined Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC) |                              |                                                                                     |
| Jun. 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Partner of Tohmatsu Audit Corporation (retired in June 2018)               |                              |                                                                                     |
| Jul. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Director (current), Member of the Audit Committee                          |                              |                                                                                     |
| Jun. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Chair of the Audit Committee (current)                                     |                              |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                            |                              |                                                                                     |
| Akemi Mochizuki has actively expressed her opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect her to supervise the Company's management and provide advice on business execution in general based on her considerable experience and insight as a Certified Public Accountant. As Chair of the Audit Committee, she has played a leading role in the Committee discussions and deliberations, and provided appropriate guidance on the operation and enhancement of internal auditing systems. The Company has designated her as an outside director nominee with the expectation that she will continue to contribute to the enhancement and reinforcement of the Company's corporate governance and the enhancement of corporate value. |                                                                            |                              |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                            |                              |                                                                                     |
| Akemi Mochizuki has not engaged in operations at Deloitte Touche Tohmatsu LLC since July 2018. There are no transactions between the Company and Deloitte Touche Tohmatsu LLC, constituting no special interest between the Company and Ms. Mochizuki. Ms. Mochizuki fulfills the Company's Criteria for Independence of Outside Directors (Page 15) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Ms. Mochizuki as an Independent Director with the Tokyo Stock Exchange, under the condition that she is elected at this meeting.                                                                                                                                                                                                         |                                                                            |                              |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                            |                              |                                                                                     |
| Partner of Akahoshi Audit Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                            |                              |                                                                                     |
| Outside Director of Tsumura & Co.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                            |                              |                                                                                     |
| Outside Corporate Auditor of Asahi Kasei Corporation (expected to be appointed from June 25, 2021)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                            |                              |                                                                                     |

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| No. 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                        | Yoshitaka Fujita                |  |
| Reappointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                        |                                 |                                                                                     |
| Company Shares Owned: 4,200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                        | Age: 69 (DoB: January 27, 1952) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Board of Directors: 100% (10/10)<br>Nomination Committee: 100% (5/5)<br>Audit Committee: 100% (10/10)                                  |                                 |                                                                                     |
| Years since assuming office as Outside Director of the Company: 2 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                        |                                 |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                        |                                 |                                                                                     |
| Apr. 1975                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Joined Murata Manufacturing Co., Ltd.                                                                                                  |                                 |                                                                                     |
| Jun. 1998                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Member of the Board of Directors of Murata Manufacturing Co., Ltd.                                                                     |                                 |                                                                                     |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Member of the Board of Directors, Vice President of Murata Manufacturing Co., Ltd.                                                     |                                 |                                                                                     |
| Jun. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Member of the Board of Directors, Senior Executive President of Murata Manufacturing Co., Ltd.                                         |                                 |                                                                                     |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Member of the Board of Directors, Corporate Senior Executive Vice President of Murata Manufacturing Co., Ltd.                          |                                 |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Representative Director and Executive Deputy President of Murata Manufacturing Co., Ltd.                                               |                                 |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Vice Chairman of the Board of Murata Manufacturing Co., Ltd.                                                                           |                                 |                                                                                     |
| Jun. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director (current), Member of the Nomination Committee (current), Senior Corporate Advisor of Murata Manufacturing Co., Ltd. (current) |                                 |                                                                                     |
| Jun. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Member of the Audit Committee (current)                                                                                                |                                 |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                        |                                 |                                                                                     |
| Yoshitaka Fujita has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on considerable experience and insight as a corporate executive. As a member of the Nomination Committee, he has played a role in Committee discussions and deliberations and provided appropriate guidance on proposals for the election of Directors and in successor planning. As a member of the Audit Committee, he has played a role in the Committee discussions and deliberations, and provided appropriate guidance on the operation and enhancement of internal auditing systems. The Company has designated him as an outside director nominee with the expectation that he will continue to contribute to the enhancement and reinforcement of the Company's corporate governance and the enhancement of corporate value. |                                                                                                                                        |                                 |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                        |                                 |                                                                                     |
| Yoshitaka Fujita has not been engaged in business execution at Murata Manufacturing Co., Ltd. since July 2019. Although there are mutual transactions between the Company and Murata Manufacturing Co., Ltd., the value of such transactions was less than 0.1% of net sales of the Company, constituting no special interest between the Company and Mr. Fujita. Mr. Fujita fulfills the Company's Criteria for Independence of Outside Directors (Page 15) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Fujita as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.                                                                                                                                                                                                                                                                                                    |                                                                                                                                        |                                 |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                        |                                 |                                                                                     |
| Senior Corporate Advisor of Murata Manufacturing Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                        |                                 |                                                                                     |

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| No. 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                               | Mitsuhiro Nagahama              |  |
| New Appointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                               |                                 |                                                                                     |
| Company Shares Owned: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                               | Age: 67 (DoB: October 24, 1953) |                                                                                     |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Board of Directors: 100% (8/8)<br>Compensation Committee: 100% (3/3)<br>Audit Committee: 100% (10/10)                                                         |                                 |                                                                                     |
| Years since assuming office as Outside Director of the Company: 1 year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                               |                                 |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                               |                                 |                                                                                     |
| Apr. 1976                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Joined Fuji Bank, Ltd.                                                                                                                                        |                                 |                                                                                     |
| Apr. 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | General Manager of Americas Non-Japanese Corporate Banking Division No. 2 of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)                        |                                 |                                                                                     |
| Mar. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Executive Officer and General Manager of Otemachi Corporate Banking Division No.6 and Otemachi Corporate Banking Division No.7 of Mizuho Corporate Bank, Ltd. |                                 |                                                                                     |
| Apr. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Senior Executive Officer in Charge of Corporate Banking of Mizuho Corporate Bank, Ltd.,                                                                       |                                 |                                                                                     |
| Mar. 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Senior Executive Officer and Head of the Americas of Mizuho Corporate Bank, Ltd.,                                                                             |                                 |                                                                                     |
| Apr. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deputy President and Deputy President-Executive Officer and Head of the Americas of Mizuho Corporate Bank, Ltd., (retired in April 2013)                      |                                 |                                                                                     |
| Apr. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Chairman of the Board of Mizuho Securities, Co., Ltd. and Mizuho Securities USA, Inc.                                                                         |                                 |                                                                                     |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Advisor of Mizuho Securities, Co., Ltd. (retired in March 2020)                                                                                               |                                 |                                                                                     |
| Jun. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Director (current), Chair of the Compensation Committee (current), Member of the Audit Committee (current)                                                    |                                 |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                               |                                 |                                                                                     |
| <p>Mitsuhiro Nagahama has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on his considerable experience and insight as a corporate executive. As the Chair of the Compensation Committee, he has played a leading role in the Committee through discussions and deliberations on proposals for executive compensation policy and compensation decisions. As a member of the Audit Committee, he has played a role in the Committee discussions and deliberations, and provided appropriate guidance on the operation and enhancement of internal auditing systems. The Company has designated him as an outside director nominee with the expectation that he will contribute to the enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p> |                                                                                                                                                               |                                 |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                               |                                 |                                                                                     |
| <p>Mitsuhiro Nagahama has not been engaged in operations at Mizuho Securities, Co., Ltd. since April 2015. Although there are mutual transactions between the Company and Mizuho Securities, the value of such transactions was less than 0.1% of net sales of Mizuho Securities, constituting no special interest between the Company and Mr. Nagahama. Mr. Nagahama fulfills the Company's Criteria for Independence of Outside Directors (Page 15) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Nagahama as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p>                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                               |                                 |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                               |                                 |                                                                                     |
| Outside Audit & Supervisory Board Member of Kuraray, Co., Ltd., Outside Director of Azbil Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                               |                                 |                                                                                     |

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| No. 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                       | Koichi Obara                 |  |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| New Appointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                       |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Company Shares Owned: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                       | Age: 71 (DoB: June 22, 1949) |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Attendance:<br>(FY20)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | —                                                                                                     |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| <p><b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b></p> <table><tr><td>Apr. 1972</td><td>Joined Maeda Corporation</td></tr><tr><td>Nov. 2003</td><td>General Manager of Corporate Planning Department of Maeda Corporation</td></tr><tr><td>Jan. 2005</td><td>Executive Officer of Maeda Corporation</td></tr><tr><td>Jan. 2007</td><td>Deputy General Manager of Procurement Division of Maeda Corporation</td></tr><tr><td>Jun. 2007</td><td>Director of Maeda Corporation</td></tr><tr><td>Nov. 2007</td><td>General Manager of Procurement Division of Maeda Corporation</td></tr><tr><td>Jun. 2008</td><td>Director, Managing Officer and General Manager, Business Administration Division of Maeda Corporation</td></tr><tr><td>Apr. 2009</td><td>President and Representative Director of Maeda Corporation</td></tr><tr><td>Apr. 2016</td><td>Chairman and Representative Director of Maeda Corporation</td></tr><tr><td>Apr. 2019</td><td>Advisor and Representative Director of Maeda Corporation</td></tr><tr><td>Jun. 2019</td><td>Advisor of Maeda Corporation</td></tr><tr><td>Apr. 2020</td><td>Standing Advisor of Maeda Corporation (current)</td></tr></table> |                                                                                                       |                              |                                                                                     | Apr. 1972 | Joined Maeda Corporation | Nov. 2003 | General Manager of Corporate Planning Department of Maeda Corporation | Jan. 2005 | Executive Officer of Maeda Corporation | Jan. 2007 | Deputy General Manager of Procurement Division of Maeda Corporation | Jun. 2007 | Director of Maeda Corporation | Nov. 2007 | General Manager of Procurement Division of Maeda Corporation | Jun. 2008 | Director, Managing Officer and General Manager, Business Administration Division of Maeda Corporation | Apr. 2009 | President and Representative Director of Maeda Corporation | Apr. 2016 | Chairman and Representative Director of Maeda Corporation | Apr. 2019 | Advisor and Representative Director of Maeda Corporation | Jun. 2019 | Advisor of Maeda Corporation | Apr. 2020 |
| Apr. 1972                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Joined Maeda Corporation                                                                              |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Nov. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | General Manager of Corporate Planning Department of Maeda Corporation                                 |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Jan. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Executive Officer of Maeda Corporation                                                                |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Jan. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deputy General Manager of Procurement Division of Maeda Corporation                                   |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Jun. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director of Maeda Corporation                                                                         |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Nov. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | General Manager of Procurement Division of Maeda Corporation                                          |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director, Managing Officer and General Manager, Business Administration Division of Maeda Corporation |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Apr. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | President and Representative Director of Maeda Corporation                                            |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Apr. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Chairman and Representative Director of Maeda Corporation                                             |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Apr. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Advisor and Representative Director of Maeda Corporation                                              |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Jun. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Advisor of Maeda Corporation                                                                          |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| Apr. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Standing Advisor of Maeda Corporation (current)                                                       |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| <p><b>Reasons for nominating the candidate for Outside Director:</b></p> <p>Koichi Obara has considerable experience and deep insight as a corporate executive. Such experience and knowledge, as well as his independence from the Company, make him sufficiently qualified to supervise the Company’s management. The Company has designated him as an outside director nominee with the expectation he will supervise the Company's management and provide advice on business execution in general based on his experience as an outside director, and that he will contribute to the enhancement and reinforcement of the Company’s corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                       |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| <p><b>Assessment of special interests and the independence of the candidate:</b></p> <p>Koichi Obara has not engaged in business execution at Maeda Corporation since July 2019. Although there are mutual transactions between the Company and Maeda Corporation, the value of such transactions was less than 0.1% of net sales of the Company, constituting no special interest between the Company and Mr. Obara. Mr. Obara fulfills the Company’s Criteria for Independence of Outside Directors (Page 15) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Obara as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected at this meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                       |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |
| <p><b>Significant Concurrent Positions outside the Company:</b></p> <p>Standing Advisor of Maeda Corporation (current)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                       |                              |                                                                                     |           |                          |           |                                                                       |           |                                        |           |                                                                     |           |                               |           |                                                              |           |                                                                                                       |           |                                                            |           |                                                           |           |                                                          |           |                              |           |

**Notes:**

1. Special interest between the Company and candidates for Director:

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

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

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

3. Liability limitation agreement with candidates for Directors

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damages under Article 423, Paragraph 1 of the Companies Act with Directors Hajime Bada, Akemi Mochizuki, Yoshitaka Fujita, and Mitsuhiro Nagahama. If they are reelected as Directors at the meeting, the Company will continue said agreements to limit liability with each of them.

If Toshihiro Uchiyama, Kenichi Yamana and Koichi Obara are elected Directors at the meeting, the Company will similarly execute agreements with each to limit liability.

The limits of liability for damage under the agreement is equal to the minimum amount of liability as set forth in the relevant laws and regulations.

4. Directors & officers liability insurance agreement for Director candidates

The Company has entered into a liability insurance agreement with an insurance company for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming all directors as insureds, and with the Company bearing the entire amount of the insurance premium, including special items.

The insurance policy covers damages that may arise due to the insured directors being held liable for the execution of their duties or being subjected to claims related to the pursuit of such liability.

However, there are some exemptions, such as how damage caused by intentional or gross negligence will not be covered. In addition, if each candidate is elected as a Director in this proposal, each candidate will continue to be an insured person of the relevant insurance policy.

If each candidate is elected as a Director under this proposal, each respective candidate will continue to be an insured person under the insurance policy and the policy will be renewed in September 2021 during the term of office.

5. Composition of each Committee

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

|                        | Chair              | Members                                              |
|------------------------|--------------------|------------------------------------------------------|
| Nomination Committee   | Hajime Bada        | Yoshitaka Fujita, Akitoshi Ichii                     |
| Audit Committee        | Akemi Mochizuki    | Yoshitaka Fujita, Mitsuhiro Nagahama, Kenichi Yamana |
| Compensation Committee | Mitsuhiro Nagahama | Koichi Obara, Saimon Nogami                          |

**<Reference>**

**Criteria for Independence of Outside Directors**

The following persons are ineligible to become independent director candidates of the Company.

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

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

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

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## **Business Report**

**Fiscal 2020**  
**April 1, 2020 - March 31, 2021**

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**NSK Ltd.**



## **Business Report (April 1, 2020 - March 31, 2021)**

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

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

The NSK Group is promoting various initiatives of its 6th Mid-Term Management Plan, spanning the three years beginning April 2019 with a target of “build business base and strengthen resources in preparation for next growth phase.” With safety, quality, compliance and environment as NSK core values, we set forth the two key policies of “operational excellence” and “challenging innovation” and we address three main management themes: new initiatives targeting growth, enhance managerial resources, and contribute to the environment and society.

Looking at the global economy during the year ended March 31, 2021, the economic situation in each country deteriorated rapidly due to the global spread of COVID-19 in the first quarter. From the second quarter onward, resumption of economic activities has progressed in stages. Although economic activity appeared to be at a standstill in some regions due to even stricter restriction of activities because of the new surge of COVID-19 cases, the economy continued moving towards recovery.

In Japan, although exports increased against the backdrop of global recovery of vehicle production, consumer spending has partially been weak due to the third declaration of a state of emergency in response to COVID-19, and the economy remained in a severe condition. In the US, the economy continued to pick up as additional economic measures began to take effect and economic activities resumed further with the rollout of COVID-19 vaccines. In Europe, although there were some signs of capital expenditure bottoming out and manufacturing activities picking up after easing of restrictions, the pace of recovery slowed due to the resurgence of infection cases. In China, manufacturing activities quickly resumed, and the economy continued to show signs of picking up such as recovery in new vehicle sales thanks to the government’s vehicle subsidies.

In the economic environment, consolidated sales for the year ended March 31, 2021 totaled ¥747.6 billion, a year-on-year decrease of 10.0%, and operating income totaled ¥6.4 billion, a year-on-year decrease of 73.0%. Income before income taxes was ¥5.9 billion, a year-on-year decrease of 75.5%. Net income attributable to owners of the parent was ¥400 million, a year-on-year decrease of 98.0%.

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

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

In the industrial machinery business, the cautious approach in capital expenditure across the world was seen in the first quarter against the backdrop of the contraction of economic activities due to the global spread of COVID-19. Thereafter, production activities in China returned toward normal before other regions, and demand in regions other than China also started to recover toward the end of the fiscal year. However, the full-year consolidated sales in the industrial machinery business decreased year-on-year due to sluggish demand in the first half.

Looking at the Company’s results by geographic breakdown, overall sales in Japan decreased due to slumping demand in every sector except the machine tools sector which increased toward the end of the fiscal year. In the Americas, overall sales declined due to sales decrease in the aftermarket sector as well as the impact of the foreign exchange factor, while sales in the semiconductor sector increased. In Europe, overall sales declined due to sales decrease in the aftermarket, electrical and electrical accessory sectors. On the other hand, sales in China increased thanks to robust demand in the wind power, machine tools as well as electrical and electrical accessory sectors.

As a result, sales in the industrial machinery business totaled ¥275,226 million, a year-on-year decrease of 3.2%, and operating income was ¥7,697 million, a year-on-year decrease of 47.8%.

#### **2. Automotive**

Global vehicle production in the first quarter dropped substantially due to restrictions on movement, disruption in the supply chain and suspension of production because of the global spread of COVID-19. From the second quarter onward, although the automotive market changed to a recovering trend, the full-year consolidated sales in the automotive business decreased year-on-year due to the significant drop in the first quarter.

Looking at the Company’s results by geographic breakdown, sales in Japan decreased due to a sluggish automotive market. In the Americas and Europe, sales dropped due to stagnant vehicle sales caused by a restriction on economic activities. In China, while sales in electric power steering (EPS) systems decreased, overall sales increased due to stronger sales of bearings and products for the automatic transmission (AT) systems.

As a result, sales in the automotive business totaled ¥449,722 million, a year-on-year decrease of 13.8%, and operating loss was ¥4,018 million (operating income was ¥9,174 million in the same period last year).

## (2) Investment in Fixed Assets

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

In the current consolidated fiscal year, amid the continuing sluggish global economy caused by the COVID-19 pandemic, focusing on our core values of safety, quality, compliance, and the environment, we invested 37.3 billion yen (down 17.6 billion yen from the previous year) in needed productivity improvements and equipment upgrades.

In the industrial machinery business, we invested 15.2 billion yen (down 8.2 billion yen from the previous year) for productivity improvements, equipment upgrades, production transfer, and so on.

In the automotive business, we invested 20.6 billion yen (down 7.8 billion yen from the previous year) in new technology/product development, in addition to productivity improvement and equipment renewal.

| Unit: ¥100 million            |                                                     |
|-------------------------------|-----------------------------------------------------|
| Segment                       | Capital Expenditure in Year Ended<br>March 31, 2021 |
| Industrial Machinery Business | 152                                                 |
| Automotive Business           | 206                                                 |
| Other                         | 15                                                  |
| Total                         | 373                                                 |

## (3) Financing Activities

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

The balance of outstanding loans and corporate bonds at the end of the period under review was ¥332.4 billion, a year-on-year increase of ¥53.3 billion.

## (4) Key Tasks

The business environment surrounding the NSK Group is exposed to constantly changing factors such as US-China trade friction and tensions in the Middle East. Furthermore, unpredictable and uncertain events such as the worldwide spread of COVID-19, frequent natural disasters, and risks to the supply chain have a significant impact on the global economy. At the same time, technological innovation across industries is progressing rapidly, and the issues that companies must tackle, such as the development and practical application of AI and IoT, as well as the electrification and automation of the automobile industry, continue to expand. In addition, the importance of corporate social responsibility, such as carbon neutral initiatives, is increasing, and the business environment is rapidly changing.

Even amidst these changes, the NSK Group aims to establish a corporate foundation capable of sustainable growth in the mid- to long-term, in order to continue providing value to society through our Motion & Control technology. To achieve this goal, NSK set the three-year period from FY2019 to FY2021 as the 6th Mid-Term Management Plan and is promoting various initiatives.

The primary objective of the 6th Mid-term Management Plan is to build a business base and strengthen resources in preparation for the next growth phase. The business base is comprised of our four core values, "safety, quality, compliance, and environment." We will maintain the two key policies set forth in the 5th Mid-Term Plan (2016 to 2018) that act as pillars for our strategy house: Operational Excellence (constant pursuit of competitiveness) and Challenging Innovation (creation of new value), while working to address three main management tasks: new initiatives targeting growth, enhancing managerial resources, and contributing to the environment and society.

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

1. New initiatives targeting growth:

- Expand sales of NSK's core products in the growth segments of electrification, automation, environment, and IoT.
- Achieve sales growth by marketing new products in growth segments.
- Restore growth in the electric power steering (EPS) business by enhancing our product lineup.
- Aim to expand value-added service business by utilizing newly acquired condition monitoring system business.

2. Enhancement of managerial resources:

- Innovate personnel development by restructuring training and education institutions, promoting work style reform and health and productivity management, and promoting diversity and inclusion.
- Achieve innovation in manufacturing by utilizing IoT technology.
- Innovate product development through ceaseless refinement of NSK's core technology and further utilization of open innovation.

3. Contribution to the environment and society:

- Contribute to achieving a carbon neutral society by promoting the reduction of CO2 emissions through our business activities and by creating and providing environmentally friendly products.
- Create high-quality products which are safe and deliver peace of mind to the market and our customers, and develop a thorough safety-first internal culture.
- Be a company that is trusted by society and create a positive, inclusive work environment.
- Enhance Group governance and dialogue with stakeholders.

The NSK Group will continue contributing to the resolution of societal issues and the sustainable development of society through its corporate activities based on NSK Corporate Philosophy and the evolution of its Motion & Control technology, while also aiming for ongoing growth through the initiatives above. As a guideline for that purpose, we will respect the 17 SDGs set and actively work on goals related to the business of the NSK Group as a priority issue.

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

## (5) Financial Highlights

(IFRS)

|                                                                        | Year ended March<br>31, 2018 | Year ended March<br>31, 2019 | Year ended March 31<br>Fiscal 2020 | Year ended March 31<br>Fiscal 2021 |
|------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------------|
| Net sales                                                              | ¥1,020,338 million           | ¥991,365 million             | ¥831,034 million                   | ¥747,559 million                   |
| Operating profit                                                       | ¥97,875 million              | ¥79,279 million              | ¥23,604 million                    | ¥6,364 million                     |
| Net income attributable to<br>owners of the Parent                     | ¥69,312 million              | ¥55,809 million              | ¥17,412 million                    | ¥355 million                       |
| Total equity                                                           | ¥561,014 million             | ¥560,400 million             | ¥526,518 million                   | ¥573,428 million                   |
| Total assets                                                           | ¥1,092,310 million           | ¥1,086,456 million           | ¥1,029,884 million                 | ¥1,167,498 million                 |
| Equity per share attributable<br>to owners of the Parent               | ¥1,016.30                    | ¥1048.18                     | ¥987.01                            | ¥1081.60                           |
| Basic net income per share                                             | ¥131.16                      | ¥107.46                      | ¥34.00                             | ¥0.69                              |
| Equity attributable to owners<br>of the parent<br>Return on equity (%) | 13.9%                        | 10.4%                        | 3.3%                               | 0.1%                               |

Notes: 1. Figures listed above are rounded down to the nearest one million yen.  
2. Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting.  
3. Net income per share attributable to owners of the Parent is calculated using the number of shares outstanding at the end of the period, while return on equity is calculated using the average number of shares outstanding during the period.

**(6) Major Subsidiaries (as of March 31, 2021)**

| Company Name                             | Capital           | Holding Ratio                 | Business                                                            |
|------------------------------------------|-------------------|-------------------------------|---------------------------------------------------------------------|
| NSK Steering Systems Co., Ltd.           | JPY 7,500 million | 100.0%                        | Manufacture of automotive components                                |
| Amatsuji Steel Ball Mfg. Co., Ltd.       | JPY 2,101 million | 100.0%                        | Manufacture and sale of steel balls                                 |
| NSK Americas, Inc.                       | USD 195.7 million | 100.0%                        | Management of affiliated companies in the Americas                  |
| NSK Brasil Ltda.                         | BRL 1.8 million   | 100.0%                        | Manufacture and sale of industrial machinery bearings, etc.         |
| NSK Europe Ltd.                          | EUR 90.4 million  | 100.0%                        | Management of affiliated companies in Europe                        |
| NSK (China) Investment Co., Ltd.         | CNY 1,987 million | 100.0%                        | Management of affiliated companies in China, sale of bearings, etc. |
| Kunshan NSK Co., Ltd.                    | RMB 701.6 million | 63.3%<br>(85.0%) <sup>3</sup> | Manufacture of automotive bearings, etc.                            |
| Pt. NSK Bearings Manufacturing Indonesia | USD 45 million    | 100.0%                        | Manufacture of industrial machinery bearings, etc.                  |
| NSK Korea Co., Ltd.                      | KRW 53.9 billion  | 100.0%                        | Manufacture and sale of automotive bearings, etc.                   |

Notes: 1. Figures for equity are rounded down to the nearest unit value.  
2. The above nine companies were selected based on their capital, total assets, net sales, and the Company's capital contribution ratio.  
3. Figures in brackets include capital contribution ratio in Chinese affiliate NSK (China) Investment Co., Ltd. (100% owned by the Company).

## **(7) Overview of Main Businesses (as of March 31, 2021)**

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

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

**(8) Main Sites (as of March 31, 2021)**

**Main Sales Sites**

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

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



## Main Manufacturing Sites

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

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

**(9) Employees (as of March 31, 2021)**

| Business                       | Number of Employees | Year-on-Year Change |
|--------------------------------|---------------------|---------------------|
| Industrial Machinery           | 12,411<br>(1,462)   | -263<br>(-310)      |
| Automotive                     | 14,528<br>(1,094)   | -343<br>(-276)      |
| Intersegmental (Common), Other | 3,439<br>(291)      | +237<br>(-109)      |
| Total                          | 30,378<br>(2,847)   | -369<br>(-695)      |

Notes: 1. Number of employees does not include officers of the Company or its subsidiaries.  
2: Numbers in brackets denote the average number of temporary employees directly employed by the Company and its subsidiaries during the fiscal year.

**(10) Major Lenders (as of March 31, 2021)**

| Lender                               | Outstanding Loan Amount |
|--------------------------------------|-------------------------|
| Mizuho Bank, Ltd.                    | ¥77,218 million         |
| MUFG Bank, Ltd.                      | ¥47,302 million         |
| The Bank of Yokohama, Ltd.           | ¥15,190 million         |
| Meiji Yasuda Life Insurance Company  | ¥13,500 million         |
| Nippon Life Insurance Company        | ¥13,000 million         |
| Fukoku Mutual Life Insurance Company | ¥8,500 million          |

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

## 2. Stock Information (as of March 31, 2021)

- |                                       |                                                                       |
|---------------------------------------|-----------------------------------------------------------------------|
| (1) Total number of authorized shares | 1,700,000,000 shares                                                  |
| (2) Number of issued shares           | 518,354,890 shares<br>(excluding 32,913,214 shares of Treasury stock) |
| (3) Number of shareholders            | 48,910                                                                |
| (4) Top Ten Shareholders              |                                                                       |

| Shareholders                                                            | Number of shares owned in thousands | Holding ratio |
|-------------------------------------------------------------------------|-------------------------------------|---------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                    | 53,659                              | 10.35%        |
| Custody Bank of Japan, Ltd. (Trust Account)                             | 30,005                              | 5.79%         |
| Meiji Yasuda Life Insurance Company                                     | 27,626                              | 5.33%         |
| Nippon Life Insurance Company                                           | 27,543                              | 5.31%         |
| Fukoku Mutual Life Insurance Company                                    | 22,400                              | 4.32%         |
| Mizuho Bank, Ltd.                                                       | 18,211                              | 3.51%         |
| The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account) | 10,709                              | 2.07%         |
| Toyota Motor Corporation                                                | 10,000                              | 1.93%         |
| NSK Customer Shareholding Association                                   | 8,964                               | 1.73%         |
| NSK Employee Shareholding Association                                   | 7,692                               | 1.48%         |

- Notes:
1. Numbers of shares are rounded down to the nearest thousand.
  2. In calculation of the shareholding ratio, the treasury shares of the Company (32,913,214 shares) are excluded from the total number of shares issued.
  3. The treasury shares do not include 5,330,308 shares of the Company held by the trust account related to the share delivery trust.

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

| Category          | No. of Shares | Issued to |
|-------------------|---------------|-----------|
| Outside Director  | 9,800         | 1         |
| Executive Officer | 341,500       | 9         |

### 3. Stock Acquisition Rights

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

|                                              |                                         |                                  |       |
|----------------------------------------------|-----------------------------------------|----------------------------------|-------|
| Exercise period for Stock Acquisition Rights |                                         | August 21, 2015 to July 29, 2025 |       |
| Officers issued Stock Acquisition Rights     | Directors (excluding outside directors) | 4                                | 860   |
|                                              | Executive Officers                      | 15                               | 1,060 |
| Type of shares to be issued upon exercise    |                                         | Common stock                     |       |
| Number of shares to be issued upon exercise  |                                         | 192,000 shares                   |       |
| Issue price of Stock Acquisition Rights      |                                         | Gratis                           |       |
| Issue price per share                        |                                         | ¥1,806                           |       |

Notes: 1. Resolved by the Board of Directors based on the provisions of Articles 236, 238 and 240 of the Companies Act.

2. The number of target shares for each Stock Acquisition Right is 100 shares.

For directors who also serve as executive officers, Stock Acquisition Rights provided are listed in the Directors column.

## 4. Officers of the Company

### (1) Directors of the Company (as of March 31, 2021)

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

| Name               | Main Assignments and Responsibilities                                                                                                                                        |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Toshihiro Uchiyama | Member of the Nomination Committee                                                                                                                                           |
| Saimon Nogami      |                                                                                                                                                                              |
| Akitoshi Ichii     | Member of the Compensation Committee                                                                                                                                         |
| Toshihiko Enomoto  | Member of the Audit Committee                                                                                                                                                |
| Hajime Bada        | Chair of the Nomination Committee, Honorary Advisor of JFE Holdings, Inc., Outside Director of Mitsui Chemicals, Inc., Independent Corporate Auditor of Asagami Corporation. |
| Akemi Mochizuki    | Chair of the Audit Committee, Partner of Akahoshi Audit Corporation, Outside Director of Tsumura & Co.                                                                       |
| Toshio Iwamoto     | Member of the Compensation Committee, Principal Executive Adviser of NTT Data Corporation, Outside Auditor of IHI Corporation                                                |
| Yoshitaka Fujita   | Member of the of the Nomination Committee, Member of the Audit Committee, Senior Executive Advisor of Murata Manufacturing Co., Ltd.                                         |
| Mitsuhiro Nagahama | Chair of the Compensation Committee, Member of the Audit Committee, Outside Audit & Supervisory Board Member of Kuraray, Co., Ltd., Outside Director of Azbil Corporation    |

Notes: 1. Hajime Bada, Akemi Mochizuki, Toshio Iwamoto, Yoshitaka Fujita, and Mitsuhiro Nagahama are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act of Japan.  
2. Hajime Bada, Akemi Mochizuki, Toshio Iwamoto, Yoshitaka Fujita, and Mitsuhiro Nagahama have been reported as Independent Directors to the Tokyo Stock Exchange.  
NSK has also established its own criteria for the independence of outside directors. These criteria are listed on page XX of the Notice of the 160th Ordinary General Meeting of Shareholders.  
3. Akemi Mochizuki, Chair of the Audit Committee, is a Certified Public Accountant and possesses considerable experience and insight in the fields of finance and accounting.  
4. The Company has assigned non-independent director Toshihiko Enomoto as a full-time member of the Audit Committee in order to improve the effectiveness and efficiency of the Committee. Full-time members of the Audit Committee perform audit duties, attend key meetings, gather information from the operating organizations, monitor and direct the Internal Audit Department, and share this information with all Audit Committee members.  
5. Directors Shigeyuki Suzuki, Yasuhiro Kamio, Nobuo Goto, and Teruhiko Ikeda retired from their positions as of June 30, 2020

#### II. Liability Limitation Agreement

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

**(2) Executive Officers of the Company (as of March 31, 2021)**

| Title                                                 | Name               | Main Assignments and Responsibilities                                                                                                          |
|-------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative,<br>President and CEO                  | Toshihiro Uchiyama | CEO                                                                                                                                            |
| Representative,<br>Senior Executive<br>Vice President | Saimon Nogami      | CFO                                                                                                                                            |
| Representative,<br>Executive Vice<br>President        | Akitoshi Ichii     | Responsible for Administrative Divisions, Head of Corporate Planning Division HQ, Responsible for Europe and the US, Responsible for IR Office |
| Executive Vice<br>President                           | Masatada Fumoto    | Head of Automotive Steering & Actuator Division HQ                                                                                             |
| Executive Vice<br>President                           | Nobuo Goto         | Responsible for Technology Divisions, Responsible for Quality Assurance Divisions, Head of Technology Development Division HQ                  |
| Executive Vice<br>President                           | Tomoyuki Yoshikiyo | Head of Industrial Machinery Business Division HQ                                                                                              |
| Executive Vice<br>President                           | Hideki Ochiai      | Head of Automotive Business Division HQ,<br>Head of Automotive Sales and Marketing Division HQ                                                 |
| Senior Vice<br>President                              | Hiroya Miyazaki    | Head of Automotive Technology Development Center,<br>Automotive Business Division HQ                                                           |
| Senior Vice<br>President                              | Kenichi Yamana     | Head of all ASEAN & Oceania Operations                                                                                                         |
| Senior Vice<br>President                              | Nobuaki Mitamura   | Head of Core Technology R&D Center, Technology Development Division HQ                                                                         |
| Senior Vice<br>President                              | Tatsuya Atarashi   | Head of Japan Sales & Marketing Division HQ                                                                                                    |
| Senior Vice<br>President                              | Kunihiko Akashi    | Head of Quality Assurance Division HQ                                                                                                          |
| Senior Vice<br>President                              | Masaru Takayama    | Head of Manufacturing Strategy Division HQ, Head of Procurement Division HQ                                                                    |
| Senior Vice<br>President                              | Guoping Yu         | Head of all Chinese operations                                                                                                                 |
| Senior Vice<br>President                              | Keita Suzuki       | Head of Finance Division HQ, Responsible for Asia                                                                                              |
| Senior Vice<br>President                              | Seiji Ijuin        | Head of Industrial Machinery Technology Center, Industrial Machinery Business Division HQ                                                      |
| Vice President                                        | Susumu Ishikawa    | Deputy Head of Industrial Machinery Business Division HQ                                                                                       |
| Vice President                                        | Hiroya Achiha      | Head of CMS Development Center, Technology Development HQ                                                                                      |

|                |                      |                                                                                                                                            |
|----------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Vice President | Hayato Omi           | Deputy Head of Automotive Technology Development Center, Technology Development HQ                                                         |
| Vice President | Tamami Murata        | Head of CSR Division HQ                                                                                                                    |
| Vice President | Hiroyuki Tsugimoto   | Head of ICT Division HQ                                                                                                                    |
| Vice President | Jean-Charles Sanchez | Deputy Head of Automotive Steering & Actuator Division HQ                                                                                  |
| Vice President | Hisakazu Tadokoro    | Plant Manager, Fujisawa Plant, Industrial Machinery Business Division HQ                                                                   |
| Vice President | Narihito Otake       | Deputy Head of Automotive Steering & Actuator Division HQ                                                                                  |
| Vice President | Hiromichi Takemura   | Head of Needle Bearing Operation Division, Automotive Powertrain Division HQ                                                               |
| Vice President | Tatsufumi Soda       | Deputy Head of Industrial Machinery Business Division HQ                                                                                   |
| Vice President | Ulrich Nass          | Head of European operations                                                                                                                |
| Vice President | Michio Ozaki         | Head of Automotive Powertrain Division HQ                                                                                                  |
| Vice President | Masato Kitou         | Deputy Head of Automotive Sales & Marketing Division HQ, Head of Mid-Japan Automotive Department, Automotive Sales & Marketing Division HQ |
| Vice President | Sensui Natsuki       | Head of Manufacturing Engineering Center, Technology Development Division HQ, Deputy Head of Manufacturing Strategy Division HQ            |
| Vice President | Hidenori Oka         | Head of Human Resources Management Division HQ                                                                                             |
| Vice President | Brian Parsons        | Head of All American Operations                                                                                                            |
| Vice President | Shinji Miyata        | Deputy Head of Steering & Actuator Technology Center, Automotive Technology Development Center, Automotive Business Division HQ            |
| Vice President | Gen Murayama         | Deputy Head of Corporate Planning Division HQ, Head of IR Office                                                                           |

*Note : Toshihiro Uchiyama, Saimon Nogami, and Akitoshi Ichii concurrently serve as directors of the Company.*



### **(3) Directors and Executive Officers' Compensation (as of March 31, 2021)**

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

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

The Company will determine compensation for director and executive officer positions separately. When a director also serves as an executive officer, the total of each respective compensation amount shall be paid. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

##### **a) Executive Officer's Compensation**

The compensation package for executive officers consists of a fixed basic compensation and a performance-based compensation that fluctuates with performance. The Company will target a compensation ratio of roughly 4:6 of fixed compensation to performance-based compensation.

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

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

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

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

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

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

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

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

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

As this system is designed to fix points three years after they are granted, points granted in 2019 will be fixed in 2022, and those granted in 2020 will be fixed in 2023.

## b) Directors' Compensation

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

### i. Basic compensation

Basic compensation is determined based on whether the director is an outside or internal director in addition to the director's role on board committees and the Board of Directors.

### ii. Stock compensation

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

For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

### iii. Other Matters

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

## II. Directors/Executive Officers' Compensation

The amount of compensation for directors and executive officers for the year ended March 31, 2021 was as follows:

|                      | Total compensation | Fixed compensation |                    | Performance-based compensation |                    | Stock compensation |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------|
|                      |                    | No. of officers    | Amount (¥ million) | No. of officers                | Amount (¥ million) | No. of officers    | Amount (¥ million) |
| Directors (internal) | ¥73 million        | 7                  | ¥66 million        | —                              | —                  | 1                  | ¥7 million         |
| Directors (outside)  | ¥79 million        | 6                  | ¥65 million        | —                              | —                  | 6                  | ¥13 million        |
| Executive officers   | ¥1,851 million     | 31                 | ¥939 million       | 30                             | ¥277 million       | 43                 | ¥634 million       |

Notes: 1. Compensation (excluding stock compensation) for directors (internal) includes compensation for directors who also serve as executive officers.  
2. The amount of performance-based salary is the planned amount to be paid on July 1, 2021, based on the results for the year ended March 31, 2021.  
3. The amount of stock compensation is the amount recorded as expenses for the current fiscal year.  
4. Figures listed above are rounded down to the nearest one million yen.

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

#### (4) Outside Directors

##### I. Special interest between the Company and Directors

Concurrent posts held by the Company's independent directors are listed in the candidate profiles section (pages 4 to 13) of this Notice. Each of the persons listed below fulfill the Company's Criteria for Independence of Outside Directors listed on page 15 of this Notice.

Furthermore, no special interest exists between the Company and each Director below.

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

| Name            | Attendance at Board of Directors and Committee Meetings                                                          | Main Roles and Responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hajime Bada     | Board of Directors: 90% (9 of the 10 meetings held)<br>Nomination Committee: 100% (5 of the 5 meetings held)     | <p>We expect Mr. Bada to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>As Chair of the Nomination Committee, he has provided appropriate guidance on proposals for the election of Directors, in successor planning, and committee nominations.</p>                                                                                                                      |
| Akemi Mochizuki | Board of Directors: 100% (10 of the 10 meetings held)<br>Audit Committee: 100% (16 of the 16 meetings held)      | <p>We expect Ms. Mochizuki to supervise management and provide advice on overall management from a fair and independent standpoint, based on her considerable experience and deep insight as a Certified Public Accountant.</p> <p>She provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>As Chair of the Audit Committee, she leads the committee's proceedings, discusses and deliberates on the enhancement of the audit system and its operation at the committee meetings, reports to the Board of Directors as appropriate, and fulfills the roles expected of her.</p> |
| Toshio Iwamoto  | Board of Directors: 100% (10 of the 10 meetings held)<br>Compensation Committee: 100% (4 of the 4 meetings held) | <p>We expect Mr. Iwamoto to supervise management and provide advice on overall management from a fair and independent standpoint, based on his considerable experience and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>In the Compensation Committee, he actively speaks and fulfills his expected role through discussions and deliberations on the executive compensation policy and decisions, etc.</p>                                                                                                            |

|                    |                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yoshitaka Fujita   | Board of Directors: 100% (10 of the 10 meetings held)<br>Nomination Committee: 100% (5 of the 5 meetings held)<br>Audit Committee: 100% (10 of the 10 meetings held) | <p>We expect Ms. Fujita to supervise management and provide advice on overall management from a fair and independent standpoint, based considerable experience and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>As a member of the Nomination Committee, he has provided appropriate guidance on proposals for the election of Directors and in successor planning. In the Audit Committee, he actively speaks and fulfills his expected role through discussions and deliberations on the enhancement of the audit system and its operation.</p>                                                                       |
| Mitsuhiro Nagahama | Board of Directors: 100% (8 of the 8 meetings held)<br>Compensation Committee: 100% (3 of the 3 meetings held)<br>Audit Committee: 100% (10 of the 10 meetings held) | <p>We expect Mr. Nagahama to supervise management and provide advice on overall management from a fair and independent standpoint, based considerable experience and deep insight as a corporate executive.</p> <p>He provides proactive and appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.</p> <p>As Chair of the Compensation Committee, he leads the committee's proceedings, discusses and deliberates on the executive compensation policy and decisions, etc., and reports to the Board of Directors as appropriate. In the Audit Committee, he actively speaks and fulfills his expected role through discussions and deliberations on the enhancement of the audit system and its operation.</p> |

*Notes: Regarding attendance of meetings of the Board of Directors and Committees: The data shows each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2020 (April 1, 2020, through March 31, 2021). On June 30, 2020, Yoshitaka Fujita was appointed to the Audit Committee, and Mitsuhiro Nagahama was appointed to the Board of Directors, the Compensation Committee, and to the Audit Committee. Accordingly, attendance is counted only during the period of appointment.*

## 5. Status of Accounting Auditor

### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

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

|     |                                                                                                                                      |              |
|-----|--------------------------------------------------------------------------------------------------------------------------------------|--------------|
| [1] | Amount of remuneration payable for the audit service as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act | ¥200 million |
| [2] | Total amount of monetary or other property benefits to be paid by the Company and its subsidiaries                                   | ¥219 million |

Notes: 1. Amounts are rounded down to the nearest million yen.

2. In the audit agreement between the Company and the Accounting Auditor, there is no demarcation of the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and therefore, the amount in [1] above represents the combined sum of the two.

3. Of the Company's principal subsidiaries, NSK Korea Co. Ltd., is subject to audits (limited to those under the provisions of the Companies Act or the Financial Instruments and Exchange Act, or foreign laws and regulations equivalent to such laws) of financial statements of a certified public accountant or an auditing corporation other than the Company's Accounting Auditor (including those with equivalent foreign qualifications).

4. Taking into consideration the "Practical Guidelines for Cooperation with Accounting Auditor" announced by the Japan Audit & Supervisory Board Members Association, the Audit Committee has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming and examining the details of the auditing plan of the Accounting Auditor, status of execution of duties, basis for calculation of estimates of remuneration for previous fiscal years, and other matters through reports and interviews as well as necessary materials obtained from Executive Officers, relevant departments of the Company and the Accounting Auditor.

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

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

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

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

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

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

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

##### **Basic Policy**

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

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

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

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

##### **Operational Status**

NSK's business is operated consistently across the entire Group in accordance with the basic framework for group governance stipulated in NSK Group Management Rules. Each of the NSK Group's divisions report on key matters, including the status of business execution, in accordance with NSK Group rules governing management and business procedures. In addition, the Company works to expand and enhance its internal regulations in light of heightening societal interest in corporate governance, revision of related laws and regulations, and the NSK Group's management needs.

Based on its audit plan, the Audit Committee conducted site audits and observations of operating divisions both in and outside Japan in conjunction with the Internal Audit Department in order to investigate the progress status of key management tasks and related measures. This year, audits and observations were conducted online using teleconferencing tools and so on due to the ongoing effects of the COVID-19 pandemic.

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

##### **Basic Policy**

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

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

In order to strengthen the compliance structure of the NSK Group, NSK will maintain a Compliance Committee and install dedicated organizations to implement concrete measures based on the policies set by the aforementioned committee. The organizations shall work on an ongoing basis to raise awareness of and strengthen compliance through educational initiatives to encourage all NSK Group employees to recognize their responsibility to act as good corporate citizens and to oversee the implementation status of designated measures.

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

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

### **Operational Status**

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

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

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

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

### **Basic Policy**

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

### **Operational Status**

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

The Company’s management policies and objectives are outlined in its Mid-Term Management Plan. This year global cooperation was further strengthened while ensuring the safety and security of employees due to the COVID-19 pandemic. The year under review represents the second year of this plan. We summarized the

achievements, shortcoming and challenges during this period.

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

##### **Basic Policy**

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

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

##### **Operational Status**

NSK has established a risk management framework as stipulated in the Company's Risk Management Rules and adopted a range of measures in order to avoid or reduce risks. Risks including changes in technology, natural disasters and infectious diseases, and changes in local conditions are comprehensively identified and reported on either a periodic or immediate basis. The Internal Audit Department coordinates with the internal auditing divisions of each site or region to classify and evaluate critical risks. The Department monitors the Group's risk management status based on the risk reports submitted by each site as well as site audits, and reports its findings to the Audit Committee.

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

##### **Basic Policy**

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

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

##### **Operational Status**

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

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



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

### **Basic Policy**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Operational Status**

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

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

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

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

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

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

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

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

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

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

To achieve this goal, NSK set the three-year period from FY2019 to FY2021 as the 6th Mid-Term Management Plan and is promoting various initiatives.

The primary objective of the 6th Mid-term Management Plan is to build a business base and strengthen resources in preparation for the next growth phase. The business base is comprised of our four core values, "safety, quality, compliance, and environment." We will maintain the two key policies set forth in the 5th Mid-Term Plan (2016 to 2018) that act as pillars for our strategy house: Operational Excellence (constant pursuit of competitiveness) and Challenging Innovation (creation of new value), while working to address three main management tasks: new initiatives targeting growth, enhancing managerial resources, and contributing to the environment and society.

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

#### **1. New initiatives targeting growth:**

- Expand sales of NSK's core products in the growth segments of electrification, automation, environment, and IoT.
- Achieve sales growth by marketing new products in growth segments.
- Restore growth in the electric power steering (EPS) business by enhancing our product lineup.
- Aim to expand value-added service business by utilizing newly acquired condition monitoring system business.

#### **2. Enhancement of managerial resources:**

- Innovate personnel development by restructuring training and education institutions, promoting work style

reform and health and productivity management, and promoting diversity and inclusion.

- Achieve innovation in manufacturing by utilizing IoT technology.
- Innovate product development through ceaseless refinement of NSK's core technology and further utilization of open innovation.

### 3. Contribution to the environment and society:

- Contribute to achieving a carbon neutral society by promoting the reduction of CO2 emissions through our business activities and by creating and providing environmentally friendly products.
- Create high-quality products which are safe and deliver peace of mind to the market and our customers, and develop a thorough safety-first internal culture.
- Be a company that is trusted by society and create a positive, inclusive work environment.
- Enhance Group governance and dialogue with stakeholders.

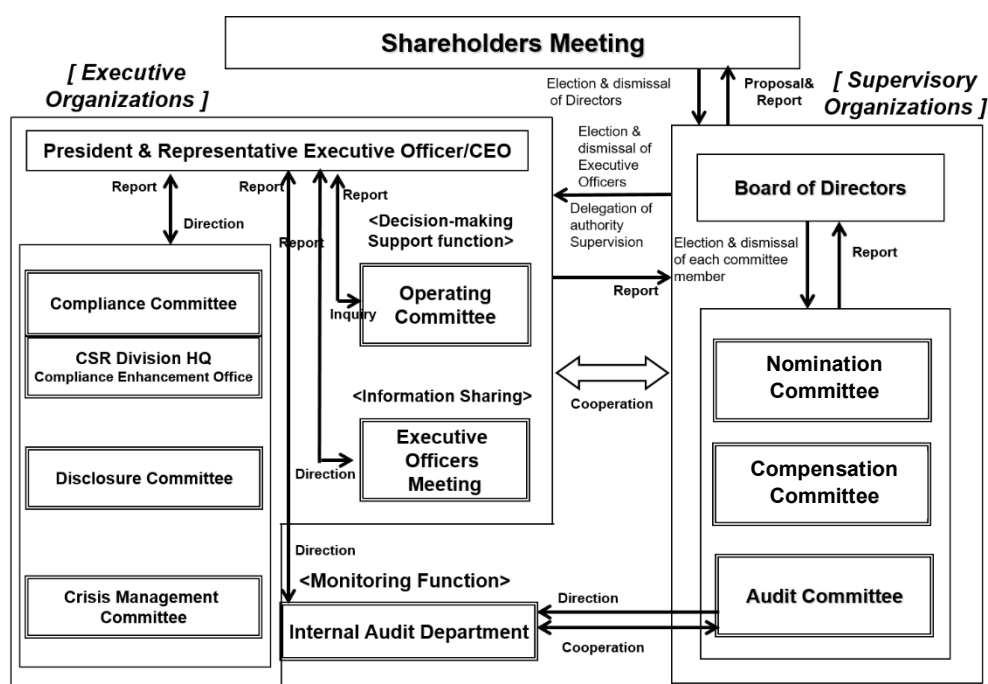
The NSK Group will continue contributing to the resolution of societal issues and the sustainable development of society through its corporate activities based on NSK Corporate Philosophy and the evolution of its Motion & Control technology, while also aiming for ongoing growth through the initiatives above. As a guideline for that purpose, we will respect the 17 SDGs set and actively work on goals related to the business of the NSK Group as a priority issue.

## b) Endeavors to Enhance Corporate Governance

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

Each of the Company's outside directors have been registered to the Tokyo Stock Exchange as independent directors.

The Company's governance and internal control systems are outlined below:



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

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

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

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Board of Directors will, as a general rule, not trigger countermeasures to such Large-scale Share Purchase. The board of directors, however, may express its objections, etc., to shareholders. In addition, if such Large-scale Share Purchase is deemed to constitute an abusive acquisition, such as in the case that the Large-scale Share Purchaser is a "greenmailer," or in the case where it is judged that the purchasing method of the Company's suggested by the Large-scale Share Purchaser may force the selling of shares upon the Company's shareholders by restricting the opportunity or freedom of judgment by shareholders, such as a coercive two-tier purchase, such Large-scale Share Purchase is reasonably deemed to materially damage the Company's corporate value and shareholders' common interests, and the board of directors may trigger countermeasures.

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

When the board of directors decides on whether to trigger countermeasures, it shall take the following measures in order to secure the reasonableness and fairness of the board of directors' decision.

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

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

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

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

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

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

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

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

NSK places great importance on shareholder returns. As part of the 6th Mid-Term Management Plan, spanning the three years beginning April 2019, we have aimed to provide stable dividends to our shareholders on an ongoing basis, and set the target of dividend payout ratio ranging from 30% to 50% as well as a per-share annual dividend of 40 yen or more on a consolidated basis. Also we regard treasury shares as an option to execute agile capital policy, and set a target of a total return ratio of 50% during the three-year period. We take into account the financial situation and so forth to make proper decisions for the execution.

Based on the policy stated above, we comprehensively took into account our business performance in this fiscal year and future business environment. As a result, the year-end dividends for the fiscal year ended March 31, 2021 will be changed to ¥10.00 per share. The dividends for the first half of the year, paid on December 8, 2020, was ¥10.00 per share. Accordingly, the full year dividends for the fiscal year ended March 31, 2021 will be ¥20.00 per share, a ¥10 decrease from the fiscal year ended March 31, 2020.

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

|                                                   | Fiscal 2020<br>(Year ended March 31, 2021) | Fiscal 2019 (For Reference)<br>(Year ended March 31, 2020) |
|---------------------------------------------------|--------------------------------------------|------------------------------------------------------------|
| <b>Assets</b>                                     |                                            |                                                            |
| <b>Current assets</b>                             |                                            |                                                            |
| Cash and cash equivalents                         | 176,638                                    | 137,298                                                    |
| Trade receivables and other receivables           | 185,228                                    | 154,226                                                    |
| Inventories                                       | 150,046                                    | 152,971                                                    |
| Other financial assets                            | 1,569                                      | 3,138                                                      |
| Accrued corporate income tax                      | 4,670                                      | 3,513                                                      |
| Other current assets                              | 15,850                                     | 15,304                                                     |
| Total current assets                              | 534,004                                    | 466,452                                                    |
| <b>Non-current assets</b>                         |                                            |                                                            |
| Property, plant and equipment                     | 378,677                                    | 383,978                                                    |
| Intangible assets                                 | 39,435                                     | 19,768                                                     |
| Investments accounted for using equity method     | 29,773                                     | 26,785                                                     |
| Other financial assets                            | 79,203                                     | 55,498                                                     |
| Deferred tax assets                               | 10,962                                     | 9,698                                                      |
| Net defined benefit assets                        | 88,809                                     | 61,508                                                     |
| Other non-current assets                          | 6,632                                      | 6,193                                                      |
| Total non-current assets                          | 633,493                                    | 563,431                                                    |
| Total assets                                      | 1,167,498                                  | 1,029,884                                                  |
|                                                   |                                            |                                                            |
|                                                   | Fiscal 2020<br>(Year ended March 31, 2021) | Fiscal 2019 (For Reference)<br>(Year ended March 31, 2020) |
| <b>Liabilities and equity debt</b>                |                                            |                                                            |
| <b>Current liabilities</b>                        |                                            |                                                            |
| Trade and other payables                          | 111,609                                    | 97,193                                                     |
| Other financial liabilities                       | 130,205                                    | 71,806                                                     |
| Provisions                                        | 318                                        | 159                                                        |
| Income tax payable                                | 3,203                                      | 3,474                                                      |
| Other current liabilities                         | 54,888                                     | 45,305                                                     |
| Total current liabilities                         | 300,224                                    | 217,939                                                    |
| <b>Non-current liabilities</b>                    |                                            |                                                            |
| Financial liabilities                             | 223,211                                    | 228,707                                                    |
| Provisions                                        | 2,919                                      | 8,160                                                      |
| Deferred tax liabilities                          | 42,225                                     | 24,764                                                     |
| Net defined benefit liabilities                   | 17,349                                     | 18,345                                                     |
| Other non-current liabilities                     | 8,139                                      | 5,447                                                      |
| Total non-current liabilities                     | 293,845                                    | 285,426                                                    |
| Total liabilities                                 | 594,070                                    | 503,365                                                    |
| <b>Equity</b>                                     |                                            |                                                            |
| Issued capital                                    | 67,176                                     | 67,176                                                     |
| Capital surplus                                   | 80,338                                     | 80,456                                                     |
| Retained earnings                                 | 397,837                                    | 405,842                                                    |
| Treasury stock                                    | (37,303)                                   | (37,662)                                                   |
| Other components of equity                        | 46,325                                     | (10,308)                                                   |
| Total equity attributable to owners of the parent | 554,375                                    | 505,505                                                    |
| Non-controlling interests                         | 19,052                                     | 21,013                                                     |
| Total equity                                      | 573,428                                    | 526,518                                                    |
| Total liabilities and equity                      | 1,167,498                                  | 1,029,884                                                  |

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

### Consolidated Profit and Loss (Millions of yen)

|                                              | Fiscal 2020<br>From April 1, 2020 to March 31, 2021 | Fiscal 2019 (For Reference)<br>From April 1, 2019 to March 31, 2020 |
|----------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
|                                              | Amount                                              | Amount                                                              |
| Net Sales                                    | 747,559                                             | 831,034                                                             |
| Cost of sales                                | 621,318                                             | 677,511                                                             |
| Gross profit                                 | 126,240                                             | 153,522                                                             |
| Selling, general and administrative expenses | 125,425                                             | 130,238                                                             |
| Investment gain on equity                    | 4,076                                               | 2,282                                                               |
| Other operating expenses                     | (1,472)                                             | 1,961                                                               |
| Operating profit                             | 6,364                                               | 23,604                                                              |
| Financial income                             | 2,137                                               | 3,409                                                               |
| Financial expenses                           | 2,612                                               | 2,948                                                               |
| Profit before tax                            | 5,889                                               | 24,065                                                              |
| Corporate income tax expense                 | 6,637                                               | 5,956                                                               |
| Net income                                   | (748)                                               | 18,108                                                              |
| Net income attributable to:                  |                                                     |                                                                     |
| Owners of the parent                         | 355                                                 | 17,412                                                              |
| Non-controlling interests                    | (1,103)                                             | 696                                                                 |

Note: Figures listed above are rounded down to the nearest one million yen. Figures in brackets ( ) indicate negative amounts, i.e. loss)

### Consolidated Cash flow (Reference)

(Millions of yen)

|                                                     | Fiscal 2020<br>From April 1, 2020 to March 31, 2021 | Fiscal 2019 (For Reference)<br>From April 1, 2019 to March 31, 2020 |
|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
| Cash flow from operating activities                 | 53,842                                              | 72,387                                                              |
| Cash flow from investing activities                 | (51,096)                                            | (39,784)                                                            |
| Cash flow from financing activities                 | 29,992                                              | (21,333)                                                            |
| Conversion difference for cash and cash equivalents | 6,602                                               | (3,934)                                                             |
| Increase/decrease in cash and cash equivalents      | 39,340                                              | 7,333                                                               |
| Opening balance of cash and cash equivalents        | 137,298                                             | 129,965                                                             |
| Ending balance of cash and cash equivalents         | 176,638                                             | 137,298                                                             |

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

**Balance Sheet**
**(Millions of yen)**

|                                     | Fiscal 2020<br>From April 1, 2020 to March 31, 2021 | Fiscal 2019 (For Reference)<br>From April 1, 2019 to March 31, 2020 |
|-------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
| Assets                              |                                                     |                                                                     |
| Current assets                      | 261,977                                             | 255,615                                                             |
| Cash and deposit                    | 25,383                                              | 84,650                                                              |
| Bills receivable                    | 4,529                                               | 3,909                                                               |
| Electronically recorded receivables | 18,098                                              | 16,359                                                              |
| Accounts receivable                 | 77,896                                              | 65,197                                                              |
| Securities                          | 47,000                                              | —                                                                   |
| Products                            | 24,562                                              | 24,294                                                              |
| WIP                                 | 15,984                                              | 16,800                                                              |
| Raw materials and supplies          | 4,378                                               | 4,046                                                               |
| Accounts receivable                 | 34,271                                              | 33,104                                                              |
| Other current assets                | 10,820                                              | 7,392                                                               |
| Allowance for doubtful accounts     | (947)                                               | (139)                                                               |
| Fixed assets                        | 455,151                                             | 410,753                                                             |
| Property, plant and equipment       | 136,871                                             | 138,256                                                             |
| Building                            | 43,209                                              | 42,754                                                              |
| Structures                          | 2,642                                               | 2,724                                                               |
| Machinery and equipment             | 59,375                                              | 57,039                                                              |
| Vehicle carrier                     | 507                                                 | 355                                                                 |
| Tools, instruments and equipment    | 4,936                                               | 5,732                                                               |
| Land                                | 18,352                                              | 18,352                                                              |
| Lease assets                        | 1,903                                               | 1,747                                                               |
| Construction in progress            | 5,942                                               | 9,550                                                               |
| Intangible fixed assets             | 11,003                                              | 11,855                                                              |
| Lease-hold                          | 934                                                 | 934                                                                 |
| Other intangible fixed assets       | 10,069                                              | 10,920                                                              |
| Investment and other assets         | 307,276                                             | 260,640                                                             |
| Investment securities               | 62,671                                              | 40,682                                                              |
| Stock of subsidiaries               | 147,630                                             | 125,447                                                             |
| Investment in affiliated companies  | 45,129                                              | 45,129                                                              |
| Long-term loan                      | 4,337                                               | 3,200                                                               |
| Long-term prepaid expenses          | 263                                                 | 366                                                                 |
| Prepaid pension cost                | 44,193                                              | 42,585                                                              |
| Other                               | 3,219                                               | 3,397                                                               |
| Allowance for doubtful accounts     | (168)                                               | (168)                                                               |
| Total assets                        | 717,129                                             | 666,368                                                             |

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

(Debts listed on the following page)



|                                                        | Fiscal 2020<br>From April 1, 2020 to March 31, 2021 | Fiscal 2019 (For Reference)<br>From April 1, 2019 to March 31, 2020 |
|--------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
| Debts                                                  |                                                     |                                                                     |
| Current liabilities                                    | 226,912                                             | 190,364                                                             |
| Bill of payment                                        | 1,460                                               | 2,138                                                               |
| Electronically recorded debt                           | 10,093                                              | 9,867                                                               |
| Accounts payable                                       | 72,584                                              | 61,842                                                              |
| Short-term debts                                       | 102,128                                             | 86,126                                                              |
| Corporate bonds                                        | 10,000                                              | —                                                                   |
| Lease liabilities                                      | 463                                                 | 377                                                                 |
| Accounts payable                                       | 11,186                                              | 10,963                                                              |
| Accrued expenses                                       | 14,773                                              | 14,416                                                              |
| Income taxes payable                                   | 2,771                                               | 3,755                                                               |
| Deposit                                                | 728                                                 | 864                                                                 |
| Other current liabilities                              | 721                                                 | 12                                                                  |
| Fixed debt                                             | 216,257                                             | 223,917                                                             |
| Corporate bonds                                        | 120,000                                             | 130,000                                                             |
| Long-term debts                                        | 76,500                                              | 78,500                                                              |
| Lease liabilities                                      | 1,553                                               | 1,458                                                               |
| Deferred tax liabilities                               | 13,120                                              | 5,622                                                               |
| Provision for employee stock benefits                  | 120                                                 | 146                                                                 |
| Provision for officer stock benefits                   | 1,680                                               | 1,547                                                               |
| Reserves for environmental measures                    | 1,042                                               | 1,056                                                               |
| Asset retirement obligation                            | 144                                                 | 127                                                                 |
| Other fixed liabilities                                | 2,094                                               | 5,456                                                               |
| Total liabilities                                      | 443,169                                             | 414,281                                                             |
| Net assets                                             |                                                     |                                                                     |
| Equity attributable to owners of the parent            | 239,729                                             | 233,521                                                             |
| Capital                                                | 67,176                                              | 67,176                                                              |
| Capital surplus                                        | 78,977                                              | 78,956                                                              |
| Legal capital surplus                                  | 77,923                                              | 77,923                                                              |
| Other retained surplus                                 | 1,054                                               | 1,032                                                               |
| Retained earnings                                      | 130,560                                             | 124,749                                                             |
| Benefit reserve                                        | 10,292                                              | 10,292                                                              |
| Other retained earnings                                | 120,267                                             | 114,456                                                             |
| Reserve for advanced depreciation of noncurrent assets | 3,808                                               | 3,949                                                               |
| General reserve                                        | 93,766                                              | 87,766                                                              |
| Retained earnings brought forward                      | 22,693                                              | 22,741                                                              |
| Treasury shares                                        | (36,985)                                            | (37,360)                                                            |
| Valuation and translation adjustments                  | 33,825                                              | 18,142                                                              |
| Valuation difference on available-for-sale securities  | 33,825                                              | 18,142                                                              |
| Stock acquisition rights                               | 405                                                 | 422                                                                 |
| Total net assets                                       | 273,959                                             | 252,086                                                             |
| Total liabilities and net assets                       | 717,129                                             | 666,368                                                             |

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

**Profit and Loss**
**(Millions of yen)**

|                                                                 | Fiscal 2020<br>From April 1, 2020 to March 31, 2021 |                     | Fiscal 2019 (For Reference)<br>From April 1, 2019 to March 31, 2020 |                     |
|-----------------------------------------------------------------|-----------------------------------------------------|---------------------|---------------------------------------------------------------------|---------------------|
|                                                                 | Amount                                              | Ratio to sales<br>% | Amount                                                              | Ratio to sales<br>% |
| Net Sales                                                       | 389,199                                             | 100.0               | 427,006                                                             | 100.0               |
| Cost of sales                                                   | 328,507                                             | 84.4                | 364,510                                                             | 85.4                |
| Gross profit                                                    | 60,692                                              | 15.6                | 62,495                                                              | 14.6                |
| Selling, general and administrative expenses                    | 63,800                                              | 16.4                | 68,868                                                              | 16.1                |
| Operating profit and operating loss                             | (3,108)                                             | (0.8)               | (6,372)                                                             | (1.5)               |
| Non-operating income                                            | 21,974                                              | 5.6                 | 29,844                                                              | 7.0                 |
| Interest income and dividends                                   | 21,147                                              |                     | 28,330                                                              |                     |
| Miscellaneous profit                                            | 827                                                 |                     | 1,513                                                               |                     |
| Non-operating expenses                                          | 3,536                                               | 0.9                 | 3,952                                                               | 0.9                 |
| Interest expense                                                | 1,631                                               |                     | 1,653                                                               |                     |
| Provision allowance for doubtful accounts                       | 807                                                 |                     | 139                                                                 |                     |
| Miscellaneous losses                                            | 1,097                                               |                     | 2,159                                                               |                     |
| Ordinary income                                                 | 15,329                                              | 3.9                 | 19,518                                                              | 4.6                 |
| Special profit                                                  | 4,554                                               | 1.2                 | 6,606                                                               | 1.5                 |
| Reversal of allowance for expenses related to anti-monopoly act | 2,376                                               |                     | —                                                                   |                     |
| Gain on sale of investment securities                           | 2,177                                               |                     | 6,089                                                               |                     |
| Gain on sales of property, plant and equipment                  | —                                                   |                     | 517                                                                 |                     |
| Extraordinary loss                                              | 96                                                  | 0.0                 | 16                                                                  | 0.0                 |
| Provision for environmental measures                            | 96                                                  |                     | 16                                                                  |                     |
| Income before income taxes                                      | 19,787                                              | 5.1                 | 26,109                                                              | 6.1                 |
| Corporate tax, resident tax and business tax                    | 3,069                                               | 0.8                 | 320                                                                 | 0.1                 |
| Corporate tax, etc.                                             | —                                                   | —                   | 2,999                                                               | 0.7                 |
| Income tax adjustment                                           | 539                                                 | 0.1                 | 1,521                                                               | 0.4                 |
| Total corporate taxes                                           | 3,609                                               | 0.9                 | 4,841                                                               | 1.1                 |
| Net income                                                      | 16,178                                              | 4.2                 | 21,267                                                              | 5.0                 |

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

# **Independent Auditor's Report**

## **(Consolidated Financial Statements)**

May 12, 2021

The Board of Directors, NSK Ltd.

Ernst and Young ShinNihon LLC  
**Koki Ito**  
Designated and Engagement Partner  
Certified Public Accountant  
**Makoto Matsumura**  
Designated and Engagement Partner  
Certified Public Accountant  
**Yutaka Okubo**  
Designated and Engagement Partner  
Certified Public Accountant

### **Opinion**

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statement of income, the statement of changes in net assets, and the notes to the consolidated financial statements of NSK Ltd. (the Company) applicable to the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements, which were prepared in accordance with designated International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the consolidated financial position of NSK Ltd. and its subsidiaries as of March 31, 2021, and their financial performance for the year then ended.

### **Rationale for Auditor's Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. The Auditor's Responsibility is detailed under "The Audit Committee's and Management's Responsibility for the Consolidated Financial Statements." We are independent of the Company and its subsidiaries and fulfill our other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **The Audit Committee's and Management's Responsibility for the Consolidated Financial Statements**

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

In preparing consolidated financial statements, etc., management evaluates whether it is appropriate to prepare financial statements based on the premise of a going concern, and based on Article 120, Paragraph 1 of the Rules of Corporate Accounting, which permits companies to prepare consolidated financial statements with the omission of part of the disclosures required under International Financial Reporting Standards. If it is necessary to disclose matters relating to a going concern, management is also responsible for disclosing such matters.

The responsibility of the Audit Committee is to oversee the responsibilities of executive officers and the performance of duties by executive officers in developing and operating the financial reporting process.

### **Auditor's Responsibility for the Consolidated Financial Statements**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements arising from error or fraud. A material misstatement, which may arise from error or fraud, is determined to be material if it may affect the decision making of users of the consolidated financial statements. We conducted our audit in accordance with auditing standards generally accepted in Japan, drawing on our specialist professional knowledge in our decision making, and maintaining a healthy level of professional skepticism. We identify and assess material misstatement risks due to fraud or error, and propose and execute audit procedures accordingly. Audit procedures are selected and applied at our discretion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The purpose of an audit of the

consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant in order to design audit procedures that are appropriate in the circumstances. Our audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related notes made by management.

In preparing consolidated financial statements, etc., management evaluates whether it is appropriate to prepare consolidated financial statements based on the premise of a going concern, and based on obtained audit evidence, concludes whether a going concern could lead to significant doubt or uncertainty regarding the premise of the going concern. If there is significant uncertainty regarding the premise of a going concern, management is responsible to provide explanation in the Notes to the Consolidated Financial Statements in the audit report in cases in which it is not appropriate to provide explanation, management is responsible to provide a comment explaining why explanation should be exempted.

Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events and conditions may cause the Company to cease to continue as a going concern. We evaluated whether the Consolidated Financial Statements and Notes thereto comply with Article 120, Paragraph 1 of the Rules of Corporate Accounting, which permits companies to prepare consolidated financial statements with the omission of part of the disclosures required under International Financial Reporting Standards. We also evaluated the presentation, composition and contents of the Consolidated Financial Statements and Notes thereto, and whether the Consolidated Financial Statements properly represent the underlying transactions and accounting events. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We are responsible for directing, supervising and implementing the audit of the consolidated financial statements.

The auditor is solely responsible for the audit opinion. The auditor shall inform the Audit Committee of the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and audit report on other matters required by the standard. We are responsible to report measures taken to eliminate, safeguard against, or reduce the potential impact of factors that could violate the provision of professional ethics in Japan or be reasonably considered to affect the independence of auditors.

#### **Conflicts of Interest**

We have no interest in the Company and its subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

# **Independent Auditor's Report**

## **(Non-Consolidated Financial Statements)**

May 12, 2021

The Board of Directors, NSK Ltd.

Ernst and Young ShinNihon LLC  
**Koki Ito**  
Designated and Engagement Partner  
Certified Public Accountant  
**Makoto Matsumura**  
Designated and Engagement Partner  
Certified Public Accountant  
**Yutaka Okubo**  
Designated and Engagement Partner  
Certified Public Accountant

### **Opinion**

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the non-consolidated financial statement and the related supplementary schedules of NSK Ltd. (the Company) applicable to the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the non-consolidated financial statements etc. referred to above present fairly, in material aspects, the financial position and results of operations of NSK Ltd. applicable to the fiscal year ended March 31, 2021 in conformity with accounting principles generally accepted in Japan.

### **Rationale for Auditor's Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. The Auditor's Responsibility is detailed under "The Audit Committee's and Management's Responsibility for the Non-consolidated Financial Statements etc." We are independent of the company and fulfill our other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **The Audit Committee's and Management's Responsibility for the Non-consolidated Financial Statements etc.**

Management's responsibility is to prepare the non-consolidated financial statements etc. in accordance with corporate accounting standards generally accepted in Japan and disclose them appropriately.

This includes the maintenance and operation of internal controls that the management deems necessary in order to prepare and properly display the non-consolidated financial statements etc. without material misstatement due to fraud or error.

In preparing the non-consolidated financial statements etc., management evaluates whether it is appropriate to prepare the non-consolidated financial statements etc. based on the premise of a going concern, and based on corporate accounting standards generally accepted in Japan. If it is necessary to disclose matters relating to a going concern, management is also responsible for disclosing such matters.

The responsibility of the Audit Committee is to oversee the responsibilities of executive officers and the performance of duties by executive officers in developing and operating the financial reporting process.

### **Auditor's Responsibility for the Non-consolidated Financial Statements etc.**

Our responsibility is to express an opinion on the non-consolidated financial statements etc. based on our audit. We conducted our audit to obtain reasonable assurance about whether the non-consolidated financial statements etc. are free from material misstatements arising from error or fraud. A material misstatement, which may arise from error or fraud, is determined to be material if it may affect the decision making of users of the non-consolidated financial statements etc. We conducted our audit in accordance with auditing standards generally accepted in Japan, drawing on our specialist professional knowledge in our decision making, and maintaining a healthy level of professional skepticism. We identify and assess material misstatement risks due to fraud or error, and propose and execute audit procedures accordingly. Audit procedures are selected and applied at our discretion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion. The purpose of an audit of the non-consolidated financial statements etc. is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant in order to design audit procedures that are appropriate in the circumstances.

Our audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related notes made by management. In preparing non-consolidated financial statements etc., management evaluates whether it is appropriate to prepare non-consolidated financial statements etc. based on the premise of a going concern, and based on obtained audit evidence, concludes whether a going concern could lead to significant doubt or uncertainty regarding the premise of the going concern. If there is significant uncertainty regarding the premise of a going concern, management is responsible to provide explanation in the Notes to the Non-consolidated Financial Statements in the audit report in cases in which it is not appropriate to provide explanation, management is responsible to provide a comment explaining why explanation should be exempted.

Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events and conditions may cause the Company to cease to continue as a going concern. We evaluated whether the non-consolidated financial statements etc. and notes thereto conform with accounting principles generally accepted in Japan. We also evaluated the presentation, composition and contents of the non-consolidated financial statements etc. and notes thereto, and whether the financial statements etc. properly represent the underlying transactions and accounting events. The auditor shall inform the Audit Committee of the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and audit report on other matters required by the standard. We are responsible to report measures taken to eliminate, safeguard against, or reduce the potential impact of factors that could violate the provision of professional ethics in Japan or be reasonably considered to affect the independence of auditors.

### **Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Audit Report by the Audit Committee**

### **Audit Report**

The Audit Committee, having audited the execution of duties by the Directors and Executive Officers during the 160th fiscal term from April 1, 2020 to March 31, 2021, reports on the audit method and results as follows.

#### **1. Auditing Method Applied and Details Thereof**

The Audit Committee audited the contents of the resolutions of the Board of Directors regarding matters stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and the system (internal control system) established in accordance with those resolutions, by receiving regular reports on the status of development and operation of the system from the Directors, Executive Officers and employees, etc., requesting explanations as necessary, and expressing opinions, as well as by the following methods.

- i. In accordance with the auditing policies, allocation of duties, the auditing plan of the fiscal year under review, etc. established by the Audit Committee, and cooperating with the internal auditing division of the Company, the Audit Committee attended important meetings, received reports regarding execution of duties from the Directors and Executive Officers, etc., requested explanations when necessary, inspected the contents of important approval documents, etc., and examined the status of business and assets at the Company's headquarters and other principal offices. Furthermore, with regard to the Company's subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports on the status of the business and other matters from the subsidiaries' Directors and Corporate Auditors, etc.
- ii. The Audit Committee reviewed the basic policies stipulated in Article 118, Item 3(a) of the Ordinance for Enforcement of the Companies Act and the activities stipulated in (b) in the same Item, which are described in the business report, based on the deliberations at the meetings of the Board of Directors and other meetings.
- iii. The Audit Committee also monitored and verified whether the Accounting Auditor was maintaining its independence and conducting the audits appropriately, and also received reports of the status of the execution of duties from the Accounting Auditor, requesting explanations as necessary. Further, the Audit Committee received notification from the Accounting Auditor that it had established a "system for ensuring the proper execution of its duties" (matters stipulated in the items of Article 131 of the Rules of Corporate Accounting) in compliance with the "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005).

Based on the methods above, the Audit Committee has examined the business report and its supplementary schedules, the non-consolidated financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the non-consolidated financial statement) and their supplementary schedules, as well as the consolidated financial statements (the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statement).

## 2. Results of Audit

### (1) Results of audit of business report, etc.

- i. The business report and its supplementary schedules present fairly the condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation.
- ii. Regarding the execution of duties by Directors and Executive Officers, there were no instances of misconduct or material matters in violation of laws, regulations or the Articles of Incorporation.
- iii. The content of the resolution by the Board of Directors regarding the internal control system was appropriate. Furthermore, there are no matters to be pointed out regarding the description in the business report and the execution of duties by Directors and Executive Officers concerning such internal control system.
- iv. The basic policy, described in the business report, regarding those who control the Company's financial and business policies, is appropriate. The activities stipulated in Article 118, Item 3(b) of the Ordinance for Enforcement of the Companies Act, described in the business report, are in line with such basic policies, do not adversely affect the common interests of the Company's shareholders, and are not for the purpose of maintaining the status held by the management of the Company.

### (2) Results of audit of non-consolidated financial statements and their supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

### (3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2021

**Akemi Mochizuki**

Audit Committee Member

**Yoshitaka Fujita**

Audit Committee Member

**Mitsuhiro Nagahama**

Audit Committee Member

**Toshihiko Enomoto**

Standing Audit Committee Member

Note: Ms. Akemi Mochizuki, Mr. Yoshitaka Fujita, and Mr. Mitsuhiro Nagahama are Outside Directors as provided for in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.