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Notice Regarding Determination of Details for the Revision of Executive Compensation System

With regard to the revision of the executive compensation system, the outline of which was announced in the “Notice Regarding Revisions to Executive Compensation System” dated March 26, 2026, NSK Ltd. (NSK) announces that at the Compensation Committee meeting held today, the evaluation indicators for performance based compensation and the details of the stock compensation system were determined, and a new “Policy for Determining Compensation for Officers” was resolved, as outlined below.

1. New Policy on Determining the Amount of Executive Compensation, etc.

With respect to the policy for determining the amount of compensation for officers or the method of calculating such compensation, applicable from April 1, 2026, the Compensation Committee, chaired by an outside director, of NSK, which is a company with a nominating committee, etc., has determined the policy. The basic approach and specific policies regarding the determination of compensation for officers are as follows:

Basic Approach

- Strengthen the linkage between compensation and corporate value, and ensure transparency in the compensation framework to enhance corporate value over the mid to long term.

Specific Policies

- Secure outstanding human resources
- Incentivize management to contribute to the enhancement of mid to long-term corporate value
- Align the interests of management with those of shareholders
- Ensure fair, objective, and highly transparent corporate governance

(1) Compensation for Executive Officers (*shikkoyaku*) shall consist of the following:

Compensation Type		Overview
Fixed Compensation	Basic compensation	<ul style="list-style-type: none"> • Monetary compensation paid in accordance with each Executive Officer's role and responsibilities.
Performance-Based Compensation	Short-term performance-based compensation	<ul style="list-style-type: none"> • Monetary compensation determined based on annual performance results. • Evaluation indicators will consist of single year metrics aligned with management goals such as improving profitability and enhancing corporate value, related to the Mid Term Management Plan, including operating margin, cash flow, CO₂ emission reductions, and ESG related indicators such as safety and quality improvements. • Payment amounts will reflect the degree of achievement for each indicator. • Individual amounts will incorporate evaluations of each Executive Officer's performance in executing duties and progress in key management initiatives.
	Mid- to long-term performance-based stock compensation	<ul style="list-style-type: none"> • Stock compensation based on mid to long term performance indicators. • Evaluation indicators will include those based on the Mid Term Management Plan such as ROE, relative TSR (vs. TOPIX), and engagement scores, as well as indicators contributing to cost conscious management, alignment with shareholders' interests, and strengthening of human capital, together with ESG indicators such as inclusion in the DJBICI World / Asia Pacific index. • After a certain period has elapsed following the granting of points under the Board Benefit Trust, the number of points will be adjusted based on designated evaluation metrics. • Company shares equivalent to a portion of the points will be delivered during the term of office, subject to transfer restrictions until retirement. Upon lifting of the transfer restrictions, the remaining portion will be converted into cash within the trust and paid accordingly.

(2) Compensation for Directors shall consist of the following:

Type of Compensation		Overview
Fixed Compensation	Basic compensation	<ul style="list-style-type: none"> • Monetary compensation paid according to the distinction between internal directors knowledgeable about the Company's business and outside directors who provide objective advice as effective supervision of management, as well as their roles on committees and the Board of Directors.
Performance-Based Compensation	Stock compensation	<ul style="list-style-type: none"> • Designed to further motivate Directors to contribute to sustainable enhancement of corporate value and align their interests with those of shareholders. In light of their supervisory role, stock compensation for Directors will not be linked to business performance. • Points will be granted annually, with a portion of shares delivered during the term of office under transfer restrictions until retirement. Upon lifting of the transfer restrictions, shares corresponding to the remaining points will be converted into cash within the trust and paid accordingly.

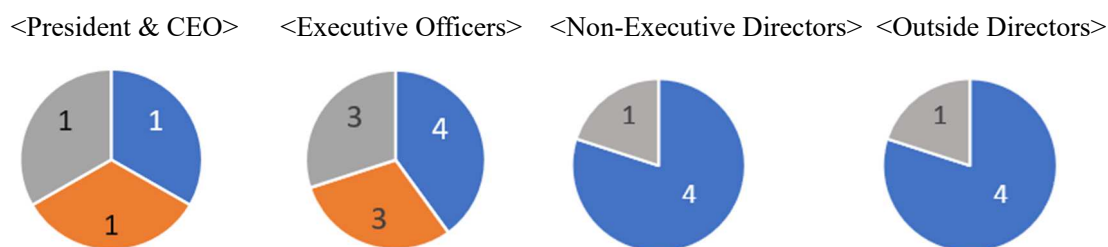
(3) Return of Compensation (Malus/Clawback Provision)

For short term performance-based compensation and mid to long term performance based stock compensation, in cases of serious compliance violations or revisions to indicators forming the basis of compensation calculations, the Company has established a mechanism whereby all or part of the performance based compensation already paid may be reclaimed based on a resolution of the Compensation Committee.

(4) Compensation Structure and Method of Setting Compensation Levels

In setting the compensation structure and levels, NSK has established a peer group consisting of machinery manufacturers, auto parts manufacturers, similarly sized manufacturers, ESG advanced companies, and overseas peer companies, and has utilized the advice of outside experts to set competitive compensation structures and levels.

The compensation structure for the President & CEO, Executive Officers (Executive Vice Presidents), and Directors is set according to specified ratios (assuming achievement of performance targets).



Note: Compensation for the President & CEO includes compensation as a Director.



(5) Other

Compensation for officers is determined separately as “basic compensation, Short-term performance-based compensation, and compensation as a Director.” In cases where a Director concurrently serves as an Executive Officer, the respective amounts are combined and paid.

Directors who concurrently serve as Executive Officers are not granted stock compensation as Directors.

2. Review of the Stock Compensation System

(1) Purpose of the Revision

NSK has introduced a stock compensation system for Executive Officers, Directors who do not concurrently serve as Executive Officers, and employees with delegated executive duties (excluding those who served as corporate officers from April 2022 to March 2025 and will be appointed as executive employees from April 2025; hereinafter, together with Executive Officers and Directors who do not concurrently serve as Executive Officers, referred to as “Eligible Officers”), with the aim of enhancing the linkage between officer compensation and mid to long term stock value, aligning interests with shareholders, and further motivating contributions to sustainable enhancement of corporate value.

In light of their respective responsibilities, the system for Executive Officers and executive employees is linked to the Company's performance, while that for Directors who do not concurrently serve as Executive Officers is not linked to performance.

Under this revision, the Company has resolved to change the timing of share delivery from the time of retirement to during the term of office, subjecting such shares to transfer restrictions until retirement, and to introduce additional performance evaluation indicators for Executive Officers and executive employees in order to further strengthen linkage with performance.

Through this revision, the Company aims to further strengthen alignment of interests with shareholders and enhance motivation toward sustainable corporate value improvement.

(2) Overview of the Revision

The main revisions are indicated by underlines. For details regarding the previous version of this plan, please refer to the "Notice Regarding the Introduction of a Stock Grant Trust" announced on May 16, 2016, and the "Notice Regarding Partial Revisions to the Stock Compensation Plan for the Company's Officers" announced on March 27, 2019.

(i) Overview of the System

Under this system, Company shares are acquired through a trust (the "Trust") using funds contributed by the Company, and Company shares and cash for tax payment purposes (collectively, "Company Shares, etc.") are delivered to Eligible Officers through the Trust in accordance with predetermined share benefit regulations.

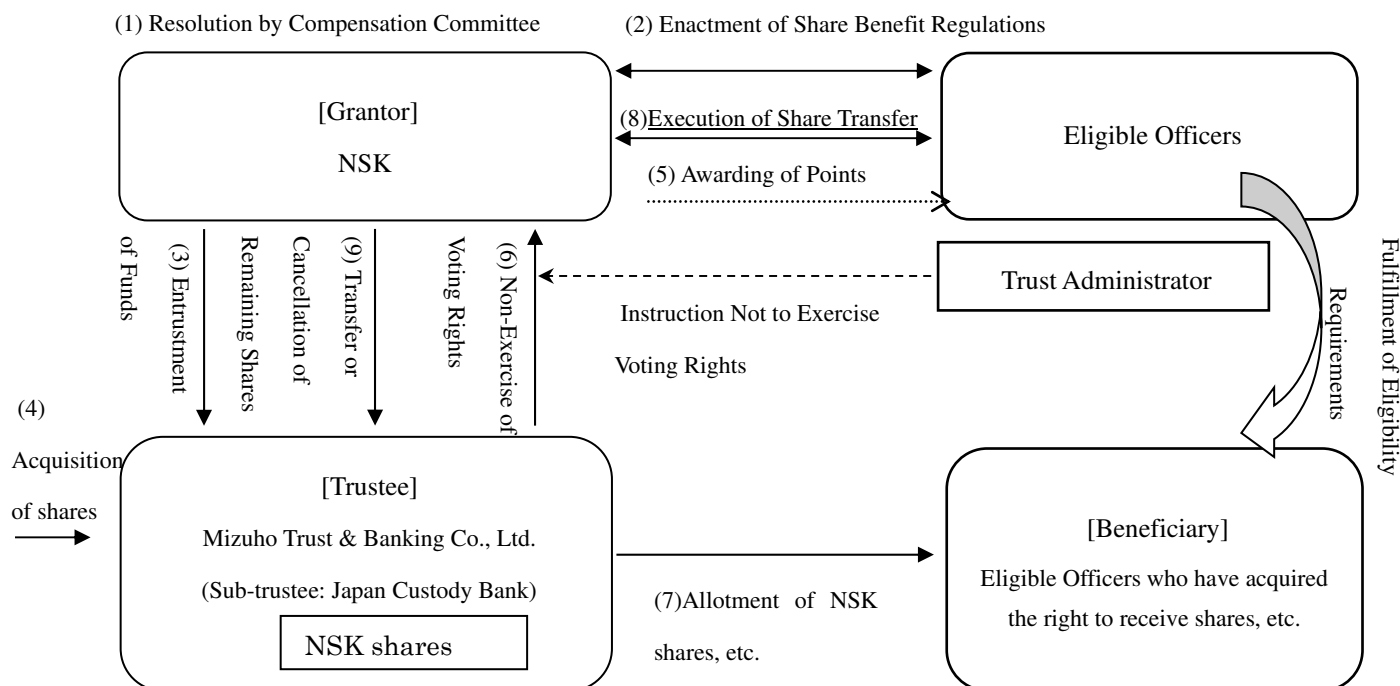
As a general rule, shares are delivered to Directors at a certain time each year, and to Executive Officers and executive employees at certain times after the performance evaluation periods defined in (v) below and after the conclusion of the Mid Term Management Plan.

When shares are delivered during the term of office, Eligible Officers will enter into transfer restriction agreements with the Company, under which the shares are subject to transfer restrictions until retirement. Cash for tax purposes will, in principle, be delivered upon lifting of transfer restrictions (i.e., at retirement).

Furthermore, points already granted under the previous system to Eligible Officers who are in office at the conclusion of the relevant General Meeting of Shareholders will also be settled under the revised system by delivering Company shares subject to transfer restrictions and providing cash for tax purposes at the time of retirement.

Voting rights attached to Company shares held within the Trust will not be exercised.

Structure of the Plan



- (1) The Company will resolve on the introduction of this system at a meeting of the Compensation Committee.
- (2) The Company will establish stock benefit regulations regarding the introduction of this system.
- (3) The Company shall place funds in trust based on the resolution of the Compensation Committee in (1).
- (4) This trust shall acquire the Company's shares using the funds entrusted in (3) as the source of funds, either through an exchange market or by underwriting the disposal of the Company's treasury shares.
- (5) The Company shall grant points to Eligible Officers in accordance with the Share Benefit Regulations.
- (6) This trust shall not exercise voting rights pertaining to the Company's shares held in the trust account, in accordance with the instructions of a trustee independent of the Company.
- (7) The Trust shall grant shares of the Company to eligible officers who have met the grant requirements set forth in the Share Benefit Regulations (hereinafter referred to as "Beneficiaries"), with directors receiving shares at a fixed time each year, and executive officers and employees with delegated executive duties receiving shares at a fixed time after the end of the performance evaluation period or after the end of the medium-term management plan, in accordance with the number of points granted to each Beneficiary (for executive officers and employees with delegated executive duties, the number of points determined after prescribed adjustments). However, if an eligible officer meets the requirements set forth in the Share Benefit Regulations, a certain percentage of the points will be paid in cash equivalent to the market value of the Company's shares at the time of retirement.
- (8) Eligible officers shall enter into a transfer restriction agreement with the Company stipulating that the Company shares received during their tenure may not be disposed of through transfer or other means until the eligible officer's retirement, and including certain provisions regarding the Company's right to acquire such shares without compensation.
- (9) Furthermore, if any residual shares remain upon the termination of this trust, the trust will transfer such residual shares to the Company free of charge, and the Company plans to cancel them.

From August 25, 2016, until the termination of this trust (Note: No specific termination date has been set for the trust period; this trust will continue as long as this system remains in effect. This system will terminate upon the delisting of the Company's shares, the abolition of the Share Benefit Regulations, or other similar events.)

(iii) Trust Amount

The Company has established this Trust by contributing the funds necessary for the Trust to acquire, in advance for a certain period, the number of shares reasonably expected to be required to provide the

Company's shares, etc., under this Plan.

Specifically, for the three fiscal years ending March 31, 2017, through the fiscal year ending March 31, 2019, the Company contributed 1,683 million yen as the source of funds for the Trust's acquisition of the Company's shares. Subsequently, for each of the following three-fiscal-year periods (hereinafter referred to as the "Target Periods"), the Company contributed 3,447 million yen in August 2019, 1,346 million yen in August 2022, and 991 million yen in August 2025, respectively. This Trust shall continue to exist as a trust based on the revised Plan.

Going forward, until the Program terminates, the Company will, in principle, make additional cash contributions to the Trust every three fiscal years for each Target Period, up to a maximum of 4,412 million yen. However, in the event of such an additional contribution, if there are any Company shares remaining in the trust assets on the day immediately preceding the start of the relevant period for which the additional contribution is to be made (excluding Company shares corresponding to the number of points granted to the relevant officer for which the provision of Company shares or other benefits to the relevant officer has not yet been completed) and cash (hereinafter referred to as "Remaining Shares, etc.") in the trust assets, the Remaining Shares, etc. shall be allocated as the funding source for benefits under this Plan during subsequent Target Periods, and the maximum amount that the Company may contribute additionally for such Target Period shall be the amount obtained by deducting the value of the Remaining Shares, etc. (with respect to the Company's shares, the market value as of the last day of the immediately preceding Target Period) from 4,412 million yen. If the Company decides to make an additional contribution, it will disclose such information in a timely and appropriate manner.

(iv) Method of Acquisition of the Company's Shares

The acquisition of the Company's shares by the Trust shall be carried out using the funds contributed pursuant to (iii) above, either through an exchange market or by underwriting the disposal of the Company's treasury shares. Details regarding the method of acquisition of the Company's shares by the Trust and the number of shares to be acquired, etc., will be disclosed in a timely and appropriate manner as soon as they are determined.

(v) Method for Calculating the Number of Company Shares, etc., to be Granted to Eligible Officers

For directors among the eligible officers who do not concurrently serve as executive officers, points will be granted for each fiscal year in accordance with the Share Benefit Regulations.

For executive officers and employees with delegated executive duties among the Eligible Officers, points corresponding to their position and stock value will be allocated and granted as points ① through ④ below, in accordance with the Share Benefit Regulations, as compensation for the performance of duties in each fiscal year.

① ROE

Points granted to Executive Officers shall be adjusted within a range of 0% to 200% based on the Company's ROE as of the end of the final fiscal year of the Mid-Term Management Plan, and shall be finalized after the conclusion of said final fiscal year.

② Relative TSR

Points granted to Executive Officers shall be adjusted and finalized within the range of 0% to 200%

based on the relative evaluation of the Company's Total Shareholder Return (TSR) (compared to the growth rate of the dividend-inclusive TOPIX) for the three consecutive fiscal years beginning with the fiscal year of grant (hereinafter referred to as the "Performance Evaluation Period"), following the conclusion of said Performance Evaluation Period.

③ Engagement Score

Points granted to Executive Officers shall be adjusted within the range of 80% to 120% based on the Company's engagement score during the Mid-Term Management Plan period and shall be finalized after the final fiscal year of said Mid-Term Management Plan has ended.

④ Selection for Inclusion in the DJBICI World / Asia Pacific Index

Points granted to Executive Officers shall be adjusted within the range of 75% to 125% based on the Company's selection status as a constituent of the DJBICI World / Asia Pacific index during the relevant Mid-Term Management Plan period after the final fiscal year of the Mid-Term Management Plan has ended, and shall be finalized.

The number of shares of the Company, etc., to be received by the Eligible Officer from this trust shall be the number of shares resolved by the Compensation Committee in accordance with the above.

Furthermore, the points granted to the Eligible Officers (for Executive Officers and Employees with delegated executive duties, the points finalized after the above adjustment) shall be converted to one share of the Company's common stock per point upon the grant of the Company's shares, etc., as described in (vi) below (provided, however, that in the event of a stock split, a bonus issue, or a reverse stock split, etc., regarding the Company's shares, a reasonable adjustment shall be made to the number of points granted or the conversion ratio in accordance with the applicable ratio, etc.).

The number of points held by the Eligible Officer, which serves as the basis for calculating the number of Company shares, etc., to be granted, shall, in principle, be the total of the points granted to such Eligible Officer by the time of vesting of the benefit rights described in (vi) below (for Executive Officers and Employees with delegated executive duties, the points determined after the adjustments described above) (hereinafter referred to as the "Confirmed Point Total").

(vi) Timing of Grant of Company Shares, etc.

If an Eligible Officer meets the beneficiary requirements set forth in the Share Benefit Regulations, such officer shall, by completing the prescribed beneficiary determination procedures, receive from the Trust a number of shares of the Company corresponding to the Final Point Total determined in accordance with the provisions set forth in (v) above; for Directors, at a specified time each year; and for Executive Officers and Employees with delegated executive duties, at a specified time following the end of the performance evaluation period or following the conclusion of the Mid-Term Management Plan. However, if the requirements set forth in the Share Benefit Regulations are met, for a certain percentage, instead of receiving a grant of the Company's shares, the Eligible Officer shall, in principle, receive a cash payment from the Trust after retirement equivalent to the amount calculated based on the market value of the Company's shares on the retirement date (for Executive Officers and Employees with delegated executive duties, the date of the Remuneration Committee meeting held after retirement as specified in the Share Benefit Regulations).

Furthermore, if an Eligible Officer receives a grant of the Company's shares while in office, the Eligible Officer shall, prior to receiving the grant of the Company's shares, enter into a transfer restriction agreement with the Company as described in Section 3 below. Consequently, the disposal of the Company's shares received by the Eligible Officer while in office, such as through transfer, will be restricted until the Eligible Officer's retirement.

Furthermore, even if an Eligible Officer has been awarded points, such officer shall not acquire the right to receive benefits if a resolution for dismissal is passed at a general meeting of shareholders or a board of directors meeting; if the officer resigns due to certain misconduct during their tenure; or if the officer engages in inappropriate conduct or other actions that cause damage to the Company during their tenure.

The vesting date for the right to receive stock-based benefits granted to Eligible Officers during their tenure shall, in principle, be the date of the Compensation Committee meeting held after the annual general meeting of shareholders for directors, and for executive officers and executive positions, the date of the Compensation Committee meeting held after the first annual general meeting of shareholders following the end of the performance evaluation period or the conclusion of the Mid-Term Management Plan. In addition, the vesting date for the right to receive stock-based and cash-based benefits granted to Eligible Officers after their retirement shall, in principle, be the date of retirement for directors, and the date of the Compensation Committee meeting held immediately after retirement for executive officers and employees with delegated executive duties.

Furthermore, if, after an Eligible Officer has received a benefit in the form of the Company's shares, etc., there is a serious compliance violation or a revision to the metrics used as the basis for calculating performance-based compensation, a mechanism is in place to require the return of all or part of the benefit based on a resolution of the Compensation Committee.

(vii) Voting Rights Attached to Shares Held in the Trust

Voting rights attached to the Company's shares held in the Trust Account shall not be exercised uniformly, in accordance with the instructions of the Trust Administrator. This approach is intended to ensure neutrality with respect to the Company's management regarding the exercise of voting rights attached to the Company's shares held in the Trust Account.

(viii) Treatment of Dividends

Dividends on the Company's shares held in the Trust Account shall be received by the Trust and applied toward the purchase price of the Company's shares or the trustee's trust fees related to the Trust. Furthermore, in the event the Trust terminates, any remaining dividends in the Trust shall be distributed to the Eligible Officers in office at that time in accordance with the provisions of the Share Benefit Regulations.

(xii) Treatment upon Termination of the Trust

This Trust shall terminate upon the occurrence of events such as the delisting of the Company's shares or the abolition of the Share Benefit Regulations. With respect to the Company's shares constituting the residual assets of this Trust at the time of termination, it is planned that the Company will acquire all such shares without consideration and cancel them by resolution of the Board of Directors. With respect to the monetary portion of the Trust's residual assets at the time of termination, the balance remaining after

deducting the amounts to be delivered to the Eligible Officers pursuant to (viii) above shall be delivered to the Company.

(3) Overview of the Restriction on Transfer Agreement Regarding the Company Shares to Be Granted to Eligible Officers

If an Eligible Officer receives a grant of the Company's shares during his or her tenure, the Eligible Officer shall, prior to the grant of the Company's shares, enter into a transfer restriction agreement (hereinafter referred to as the "Transfer Restriction Agreement") with the Company that includes, in summary, the following provisions (the Eligible Officer shall receive the grant of the Company's shares on the condition that he or she enters into the Transfer Restriction Agreement). However, in cases where the Eligible Officer has already retired at the time of the share grant, etc., the Company's shares may be granted without entering into the Transfer Restriction Agreement.

(i) Details of Transfer Restrictions

Eligible Officers may not transfer, create security interests in, or otherwise dispose of the Company shares received from the date of receipt until the date on which the Eligible Officer resigns from all positions as a Eligible Officer at the Company.

(ii) Acquisition by the Company Without Consideration

In the event of certain acts of misconduct or failure to satisfy the requirements for the release of the transfer restriction set forth in (iii) below, the Company shall acquire the relevant shares without consideration.

(iii) Release of Transfer Restrictions

If an Eligible Officer resigns from all positions as a Eligible Officer with the Company for just cause or resigns due to death, the transfer restrictions shall be lifted at that time.

(iv) Treatment in the Event of Organizational Restructuring, etc.

If a merger agreement in which the Company becomes the dissolving company, or other matters concerning organizational restructuring, etc., is approved at a general meeting of shareholders of the Company or similar meeting during the transfer restriction period, the transfer restriction shall be lifted as of the time immediately prior to the business day preceding the effective date of such organizational restructuring, etc., by resolution of the Company's Compensation Committee.

Furthermore, the Company's shares subject to the transfer restriction under this Transfer Restriction Agreement are scheduled to be managed in a dedicated account opened by the relevant executive at a securities firm designated by the Company during the transfer restriction period, so that they cannot be transferred, encumbered, or otherwise disposed of during the transfer restriction period.

In addition to the above, the methods for expressing intent and providing notice under this Transfer Restriction Agreement, the methods for revising this Transfer Restriction Agreement, and other matters determined by the Compensation Committee shall constitute the terms of this Transfer Restriction Agreement.

[Overview of the Trust]

- (1) Name: Board Benefit Trust
- (2) Settlor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd. (Sub-trustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Eligible Officers who meet the requirements set forth in the Stock Benefit Regulations
- (5) Trust Administrator: A third party with no conflict of interest with the Company has been selected.
- (6) Type of Trust: A trust of money other than a cash trust (trust for the benefit of others)
- (7) Date of Execution of this Trust Agreement: August 25, 2016
- (8) Date of Initial Deposit of Funds: August 25, 2016
- (9) Term of the Trust : From August 25, 2016, until the trust terminates (No specific termination date is set; the trust will continue as long as this system remains in effect.)

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