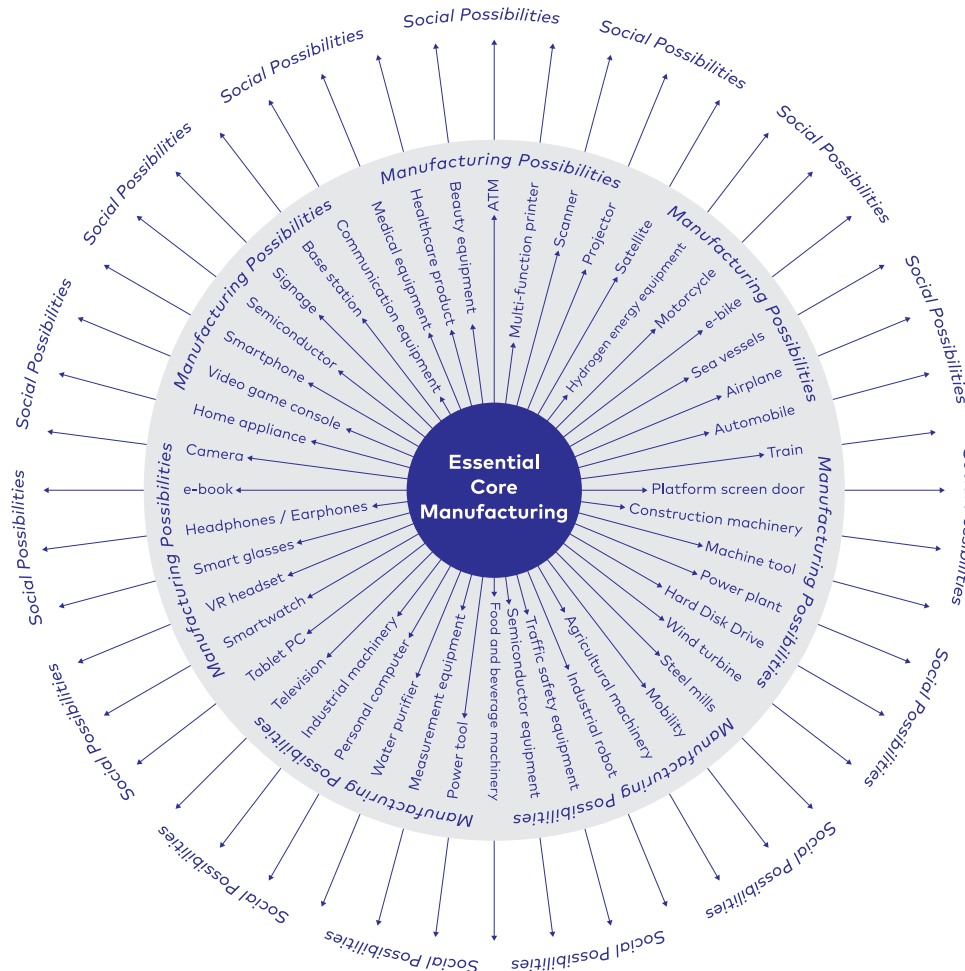


NOK CORPORATION

**NOK
INTEGRATED
REPORT
2024**



Shaping possibilities with unique technology



Essential Core Manufacturing

— The manufacture of pivotal products that shape society.

With safety and comfort being essential pillars of a fulfilling life, our development prioritizes these at a molecular level of precision.

Through the integration of our technology, we enable diverse industrial fields to foster the advancement of everyday life.

We are dedicated to developing unique technology that elevates global standards.

We strive to shape a future of prosperity by consistently raising the level of safety and comfort.

We are committed to pursuing next-generation manufacturing and actively shaping possibilities for the future of all society.

Company Overview (Consolidated)

Established:

July 9, 1941

Sales:

750.5 billion yen (as of March 2024)

Countries/Regions and Number of Group Companies:

15 countries/regions,
93 companies (as of the end of March 2024)

Global Production Sites:

76 locations (as of the end of March 2024)

Employees:

38,097 (as of the end of March 2024)

Production Volume:

Approx. **60** million pieces/day



NOK Philosophy

The NOK Group's management ethos, expressed as "Respect for People Based on Care and Trust," has been the foundation of our organization for nearly 80 years. While preserving this legacy, we aligned it with the current social environment and established Our Purpose and Our Values in 2023. As Global One NOK, we unite with the shared values embraced by our worldwide workforce, and together, we aim to achieve a sustainable society while continuing to elevate our corporate worth.

Our Purpose

Why we are here

**Shaping Possibilities
with Unique Technology**

Our Values

The principles and values that guide us

RESPECT:

We respect diversity
and inclusivity

IGNITE:

We ignite a passion
for innovation

EXPLORE:

We explore every
possibility for
better solutions

EXCEED:

We exceed
expectations
by delivering
exceptional results

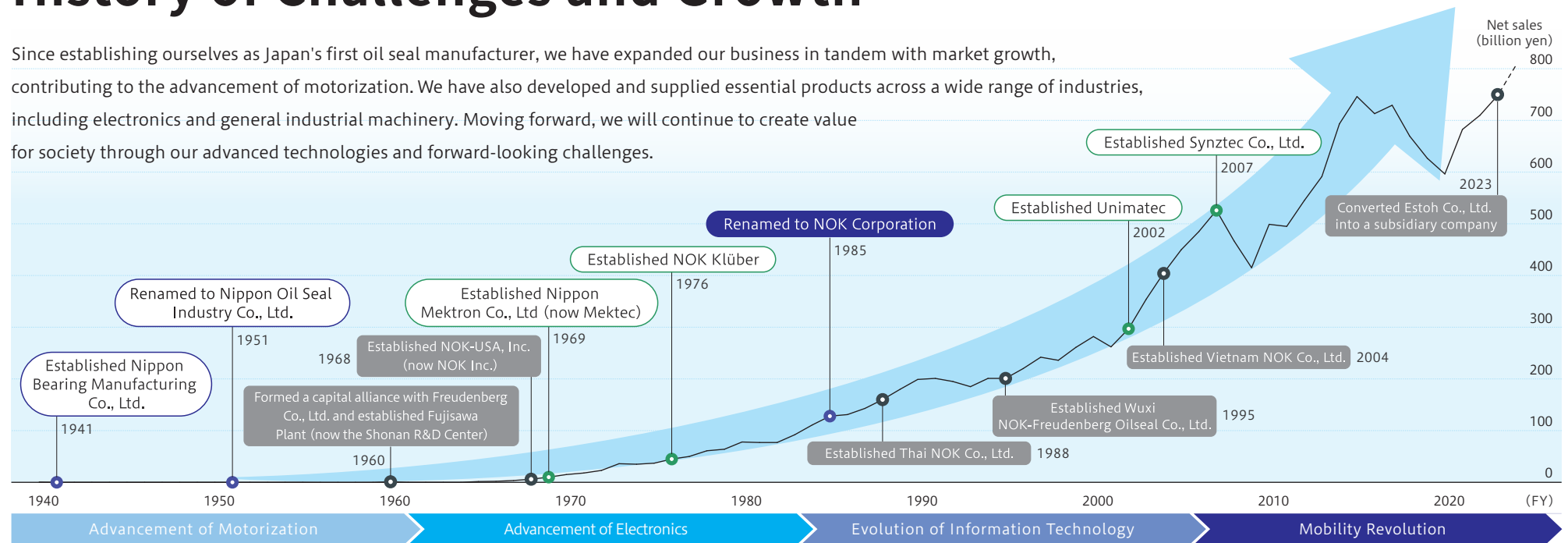
We pursue our dreams

Our Founding Principles

1. The Management has to run the Company based on feelings of care and trust in its employees.
2. The Management has to run the Company while uniting to ensure full ventilation without forming any cliques.
3. The Management has to run the Company while making absolutely incredible efforts against all odds and risks.
4. The Management has to run the Company while pursuing dreams with management plan.

History of Challenges and Growth

Since establishing ourselves as Japan's first oil seal manufacturer, we have expanded our business in tandem with market growth, contributing to the advancement of motorization. We have also developed and supplied essential products across a wide range of industries, including electronics and general industrial machinery. Moving forward, we will continue to create value for society through our advanced technologies and forward-looking challenges.



Changes in the Automobile Market

1940s

• Establishment of the foundation of the automotive industry

Began full-scale provision of synthetic rubber oil seals

1960s

• Expansion of motorization

Formed a partnership with Carl Freudenberg and established research and mass-production systems, including building factories in Japan and abroad

1970s

• Automotive electrification

Aimed to become a comprehensive parts manufacturer, expanded product lines, and production systems

2000s

• The rise of eco-cars

Established low-torque and space-saving technologies, expanded product line-up

2010s

• Acceleration of the global EV shift

Started mass production of FPCs for voltage monitoring and expanded EV product line-up

Changes in the Electronics Market

1970s

• Miniaturization of audio and video equipment Birth of portable music players

FPCs, which had been used in industries like aerospace, aviation, and military sectors in the U.S. in the 1960s, were adopted in consumer electronics in Japan, expanding the market

1980s

• Birth of the notebook PC

FPCs contributed to the miniaturization, light weight, and thin design of notebook PCs

• Digitization of cameras

FPCs were adopted in SLR cameras, leading to the birth of electronically controlled cameras and further market expansion

1990s

• Birth of the mobile phone

Flip phones equipped with FPCs became a hit

2007

• Launch of the smartphone

With the spread of smartphones, the demand for FPCs expanded

2020s to the present day

• Expansion of data centers due to the progress of digitization

Increasing demand for FPCs due to the growing number of hard disk drives (HDDs) for data centers

Contents.

- 03 NOK Philosophy
- 04 History of Challenges and Growth
- 06 Editorial Policy

1

NOK GROUP STRATEGY

NOK Group Strategy

This section introduces the strategy and progress of NOK Group's transformation, focusing on messages from the Group CEO, Group CTO, Group CHRO, and Group CFO.

- 08 Message from the Group CEO
- 13 Medium-Term Management Plan
- 14 Materiality
- 15 Research and Development Strategy
- 19 Governance Strategy
- 21 Human Resources Strategy
- 23 Action toward Global One NOK 01
Town Hall Meetings: Direct dialogue with
Executive Management
- 24 Action toward Global One NOK 02
Overcoming Regional and Departmental Barriers
to Respond to the EV Market
- 25 Financial Strategy

2

VALUE CREATION PROCESS

Value Creation Process

This section introduces the social and economic value that the NOK Group creates through its business activities.

- 28 Value Creation Process
- 29 Management Capital
- 30 NOK's Value to Stakeholders
- 31 NOK's Business Segments
- 32 Sales and Operating Income by Segment and Region
- 33 Seal Business
- 34 Electronic Products Business
- 35 Other Business

3

ESG AT A GLANCE

ESG at a Glance

This section summarizes NOK Group's ESG initiatives, which are essential for corporate management. It is composed of ESG evaluations and key initiative data.

- 37 ESG Evaluation and Supporting Initiatives
- 38 Environment
- 41 Society
- 43 Governance
- 44 Corporate and Stock Information
- 45 NOK Group Locations
- 46 Overseas Group Companies
- 47 Financial Data

Editorial Policy

Editorial Policy

This report aims to provide stakeholders with a comprehensive understanding of NOK Group's long-term value-creation efforts, covering both financial and non-financial aspects. We view this report as a crucial tool for strengthening communication with our stakeholders. For further details on sustainability and ESG initiatives, please refer to the "ESG Data Book 2024." We welcome and greatly appreciate your candid feedback and insights.

Reporting Period

Fiscal Year 2023 (April 1, 2023 – March 31, 2024)

Note: Some content includes activities prior to or following the reporting period.

Issue Date

November 2024

Guidelines and Initiatives Referenced

- International Integrated Reporting Framework
- Guidance for Integrated Disclosure and Dialogue for Value Co-Creation
- SASB Standards (Sustainability Accounting Standards Board)
- ISO 26000:2010 Guidance on Social Responsibility
- Global Reporting Initiative (GRI) Standards
- United Nations Global Compact (UNGC)
- Task Force on Climate-related Financial Disclosures (TCFD)

Contact Information



Inquiry Form

<https://www.nok.co.jp/en/contact/>

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Positioning of Various Reports and Disclosure Information

Business Strategy & Financial Information

ESG Information



Integrated Report

Comprehensive introduction to NOK Group's efforts toward long-term value creation from both financial and non-financial perspectives.

https://www.nok.co.jp/pdf/csr/report/2024/integrated_report_2024_e.pdf

Annual Securities Report

<https://www.nok.co.jp/ir/report.html>

Financial Results Summary

<https://www.nok.co.jp/en/ir/results.html>

Financial Results Briefing Materials

<https://www.nok.co.jp/en/ir/library.html>

Shareholders' Meeting Notices and Reports

<https://www.nok.co.jp/ir/meeting.html>

ESG Data Book

Consolidated data on various ESG performance metrics.

https://www.nok.co.jp/pdf/csr/report/2024/esg_databook_2024e.pdf



Corporate Governance Report

https://www.nok.co.jp/en/csr/governance/corporate_governance.html

NOK GROUP STRATEGY

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This section introduces the strategy and progress of NOK Group's transformation, focusing on messages from the Group CEO, Group CTO, Group CHRO, and Group CFO.

Message from the Group CEO	08	Human Resources Strategy	21
Medium-Term Management Plan	13	Action toward Global One NOK 01	
Materiality	14	Town Hall Meetings: Direct dialogue	23
Research and Development Strategy	15	with Executive Management	
Governance Strategy	19	Action toward Global One NOK 02:	
		Overcoming Regional and Departmental	24
		Barriers to Respond to the EV Market	
		Financial Strategy.....	25

Message from the Group CEO

Preparing Our Business Management System for Global Growth and Sharing Common Values with Our 38,000 Employees

Masao Tsuru Representative Director, Group Chief Executive Officer

No growth without change Capitalizing on opportunities in the EV sector and beyond

NOK was founded in 1941 with the manufacturing and sale of oil seals as its core business. Even as the company grew, our predecessors recognized that relying solely on the seal business posed significant management risks, and they chose to invest resources in industries with future growth potential. This forward-thinking approach has shaped NOK Group's current business portfolio.

As I carry on NOK's legacy of challenge and growth, I will initiate change where necessary while preserving what should remain unchanged. My goal is to achieve one trillion yen in sales by FY2031, which marks NOK's 90th anniversary. To reach this goal, we formulated the Medium-Term Management Plan (MTMP) covering the three years starting in FY2023.

In this MTMP, we have highlighted the EV sector as the most important growth driver. Therefore, in addition to our seal products, we are advancing the development of flexible printed circuits (FPCs), the core of our Electronic

Products Business, and expanding sales to battery and automobile manufacturers.

Our Group has an extensive track record of transactions with domestic and international automobile manufacturers, centered on seal products, and boasts a well-established quality assurance system. We plan to fully utilize this expertise across the entire NOK Group, including our Electronic Products Business. In 2023, we acquired 100% of the shares of Estoh, a manufacturer of precision resin products. Estoh's lithium-ion battery resin gaskets (seal products) for EVs, which are highly regarded in the market, have now joined our lineup, further enhancing NOK Group's EV-related product offerings.

Alongside the EV sector, green energy is another growth driver, and we are focused on product development and sales expansion in the hydrogen sector. Seal products are used throughout the hydrogen supply chain, including in production, storage, transport, and utilization. These products are attracting attention not only in Japan but are also generating interest from China.



Reorganizing the business structure and establishing a Group tagline

Of the 38,000 employees in the NOK Group, approximately 70% work outside of Japan. To break away from a Japan-centered mindset and unite as Global One NOK to achieve global growth, we have set "Optimize operational structure for global expansion" as one of the four transformation initiatives in our MTMP.

A recent initiative was our transition to a global matrix organization in June 2024. This structure promotes business through a vertical axis of BUSINESS FUNCTIONS managed by Group companies and business units, while LEADING FUNCTIONS such as strategy, HR, communication, and technology connect these functions on a horizontal axis. While

BUSINESS FUNCTIONS have already been integrated globally, this reorganization establishes a structure that allows vertical and horizontal collaboration, enabling the 38,000 employees to grow together.

As part of our approach to sharing values with all employees worldwide, we established Our Purpose and Our Values in May 2023. In April 2024, we also formulated the group-wide tagline: "Essential Core Manufacturing — The manufacture of pivotal products that shape society." Our business and products have always been and will continue to be essential for people to live happy lives.

As NOK has expanded its business areas, each business has developed its own culture, resulting in a diverse corporate group. This may have led those outside of NOK to wonder, "What exactly does NOK do?" However, it is a significant achievement that all employees can now clearly state, "We are a company

that manufactures essential products for the world." Along with the tagline, we also established a unified group logo as part of our new corporate identity (CI). The creation of our CI was carried out with the support of Kashiwa Sato, a renowned Japanese creative director. The CI serves two roles: unifying our philosophy across all 93 domestic and international group companies and fostering a mindset that all companies are on an equal footing. We view the establishment of the CI as an investment, with the expectation of medium- to long-term effects.

Four key initiatives to realize the Medium-Term Management Plan (FY2023-FY2025) goal of Constructing a Foundation for Transformation

 Create new growth drivers	<ul style="list-style-type: none"> ● Develop and expand sales for function-specific EV products ● Develop and expand sales for green energy-related products ● Expand sales for semiconductor equipment products
 Optimize operational structure for global expansion	<ul style="list-style-type: none"> ● Establish Audit & Supervisory Committee ● Strengthen diversity of Board of Directors ● Expand and accelerate data utilization ● Implement robust ESG initiatives
 Construct diverse human capital foundation	<ul style="list-style-type: none"> ● Introduce new HR system ● Invest in human resource development ● Implement DE&I initiatives
 Optimize management resources	<ul style="list-style-type: none"> ● Secure orders at fair market prices ● Execute capital policy



On April 3, 2024, at NOK's headquarters in Tokyo, we held a launch event for our new Corporate Identity. Creative Director Kashiwa Sato, who supported the development of the new CI, joined Group CEO Masao Tsuru to discuss the background and goals behind the CI development and the thoughts behind the new group-wide logo, company logo, and tagline.

Transition to a company with Audit and Supervisory Committee ESG commitment at the executive level

One initiative we'd like to highlight within our ESG efforts is the strengthening of corporate governance. In June 2024, we transitioned to a company with an audit and supervisory committee to clarify the roles of management oversight and execution. To enhance the effectiveness of the Board of Directors, we are evolving it into a forum for more in-depth discussions on our vision and critical management matters. Additionally, we are promoting diversity within the Board of Directors. Regarding ESG promotion, we established a new Sustainability Office in June 2023 by integrating the Environmental Management Office, ESG Promotion Office, and the Safety and Health Promotion Department of the Operations Division. This office oversees individual departments' and group companies' initiatives and activities, driving sustainability management across the entire NOK Group. Furthermore, we established the Sustainability Committee under the Board of Directors, chaired by the Group CEO and comprised of department heads, to ensure decisive leadership. For example, renewable



In January 2024, approximately 160 employees attended the Town Hall Meeting held in Wuxi, China. The meeting was divided into a business session and a Q&A session, fostering lively discussions.

energy investments often require significant funding, and if left solely to executive officers or department heads, there may be hesitation. The Sustainability Committee provides a space for the executive team to deliberate, make firm decisions, and prioritize ESG initiatives. We've also incorporated a system that reflects ESG performance into executive compensation.

Ensuring no employee is left behind Advancing our HR strategy

At the heart of the MTMP is our Purpose: Shaping possibilities with unique technology. It is designed to drive transformation, share unwavering values, and build a strong management foundation. Imbuing these values into the hearts of our 38,000 employees worldwide is no easy task; simply communicating via email has limited effectiveness.

Therefore, in July 2023, we took the first step by explaining the purpose to management both in Japan and overseas. To achieve this, we held the Global Summit 2023 NOK Group in Tokyo, which was attended by 500 participants from around the world. This strengthened the organizational unity of Global One NOK.

We continue to hold Town Hall Meetings at both domestic and international locations to engage in dialogue with employees. Under the concept of "We hear you," the focus is not on one-sided communication from management but rather on listening to employees' opinions. In particular, at the Town Hall Meetings outside of Japan, we often feel the passion and expectations of our employees firsthand.

While explaining why change is necessary now requires a lot of my personal energy, the effort is worth it. We get to hear a variety of opinions, including complaints directed at the company, but I believe this shows our openness and the high level of psychological safety we've cultivated.

The most important asset for NOK Group is our people; people shape the culture and mindset of the company. In FY2023, we introduced a new talent development program, and in FY2024, we significantly revamped our HR system.

In June 2024, we established the new position of Group CHRO, responsible for overseeing human capital on a

global scale. Shigeki Egami, who has extensive experience and a proven track record in global HR from other companies, has been appointed to this role. Our human resources and talent strategy ensures that none of our 38,000 employees are left behind. For example, talent management aims to maximize the capabilities of our employees. However, this has often been viewed through a domestic lens, but real change can only occur including our operations outside of Japan. Therefore, we are strategically and globally appointing talent.

Of course, no matter how well-structured an HR system may be, individuals themselves must be driven by a desire to grow and take on the work they want to do. The values we established alongside our purpose serve as the behavioral framework for this.

While providing a base level of development opportunities for all, we invest more significantly in individuals who proactively seek opportunities, offering special development programs such as leadership camps. In fact, past internal surveys have revealed a challenge: while employee engagement was relatively high, there was a lower tendency toward ambition and desire for growth. To address this, we've started with reforming the Japanese HR system and making participation in growth opportunities and challenges part of our KPIs. We aim to design a system of incentives for those who improve their performance, where merit-based rewards are clear.

Additionally, we are making significant efforts toward DE&I (Diversity, Equity, and Inclusion). This includes actively promoting women in leadership roles. Executive management is fully engaged in developing these programs. While the impact of these efforts won't be immediate, we are committed to continuing them over the long term.

2023 performance and 2024 strategy to improve profitability

Reflecting on the performance for FY2023, the first year of the MTMP, our Seal Business saw significant growth, particularly in Japan, resulting in record-high sales of 750.5 billion yen and an operating income increase of 49.0% year-on-year to 22.9 billion yen. However, our Electronic Products Business, which aimed to return to profitability, ended with a 1.0 billion yen deficit. Addressing this issue remains a crucial challenge for FY2024.

The performance forecast for FY2024 (as announced on August 2, 2024) anticipates a 0.8% decrease in sales from the previous year to 744.7 billion yen but a 22.2% increase in operating income to 28.0 billion

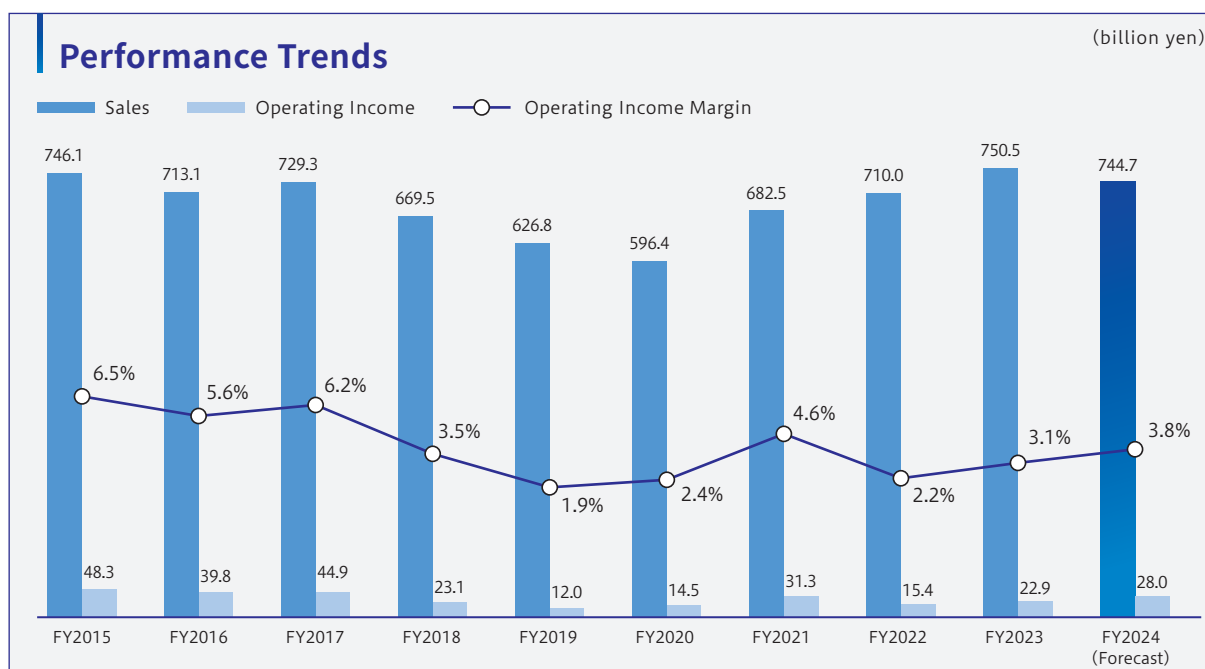
yen. This plan reflects intentional growth investments focused on developing new markets in the Seal Business and strengthening organizational foundations for future growth.

Each business unit is first required to operate profitably on a standalone basis. The next phase then assesses how to maximize profitability with the resources at hand. We use ROIC (Return on Invested Capital) to evaluate profitability. For the NOK Group, ROIC in FY2023 was 2.6%, an improvement from FY2022, but still falls short of the 6.5% target for FY2025, the final year of the MTMP. ROIC will be applied to profitability management by business unit, and we will work toward an optimized business portfolio.

Enhancing the profitability of unprofitable domestic

businesses will be key to improving overall group profitability. In Japan, fixed assets, including the headquarters, are concentrated, which affects profitability. Considering this, it is essential for Japanese businesses to boost productivity and regain earning power to keep pace with our profitable operations outside of Japan.

We are also working on optimizing capital allocation. As mentioned earlier, our MTMP includes 160 billion yen in investments over three years, primarily focused on expanding growth areas. During these three years, we are balancing short-term initiatives to solidify the current business foundation with long-term growth strategies, aiming to become a one trillion-yen revenue company by FY2031.



FY2023 Performance

Increased sales and profit compared to the previous fiscal year.

■ Sales: +5.7%, operating Income: +49.0%

FY2024 Outlook (Announced August 2, 2024)

A decrease in sales but an increase in profit is expected.

We will make the necessary investments for long-term growth.

■ Sales -0.8% compared to the previous year, operating income: +22.2% compared to the previous year

■ Seal Business: Both sales and operating income are expected to increase compared to the previous year. Investments will also increase in areas such as developing new markets and strengthening organizational foundations for future growth.

■ Electronic Products Business: Profitability is expected to return.

	Performance in FY2022 (Year Ended March 2023)	Performance in FY2023 (Year Ended March 2024)	Forecast for FY2024 (Year Ending March 2025)
Net sales	710 billion yen	750.5 billion yen	744.7 billion yen
Operating income	15.4 billion yen	22.9 billion yen	28 billion yen

In FY2023, we invested approximately 58 billion yen, roughly in line with our plan. The significant investment was the 100% acquisition of Estoh shares. The rest of the investment was split equally between the Seal and Electronic Products businesses. In China, we established a new R&D base and strengthened production equipment for products related to EV batteries.

We are considering introducing ERP (Enterprise Resource Planning) systems to manage and leverage global management resources centrally. We expect that the process of integrating systems across the entire group and the outcomes of the implementation will lead to standardized business processes. This will improve efficiency in indirect departments and help enhance the profitability of Japanese operations, including headquarters.

Additionally, connecting systems across R&D, procurement, manufacturing, quality control, logistics, and sales will enhance cost management accuracy.

Always questioning and detecting risks Transforming the management system

The risks surrounding the business environment are numerous and diverse. Over the past two years, the yen's depreciation has accelerated and become more persistent. Under such circumstances, sales and profits, when converted into Japanese yen, may appear inflated, making performance seem better than it is. Therefore, we take steps to accurately assess the actual management status and respond appropriately.

Another concern is the rising costs of raw materials, exacerbated by high resource prices and labor shortages. As a manufacturing company, we continue efforts to reduce costs down to the last yen while also consulting closely with our customers to ensure that products are purchased at fair prices. We have production facilities in Southeast Asia and China that serve as shipment bases for local automakers. By building local supply chains, we are less affected by currency fluctuations and can quickly gather local pricing information. Shifting the burden of raw material costs through market-linked contracts is

one option. In addition to these immediate price measures, we are also working on initiatives to boost long-term profits.

In recent years, risk management has become more crucial due to sudden, unforeseen risks — such as the COVID-19 pandemic — that were not anticipated during the planning stages. Therefore, we restructured the Risk Management Committee in FY2023 to prepare for such events, selecting new members and incorporating external talent. We have also revised the committee's operations. The committee identifies potential risks and outlines specific responses for when these risks materialize.

The various risks reported by the committee are discussed and deliberated by the Board of Directors. While we have always been able to monitor risks within each business unit, the risks related to external factors, such as geopolitical risks, which have become increasingly critical in recent years, are discussed with particular attention to the opinions of external directors.

Previously, we built our plans based on the market environment presented by our customers and executed them accordingly. Now, we begin by questioning the assumptions internally and discussing the risks inherent in each business. The business plan for FY2024 reflects these risk factors.

Advocating for change within and outside the company Transforming our culture

In 2023, we published our first integrated report and have spent the past year engaging in dialogue with a wide range of stakeholders. The business environment is continuously evolving worldwide. The integrated report serves as a vital communication tool to demonstrate our strong commitment to completing these transformations and continuing our growth.

Through Town Hall Meetings, I communicate our vision and values to employees and ensure that our 38,000 colleagues adopt a more global perspective in their work. I carefully explain these ideals, ensuring

they permeate the organization.

To external stakeholders, such as our industry partners and clients, I have explained why NOK is pursuing this transformation. Moving forward, I will continue to directly convey my passion for these changes to all our stakeholders.

As the leader of the company, my role is to advocate for the need for transformation, to shift our corporate culture, and to ensure that external stakeholders understand and support these changes. I will not be swayed by short-term fluctuations in business performance. Instead, I will continue to drive forward with unrelenting determination toward our 90th anniversary in 2031 and our 100th in 2041.



Medium-Term Management Plan

Medium-Term Management Plan

NOK Group is working toward transformation to achieve one trillion yen in revenue by FY2031, which marks the company's 90th anniversary. To prepare to become a one-trillion-yen company, the Medium-Term Management Plan for FY2023 through FY2025 emphasizes Constructing a Foundation for Transformation. It focuses on executing four major initiatives: Creating new growth drivers, optimizing the operational structure for global expansion, constructing a diverse human capital foundation, and optimizing management resources.

Target for FY2031

Revenue
Over one trillion yen

Operating income margin
8% or more

Medium-Term Management Plan (FY2023–FY2025)

Constructing a foundation for transformation + Establish cycle for implementing reforms

FY2022		FY2025	
Revenue	Operating income margin	Revenue	Operating income margin
710 billion yen	2.2%	845 billion yen	6.8%

Key initiatives of the Medium-Term Management Plan (FY2023–FY2025) for sustainable growth

Seal Business Initiatives

Expanding business targeting local customers at our Chinese sites

Improving profitability by eliminating unprofitable portfolios

Expanding into future growth areas such as green energy and semiconductor-related products

Electronic Products Business Initiatives

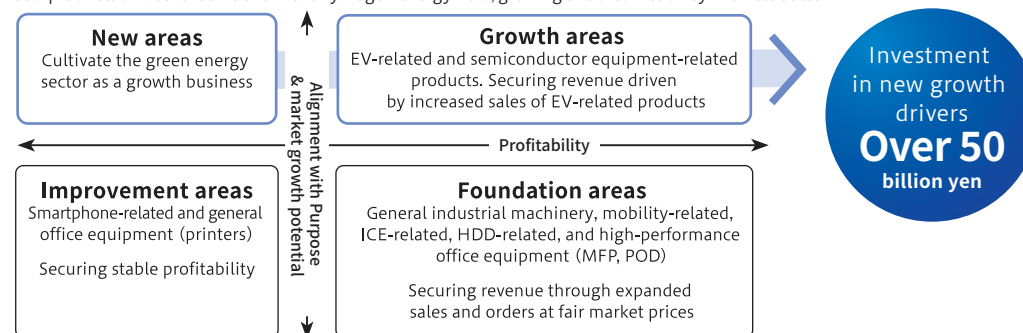
Responding to demand fluctuations
Addressing smartphone demand fluctuations by meeting the needs of the automotive sector

Expanding stable areas
Maintaining a strong revenue base supported by both smartphone and automotive products

Implementation of structural reforms
Decisive structural reforms to improve profitability

Creating new growth drivers R&D Strategy P.15-18

Over the three years starting in FY2023, NOK plans to invest 160 billion yen across four areas, with over 50 billion yen allocated to growth areas such as EV-related, green energy-related, and semiconductor equipment-related products. In the EV sector, NOK will focus on product development and expanding sales in its seal and electronic components businesses. With the addition of precision resin products from Estoh, a company whose shares were acquired in October 2023, NOK aims to expand its lineup of EV-related products to meet a wider range of needs. In the green energy sector, NOK will strengthen the development, marketing, and sales of seal products and other solutions in the hydrogen energy field, growing this area into a key business sector.



Construct a diverse human capital foundation HR Strategy P.21-22

We believe new corporate value emerges when diverse talents fully leverage their skills and characteristics. We are implementing various initiatives to build a foundation for each employee to succeed.

Construct a diverse human capital foundation

- Introduction of a new HR system (from FY2024)
- Leadership training program (from FY2023)
- New initiatives for DE&I (from FY2022)
- Cultivating and discovering young talent (from FY2023)

Human resource activation in line with our values
From an "International Company" to a "Global Company"

Materiality

Materiality

To promote sustainability management across the NOK Group, we have identified four materialities.

Materiality refers to important factors evaluated within the fields of business, environment, society, and governance.

Moving forward, we plan to set goals and KPIs for each materiality initiative.

NOK Group's Materialities

Business challenges



Improving profitability

Enhancing profitability is essential for the sustainable growth of our business. By expanding products for EVs and entering the green energy market, we aim to increase profitability through developing new businesses and optimizing production capacity.

Environmental challenges



Addressing global environmental issues

One of our critical missions is to leave behind a rich global environment for future generations. We will contribute to building a sustainable society through business activities, such as supporting electric vehicle technologies and carbon neutrality while providing environmentally friendly products.

Social Challenges



Responding to human rights, human resources, and working environment

We believe that harnessing the full potential of diverse human resources is essential for corporate growth. To secure and nurture global talent, we are advancing initiatives such as designing HR systems, educational programs, and improving workplace environments.

Governance challenges



Strengthening corporate governance and management systems

Continuously enhancing global corporate governance is one of our top management priorities. By transitioning to a global matrix organization and strengthening cooperation under our Global One NOK framework, we aim to achieve further growth.

Materiality Identification Process

STEP 1 Establishing our desired future, conducting a current state analysis, and identifying key issue candidates

Identifying key issue candidates from a social perspective

The Sustainability Office took the lead on this project, analyzing the NOK Group's current situation and extracting the key social challenge candidates affecting both the company and society. For this extraction, we referred to ESG issues recognized by ESG rating agencies and the important issues highlighted by SASB (Sustainability Accounting Standards Board) standards, which are a major ESG disclosure guideline.

Challenges for the NOK Group to achieve sustainable growth

The CEO office is also focused on identifying challenges that will enable the NOK Group's sustainable growth and achieve its goal of becoming a one trillion-yen company by 2031. Our Medium-Term Management Plan (2023-2025) sets out constructing a foundation for transformation, with four key initiatives, which were used as a reference for this process.

STEP 2 Prioritization of key challenge candidates

From the highlighted challenges, we selected those that are highly relevant to stakeholders and that have a significant impact on the business, based on both a social and business perspective.

STEP 3 External expert consultation

We gathered opinions from internal departments and held consultations with external experts to assess the high-priority and high-impact challenges.

STEP 4 Deliberation by the Management Committee and the Board of Directors

- In July 2024, the Management Committee and the Board of Directors deliberated on the identified key challenges.

Research and Development Strategy

Research and Development Strategy

Toward Becoming a One-Trillion-Yen Company: Expanding into New Markets by Leveraging Technological Strength

Director, Group Chief Technology Officer, Head, NOK Group R&D **Yuki Sato**



Focusing on EV and green energy to create new growth drivers

The NOK Group aims to achieve one trillion yen in sales by 2031. To reach this target, we are advancing one of the four initiatives outlined in our Medium-Term Management Plan: "Creating New Growth Drivers." In particular, we are focusing on Electric Vehicles (EVs) and Green Energy. In EVs, we are concentrating on developing new products, while in green energy, we are entering the market based on our existing product lines and nurturing them into growth drivers.

In EVs, traditional engine oil seals require heat and oil resistance, but performance against water and dust is now critical. The vehicle's body is equipped with numerous Electronic Control Units (ECUs), which demand new materials to prevent faulty connections in electrical circuits. To meet these needs, we are leveraging the expertise in rubber materials that we have accumulated in our Seal Business.

For green energy-related products, we offer gaskets such as "Cell Seal" for fuel cells and water electrolysis units. High-level technical skills are required for molding, mass production, and quality control, as these gaskets are integrated with other components like metal according to the specifications of the final product.

Targeting new markets: Robotics, wearables, and automotive sectors

To achieve one trillion yen in sales, we must create new business pillars that generate hundreds of billions of yen alongside our Seal and Electronic Products businesses. The R&D department sees the current period of the Medium-Term Management Plan as a "sowing seeds" phase to define the research and development direction until 2031. This involves analyzing markets and planning products.

Regarding new business development, we've been progressing projects with the help of a technology strategy consultant, who provides market forecasts and organizes our strengths objectively. We have narrowed down three target markets by identifying areas with strong affinity to technologies held by the NOK Group, alongside megatrends and social issues.

The first is the robotics market. Japanese companies have a strong presence in industrial robots. Moving forward, robots that collaborate with humans and household robots are expected to become more widespread.

The second is the wearables market.

The interaction between devices and people, such as smart glasses, is anticipated to increase. This will likely expand the market, where safety and comfort will be in high demand.

And the third is the automotive market. The automotive

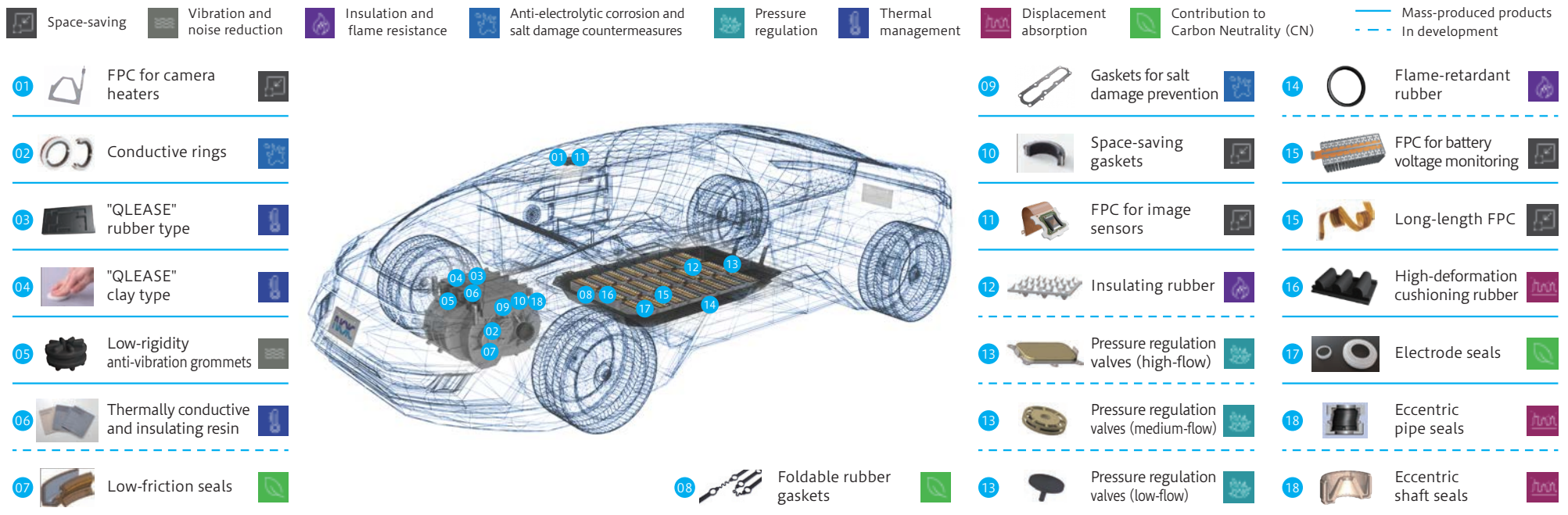
industry is transforming with the advancements in CASE (Connected, Automated, Shared, and Electrification.) Communication between drivers and external systems, as well as the methods of in-car entertainment, are continuously evolving.

These three markets align with our concept of "Essential Core Manufacturing — The manufacture of pivotal products that shape society." We aim to predict what essential products will be required and develop the technologies to bring those products to market. To achieve this, we are promoting further collaboration across the NOK Group.

Before narrowing down our target markets, we re-examined and discussed what makes NOK Group's technology unique and how it becomes our core competence. During this process, our technology strategy consultant pointed out, "NOK possesses highly competitive technologies, so why are the profit margins low? Is there an underlying issue?" This was a perspective we hadn't realized in our internal discussions alone.

Based on this feedback, we are not only focusing on developing high-quality, functional products, but we are also working in parallel to establish a productive mass-production system with robust quality control measures.

NOK Products used for NEV



Areas of Focus: Growth Drivers

EV Products



Green Energy-related Products



Three new businesses to explore and applicable technologies

We have narrowed down our target markets by combining technological strengths, megatrends, and social issues.

Robotics

As robotics advance, the number of multi-joint robots is increasing. This has led to a growing demand for gears.



Realized through the utilization of different materials and surface treatments.

Wearables

The interaction between humans, objects, and robots is increasing.



Combining elastic materials with sensor technology.

Automotive (CASE)

With the evolution of mobility, the use of electrical components is increasing.



Expansion of FPC's connectivity technology.

Strength in interface control technologies. Collaborating with sales to explore markets

In developing new products and exploring new businesses, NOK Group's competitive edge lies in its expertise in interface control technologies.

This "interface" is where gas, liquid, and solid materials connect and exist in various materials and devices. For example, our oil seals are integrated into critical automotive machinery and function to prevent internal oil from mixing with external air or moisture. Since these seals are installed deep within machinery, replacing them during use is extremely difficult. Therefore, durability that exceeds the vehicle's lifespan is required.

This is achieved through meticulous design of the interface structure, considering factors such as long-term degradation caused by vibrations and heat over time, and selecting and designing materials accordingly. These highly precise calculations help prevent the commoditization of our products and protect against the outflow of technology. By leveraging these strengths in interface control technology, we are driving the development of new products and exploring new markets.

However, market exploration cannot be achieved solely from a technical perspective. The sales department's insights are also necessary to determine when and to what extent the three markets will expand. Historically, the process often involved the sales department securing projects, with the R&D department supporting development and improvement. Moving forward, R&D and sales must collaborate closely to explore new markets.

This will require a mindset shift for both sales and R&D. For instance, we actively engage in regular discussions with the sales department, such as through our "e-Mobility Morning Meetings," to collaboratively develop themes we should focus on. We are also in close communication with the Group CFO, who not only expects innovation in new product development but also innovation that improves profitability.

Strategic organizational reforms alongside future investments

As part of our Medium-Term Management Plan, we anticipate investments of over 50 billion yen in new growth drivers over the next three years. A significant portion of this investment will go toward capital expenditures to prepare our existing products in the EV and green energy sectors for the future. Approximately half of the annual budget for the R&D department is allocated to developing e-mobility-related products, manufacturing technologies, and inspection and evaluation technologies.

One of the investments made was in Estoh, a precision resin products manufacturer that joined the NOK Group in 2023. Estoh manufactures resin gaskets for EV lithium-ion batteries and excels in precise resin molding technology. Going forward, the addition of resin products, alongside rubber products and FPCs, to the lineup for EV applications will be key to market expansion.

In terms of organizational management, in April 2023, we merged the Technology Headquarters, the

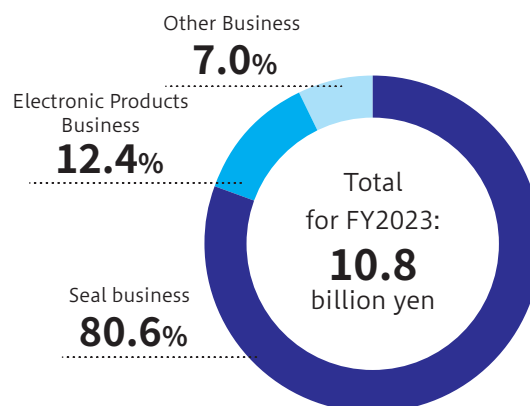
Cell Seal Development Department, and the Production Technology Headquarters at our Fujisawa Plant, the core R&D facility, into a single entity called "NOK R&D."

Furthermore, in April 2024, we established two new departments: the Mobility Product Planning Department, which focuses on automobiles, especially EVs, and the GX (Green Transformation) Product Planning Department. These departments were formed by dividing the previously existing Marketing, Planning, and Intellectual Property Management divisions and incorporating them into the new departments. Together, the marketing, planning, development, and intellectual property management functions will foster the EV and green energy sectors, priority growth drivers for the NOK Group.

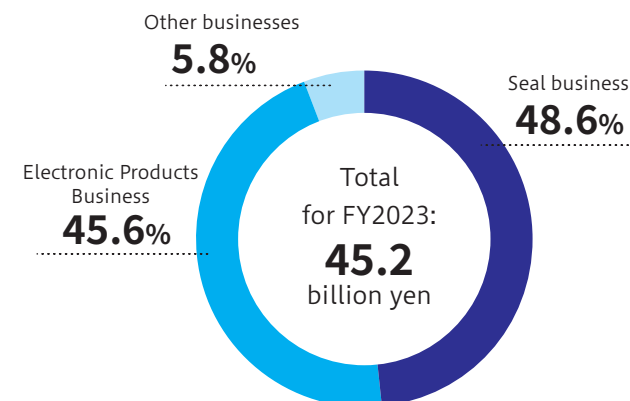
Another organizational change is the transition to a global matrix organization in June 2024, which transformed "NOK R&D" into "NOK Group R&D."

To unite NOK's global resources, we recognize the need to invest in data management systems for the future.

R&D expenses by business segment (consolidated)



Capital investment by business segment (consolidated)

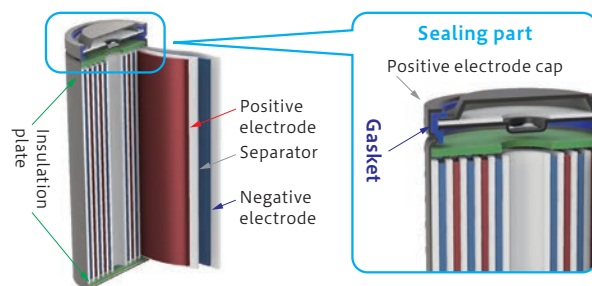


Collaboration between not only the R&D department but also manufacturing and other departments is essential to achieving technological reform across the entire supply chain, including product delivery. We also need quality-related data that helps identify costs, operating rates, and defective products. NOK Group is considering implementing an ERP (Enterprise Resource Planning) system to centralize data management and utilize it in research and development.

Halving lead times relies on our ability to anticipate and fulfill customer demands

In advancing research and development, NOK Group R&D has identified four efficiency themes: "reducing environmental impact," "cutting resource use and waste by half," "halving lead times," and "halving fixed costs." The first two themes relate to the "E" (environmental) aspect of ESG. For example, metal rings are used as components in oil seals to ensure proper fitting strength. We are exploring alternative, lightweight materials instead of metal and considering the adoption of recycled materials. Additionally, when producing rubber components for oil seals, we are

Cross-sectional diagram of a lithium-ion battery



Gaskets used in lithium-ion batteries

Lithium-ion batteries are becoming the mainstream for EV onboard batteries, and among these, demand for cylindrical batteries is expected to increase. Estoh excels in the production of resin gaskets used in cylindrical batteries. This requires exact manufacturing technology, as the gaskets must be close to a perfect circle, making it a challenging task, but Estoh has a strong track record of successful deliveries.

researching methods to eliminate waste material, known as "bari," and looking into ways to reuse or upcycle any bari that is produced.

Regarding the third theme, "halving lead times," we are considering mold-less production, using 3D-printed molds, and reviewing our approach to prototypes.

NOK Group's prototypes are produced to high-quality standards in preparation for mass production. However, we are reconsidering whether, depending on the customer's development phase, there might be cases where response time and the number of proposals should take priority over quality. For example, prototypes can range from those where specifications are not yet decided, and the customer simply wants to "see what the shape looks like" to those closer to finished products that undergo durability testing. In cases where high-spec prototypes are unnecessary, we are simplifying the design and review processes to shorten delivery times and reduce costs. To succeed in this effort, collaboration with the sales department is essential to identify market trends and fully understand customer needs.

Efforts are steadily progressing toward the fourth theme of "halving fixed costs." Traditionally, our production



Fukushima Innovation Initiative

The Group R&D and the Oil Seal Division are collaborating to explore ways to improve manufacturing technologies to enhance profitability. Top management, including the Group CEO, participated in a presentation held in June 2024.

lines were designed with large-scale manufacturing in mind, but in recent years, there has been an increasing need to accommodate small-batch, high-variety production. We are developing manufacturing equipment that modularizes each production process to address this. By reconfiguring production lines on a unit basis to match the products ordered, we aim to cut fixed costs in half.

Increasing interaction between engineers, on-site teams, and management as the head of the R&D department

As a director and head of the R&D department, one of my roles is to promote communication between the R&D teams and support the development of strategies for solving challenges. I believe engineers must go beyond their work within R&D and actively engage with business and corporate departments to propose solutions. To facilitate this, I am creating more opportunities for individuals to collaborate across departments.

Another key role I hold is sharing technical challenges and improvement strategies at management meetings as part of the executive team. For example, challenges related to equipment maintenance are unique to on-site teams. While it is natural for on-site teams to manage equipment maintenance, it is my responsibility to raise points such as, "Shouldn't we coordinate equipment maintenance across all locations as a management priority?"

A further responsibility is overseeing the technical divisions. Each production site is home to highly skilled technicians who are experts in their respective fields. By involving them in discussions about challenges and proposals, we can advance our R&D with shared objectives. This has enhanced the synergy between production sites and NOK Group R&D. Collaboration beyond the company has also accelerated globalization, and we are seeing more joint research initiatives with overseas universities. The global matrix system is becoming a foundation that supports the future growth of NOK Group.

Governance Strategy

Governance Strategy

Moving Toward Global One NOK Transitioning to a Global Matrix Organization

As part of the four transformative initiatives outlined in the Medium-Term Management Plan, specifically the initiative to establish an operational system for global growth, NOK transitioned to a global matrix organization in June 2024.

This structure combines two organizational axes: the BUSINESS FUNCTION, which operates across business lines, and the LEADING FUNCTION, which integrates the 93 group companies within and outside Japan. This new system strengthens collaboration under our Global One NOK vision. Additionally, the Sealing Solution Business, which oversees NOK's seal operations and group companies involved in this sector, has been clearly defined as a virtual organization, and the CxO system introduced in FY2023 has been expanded with

the establishment of Group CxO roles.

Under this structure, the BUSINESS FUNCTION and LEADING FUNCTION will organically connect, driving innovation to respond to rapid changes in both domestic and international external environments and enhancing sustainable corporate value.

Transition to a company with an Audit and Supervisory Committee Further clarifying the roles of supervision and execution

In June 2024, NOK transitioned to a company with an audit and supervisory committee to further clarify the distinction between supervision and execution roles. By dedicating the Board of Directors to important decision-making and oversight of business execution, the company aims to strengthen governance while further accelerating decision-making.

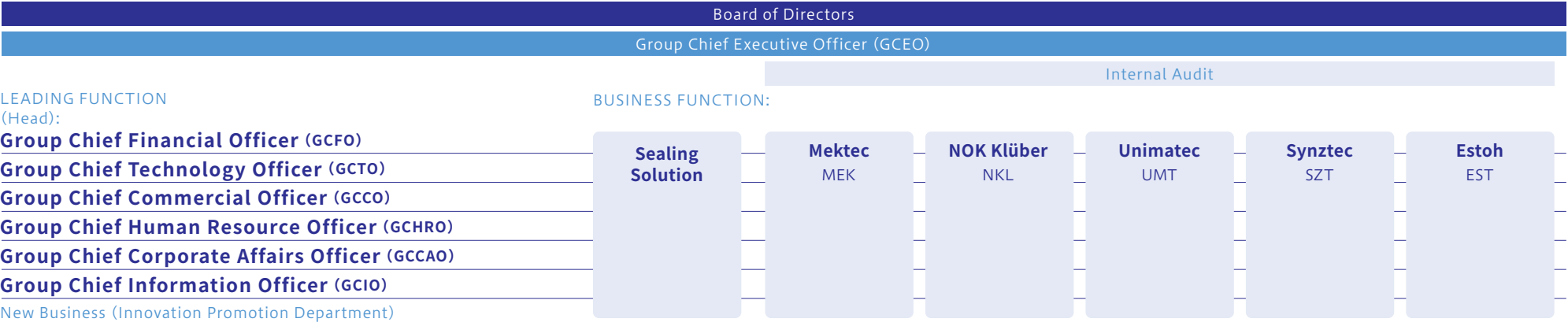
Enhancing the diversity of the Board of Directors. Appointing external and female directors

As part of the initiative to strengthen the global business management system, NOK is also focused on enhancing the diversity of the Board of Directors. With the accelerating pace of globalization and increasing complexity of the social and business environment, it is essential to incorporate diverse perspectives in management. NOK aims to enhance the diversity of its Board by appointing external directors with a variety of experience, skills, and backgrounds.

Of the nine members of the Board of Directors approved at the June 2024 General Shareholders Meeting, four are external directors, and one is a female director.

Out of our Directors	
External directors: 4 out of 9	Female directors: 1 out of 9

NOK Group's new global matrix organization



Board Members

(from left to right): Hideki Watanabe / Atsushi Kajitani / Akira Watanabe / Yuki Sato / Masao Tsuru / Junichi Orita / Motoko Imada / Makoto Fujioka / Naoki Shimada



Board member skills map

Name & title		Years in position	Skills possessed							
			Corporate management	Group strategy	Business (production/sales) strategy	Technology strategy	Financial, accounting, and capital policies	New business	Compliance/ Risk Management	Sustainability
Masao Tsuru	Representative Director, Group Chief Executive Officer	4	○	○						
Akira Watanabe	Director, Group Chief Financial Officer	11	○				○			
Junichi Orita	Director, Sealing Solution Chief Executive Officer	3	○		○					
Yuki Sato	Director, Group Chief Technology Officer, Head, NOK Group R&D	0				○		○		
Hideki Watanabe	Director (Full-time Audit & Supervisory Committee Member)	4			○		○			
Makoto Fujioka	External Director (Audit & Supervisory Committee Member)	8	○							○
Naoki Shimada	External Director (Audit & Supervisory Committee Member)	2	○	○						
Motoko Imada	External Director (Audit & Supervisory Committee Member)	0	○					○		
Atsushi Kajitani	External Director (Audit & Supervisory Committee Member)	8	○						○	

*1 The table above lists up to two key areas in which each individual is expected to contribute and does not represent the entirety of their knowledge or experience. *2 For the biographies and reasons for the appointment of the directors, please refer to the Notice of Convocation for the 118th Annual General Shareholders Meeting.

Key topics discussed by the Board of Directors in FY2023

Management Strategy Matters

Including investments, fundraising, medium- and long-term management plans, and business risk countermeasures for the group companies.

Governance Matters

Including the decision to convene the General Shareholders Meeting, evaluations of the effectiveness of internal controls, selection of key employees, and the appointment of the Representative Director.

Board of Directors effectiveness evaluation

To enhance the Board's objectivity and transparency and ensure greater effectiveness, an annual self-assessment survey is conducted with all directors, including external directors. The survey conducted in May 2024 showed that a majority of responses were positive across all categories, confirming that the Board's overall effectiveness is being maintained.

Note: Refer to the Corporate Governance Report for details on the evaluation criteria.

New External Director Message

Motoko Imada (External Director)

Providing advice on building an organization that fosters new business creation

NOK Group faces multiple challenges, including securing and developing talent, promoting discontinuous innovation, and enhancing corporate recognition. To address these challenges and achieve medium-to long-term growth, the company is pursuing transformation with a focus on ESG management and organizational culture design, which must continue in any business environment.

Drawing from my experience in founding and managing a media company, I aim to provide advice in several key areas. One of the most important factors for sustaining corporate growth is securing talented individuals. As we face an anticipated shortage of talent in the near future, it will become even more crucial to build an inclusive and diverse organizational culture. Creating a work environment where employees feel motivated and can fully utilize their abilities is essential, and we will promote human capital management that prioritizes working conditions and human rights.

Furthermore, innovation and technological development are indispensable for continuous growth. I will contribute to the creation of a dynamic organization that encourages the generation of new business ideas and maximizes each employee's creativity, while also supporting the collection of external information and facilitating access to future-focused data.

Lastly, transparent communication fosters trust with stakeholders. I will also provide advice in this area.

I have great expectations for NOK as it is reborn and evolves and thrives as a global company originating from Japan.

Human Resources Strategy

People First: Now and Always Transforming the Group Starting with People

Group Chief Human Resource Officer **Shigeki Egami**



Having the right people in the right places globally to balance personal happiness and corporate success

I joined NOK in January 2024 and became Group CHRO in June. My mission is to drive the transformation of the NOK Group from a people perspective. I aim to fulfill my role as a business partner to the Group CEO and a supporter for each NOK Group employee.

I have served as CHRO or head of HR at three companies, and viewing the NOK Group through this lens, I can see that both the company and employees are calm and composed. While this is a strength, it may become a hindrance when transformation is required. Therefore, I feel I will also have to play a role in shaking up the calm and gentle corporate culture a little in order to bring about change.

People are driven by emotions, and no amount of reasoning will move them. Unless each employee can empathize and feel motivated, behavior will not change. This is a difficult challenge, but we need to tackle it head-on so the transformation of the NOK Group will happen.

Upon becoming Group CHRO, I began drafting the NOK Group Human Resources Policy, which will serve as the foundation for the Group's human resource strategies

and initiatives. I have nearly completed my vision and intend to exchange opinions with employees worldwide to finalize it as a Group-wide policy.

The policy I envision will position NOK Group as a platform for diverse human resources to thrive. I like to think of it as a ship: the good ship NOK Group Maru (after traditional Japanese ship naming conventions). Employees who board this ship align with NOK's

philosophy and values and will work together to achieve the same goal. Each individual will act on their own will to balance personal and corporate happiness.

Achieving both is not easy, but I believe it will lead to the realization of NOK's management philosophy, which emphasizes respect for employees based on care and trust. The lever to achieve this balance is placing the right people in the right roles globally. This will not

NOK Group Human Resources Policy Vision



only increase employee engagement but also improve performance, which will ultimately contribute to the company's overall success. This is what it means for the management strategy and human resources strategy to be in sync.

In implementing this, diversity, equity, and inclusion (DE&I) initiatives that respect differences in region, gender, religion, and individual perspectives are indispensable.

Dividing roles from the HR Department Focusing on strategy and connecting the Group

The role of Group CHRO needs to be separate from the top roles of the HR departments of each group company. My responsibility is to formulate a human resources strategy for the entire NOK Group, including global sites, and to connect the Group from an HR perspective.

When implementing strategies, it is essential to adopt a market-in approach, listening to and addressing the challenges faced by people and the organization rather than pushing out products like HR systems and frameworks. Without this, the initiatives will have no soul and become mere formalities. I will emphasize communication, repeatedly explaining the background and intentions behind each initiative to employees and engaging in dialogue.

As Group CHRO, I need to address four pillars. The first is the establishment of global HR practices. Achieving the

right people in the right roles globally requires visualizing NOK Group's diverse talent pool. For executives, we are also considering introducing a unified evaluation and compensation system globally.

The second is supporting regional HR and human resource initiatives. As needed, we will monitor and review to ensure that the objectives based on the NOK Group Human Resources Policy are being achieved and that the values embedded in the system are being conveyed at the ground floor level.

The third is utilizing technology. By collecting, analyzing, and leveraging data, we aim to realize the right people in the right roles globally without relying solely on intuition or experience.



The fourth is transforming NOK Japan's HR department. We will encourage mindset shifts to break free from outdated rules and conventions established by predecessors, advance the implementation of initiatives that have been difficult to execute in Japan thus far and foster HR professionals who are not bound by legacy rules. A company is made up of people, and its future will be greatly influenced by its talent. This is why HR-related topics are one of the most critical challenges for the NOK Group. As Group CHRO, I will continue to set KPIs based on a medium-term roadmap and make the necessary investments in human resources to realize the happiness of NOK Group's 38,000 employees and the happiness of the company.

Shigeki Egami's Biography

After joining Mitsubishi Motors Corporation, Shigeki moved to Mitsubishi Fuso Truck and Bus Corporation following the separation of the Truck and Bus division into an independent company. In 2010, he became Managing Director in charge of HR and General Affairs, working to transform the company's HR systems into global standards under the ownership of Daimler AG. In 2015, he joined SATO Holdings Corporation, where he served as Executive Officer and Chief Human Resources Officer (CHRO). In 2020, he joined Bridgestone Corporation, serving as head of HRX Promotion, Core HR, Labor & General Affairs, and President of Bridgestone Challenged Co., Ltd. He joined NOK in January 2024.

Human Resource System Reforms Topics

Implementing an evaluation system aligned with roles and responsibilities

From April 2024 for managers and October for general employees, NOK will introduce a role-based grading system. This will replace the traditional seniority-based salary system, with compensation determined based on roles and expertise. We also recognize that the lack of transparency in evaluations has been an issue, and we aim to correct this. In the future, performance appraisals will include assessing how well employees embody the "Values" that the NOK Group has long held dear.

Review of occupational classification system

Starting in October 2024, we will revise the occupational classification system, which has historically been divided into "generalist" and "area" tracks. We will introduce a "Global Track," which offers opportunities to work globally, and an "Area Track" for those who work within a specific region. This will broaden the range of work styles available.

HR development topics

Unlocking the potential of motivated employees through workshops and open postings for domestic and international positions

For diverse talent to thrive, it is essential for individual employees to reflect on what drives them and how they should approach their work and life. To support this process, we will hold career workshops starting in FY2024.

We will launch various programs to support the insights and personal aspirations gained from these workshops and one-on-one meetings. In addition to the traditional hierarchical training and professional development programs, we will start the NOK Group

Learning Station, including DX (digital transformation) training and optional learning programs that encourage self-directed learning.

We will also introduce systems that allow highly motivated employees to take on new challenges. In addition to selective leadership training programs, we will advance the NOK Global Career Challenge Program, which will include internal postings for positions both in Japan and worldwide.

Town Hall Meetings: Direct Dialogue with Executive Management

Starting in the fiscal year 2023, the NOK Group initiated Town Hall Meetings (THM) at its global locations. The THMs are based on the concept of "We hear you," where executive management, including the Group CEO, visits domestic and overseas locations to engage in dialogue with employees. These meetings aim to share management strategies and policies, instill the company's Purpose and Values, and foster two-way communication. These meetings are also held as part of the company's initiatives to invest in human capital. In FY2023, THMs were held at 21 locations globally.

Sharing negative factors and risks

At each venue, executive management, including the Group CEO, explains why transformation is necessary now, followed by an explanation of the Medium-Term Management Plan and our Purpose and Values. These sessions not only highlight positive topics but also address management challenges and risks, sharing short, medium, and long-term strategies with everyone.

The THMs are divided into two parts. In the first half, the Group CEO and employees from the respective business sites participate in panel discussions or presentations, followed by a Q&A session between employees and executive management. During the Q&A sessions so far, employees raised various topics, such as questions about the future of the business, their expectations from the company and concerns about its direction, and

passionate thoughts about products they had developed. The second half of the meeting consists of a social gathering, where executive management and employees can communicate more in a less formal setting.

Through the open dialogues, we aim to cultivate a mindset where each employee reflects on their role and how they can contribute to the company's goals. The valuable feedback gathered from THMs will inform and shape future initiatives.

THMs at four global locations

THMs were also held outside of Japan in Vietnam (two cities), China, and Thailand, where the venues were a hub of excitement due to the fast-growing nature of these countries.

According to a post-event survey, over 85% of

respondents rated the THM as "very good" or "good." Furthermore, 93% of respondents appreciated the opportunity to speak directly with executive management. In terms of what employees felt from the dialogue with executive management, the most common response was "the distance between employees and management has shortened," followed by "a deeper understanding of the Purpose and Values" and "increased motivation."

The global matrix organizational system we launched in June 2024 connects Group CxOs (Chief Officers) and each BUSINESS FUNCTION vertically and horizontally. Direct dialogues between executive management and local employees help this global matrix system function and contribute to realizing Global One NOK.

THMs will continue to be held at both domestic and international locations.

Town Hall Meetings conducted by the end of March 2024

Schedule of Implementation	Locations	Number of sites	Approximate number of participants
September 2023	Sendai (Japan)	2	20 people
	Fukuoka (Japan)	2	30 people
November 2023	Ushiku (Japan)	1	100 people
	Fuji (Japan)	2	30 people
December 2023	Ho Chi Minh City (Vietnam)	1	60 people
	Hanoi (Vietnam)	2	90 people
January 2024	Wuxi (China)	3	160 people
	Toyota (Japan)	2	40 people
	Yokohama (Japan)	2	80 people
February 2024	Bangkok (Thailand)	3	340 people
	Hamamatsu (Japan)	1	30 people



A scene from the first Town Hall Meeting held in Sendai.

Action Toward Global One NOK 02

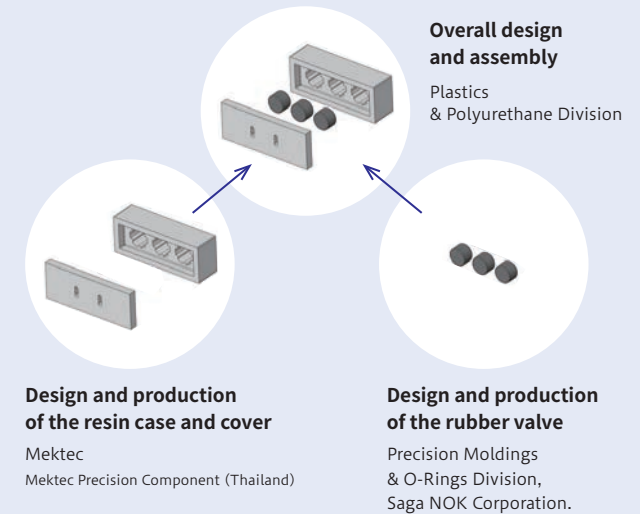
Overcoming Regional and Departmental Barriers to Respond to the EV Market

A major trend in the automotive industry, which is a primary client for NOK Group products, is electrification. By combining the strengths of the diverse domestic and international divisions and group companies and leveraging the power of Global One NOK, the company is undertaking unprecedented initiatives and creating new EV-related products that meet the unique needs of this market. The goal is to provide added value that only NOK can offer, overcoming regional and departmental boundaries to deliver solutions specific to the EV industry.

R&D × cross-divisional collaboration Morning online meetings

NOK Group R&D plays a key role in EV development. Reducing vehicle weight is even more critical for EVs than for combustion engine vehicles to extend range and minimize environmental impact. The NOK Group is advancing the development of new products by utilizing its expertise in functional components made from rubber and resin. However, rubber and resin specialists cannot create innovative products alone. To address this, NOK Group R&D brings experts from various business units and group companies in weekly online meetings called "e-Mobi Morning Meetings." These meetings vary in size, with several dozen to over a hundred participants depending on the agenda. Participants exchange ideas on what clients and markets are seeking and what technologies and materials can be applied to new products. Through a combination of sales, marketing,

Establishing a mass production system for pressure relief valves through collaboration between multiple divisions and Group companies



and technical expertise, these meetings have led to the launch of 50 new projects.

Collaborating across multiple companies and divisions to develop and deliver new products

Not limited to the e-Mobi Morning Meetings, IT tools have facilitated smoother collaboration between various divisions and group companies. A prime example is the development of pressure control valves for EV batteries. These valves release gas during high pressure to prevent battery expansion and explosion caused by overheating. In October 2020, a client approached us about developing a "product unique to EVs," specifically pressure control valves. Since we had no prior experience developing such products, we had to start from scratch, not only with the design but also with handling new materials and developing new process procedures.

After internal discussions, we decided to divide the components and processes among various divisions and group companies. The design and assembly were handled by the Plastics & Polyurethane Division. The design of one component, the rubber valve, was taken on by the Precision Moldings & O-Ring Division, with manufacturing handled by Saga NOK Corporation. Mektec handled the design of the resin case and cover, and manufacturing was assigned to Mektec Precision Component (Thailand). By combining cultivated expertise and knowledge of each division, we successfully established a mass production system.

Setting a target to drastically shorten the delivery time for vibration-damping rubber prototypes

China is one of the largest EV markets, characterized by its highly rapid development pace. The Vibration-Damping Rubber Division, in collaboration with its manufacturing subsidiary in China, has set a target to dramatically shorten the production lead time for prototypes requested by Chinese manufacturers.

The vibration and sound isolators produced by this division are indispensable for combustion engine vehicles, but their importance is increasing even more in EVs, where interior comfort is a key requirement. Requests for new EV-compatible products from the Chinese market have been steadily increasing. Moving forward, the Global One NOK approach will continue to meet the demands of the EV market, where new technologies and rapid response times are critical.

e-Mobi Morning Meetings

Once a week, an online meeting is held with a total of over a hundred participants from business units and group companies both domestically and internationally. The purpose of the meetings is to share challenges related to EV development and information about inquiries, and to adjust and provide information to the relevant development departments.



Improving Capital Efficiency and Making Strategic Investments for Future Growth

Director, Group Chief Financial Officer **Akira Watanabe**



Focusing on ROIC and operating income margin to improve capital efficiency

In the first year of our three-year Medium-Term Management Plan (FY2023), due in part to the effects of the weaker yen, we achieved record-high revenue of 750.5 billion yen (a 5.7% increase compared to the previous fiscal year) and operating income of 22.9 billion yen (a 49.0% increase compared to the previous fiscal year). For FY2024, we are forecasting revenue of 744.7 billion yen (a 0.8% decrease compared to the previous year) and operating income of 28.0 billion yen (a 22.2% increase compared to last year). Although the external environment is expected to remain challenging, now is the time to

strengthen investments, focusing on future growth after FY2025 beyond short-term performance.

In our Medium-Term Management Plan, we have set target values for management indicators that measure capital efficiency. While the target for ROE (Return on Equity) in FY2025 is 8.0%, ROE in FY2023 was 5.7%. Similarly, the target for ROA (Return on Assets) in FY2025 is 4.6%, compared to 3.5% in FY2023. For ROIC (Return on Invested Capital), we aim for 6.5% in FY2025, while FY2023 stood at 2.6%. ROIC is particularly important to us, as it measures the profitability of core business operations relative to invested capital without being affected by one-time gains or losses, such as asset sales.

To strengthen our business portfolio management, we are monitoring each business segment's ROIC and operating

income margin and considering and implementing strategies tailored to each one. For example, in the Electronics Components Business, which has been in the red for six consecutive years, we have been pursuing approximately 10 large and small initiatives to restore profitability, and results are beginning to show. In FY2024, we are taking on the challenge of returning to profitability for the first time in seven fiscal years.

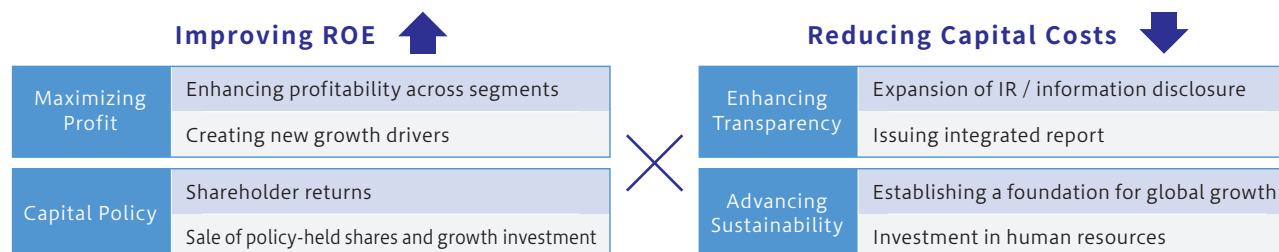
Enhancing profitability by advancing price revisions

To improve profitability, we have been advancing price revisions since around FY2022 to reflect the rising costs of raw materials in our pricing. By ensuring that employees understood the importance of these revisions and requesting customers to accept them, we began to see positive effects on profits in FY2023.

Additionally, many products have retained the prices set at the time of their initial launch despite significant changes in the external environment. This has been one of the factors putting pressure on our operating income margin. To address this, we are identifying unprofitable items and pushing for price adjustments. We have decided to withdraw from those markets with customer agreement for products where we cannot demonstrate a significant advantage or where competitors can supply the same items. The effectiveness of these profitability improvement measures is monitored every quarter.

Efforts to enhance corporate value — Management with a focus on capital costs and stock price

Aiming to continuously enhance corporate value by ensuring the steady execution of our Medium-Term Management Plan strategy and deepening the understanding of our growth story through appropriate information disclosure.



Striving to enhance corporate value while maintaining financial health

We are committed to maintaining our long-term credit rating at single A to ensure financial health. We aim to manage our equity ratio within the range of 55% to 58% over the three-year period, with FY2023 showing an actual figure of 61.5%. Even after factoring in the increase in equity due to profits from the sale of policy-held shares and the weaker yen, our ratio is still higher than market expectations, which we see as a challenge in making more strategic use of capital.

We are also making progress in reducing cross-shareholdings. In FY2023, we sold 22 cross-shareholdings, amounting to 16% of their market value as of the end of March 2023. We are steadily working toward the Medium-Term Management Plan target of reducing these shares by 25%. We recognize the need to further reduce the proportion of policy-held shares in the long term.

First and foremost, we aim to secure financial health and then allocate funds optimally. This includes investing in business growth for the future and returning surplus funds to shareholders. Our shareholder return program was carried out in line with the plan to set a lower limit of 67.5 billion yen over three years. For FY2024, we plan to distribute a dividend of 87.5 yen per share, which translates to a 3.5% DOE (Dividend on Equity). We also conducted a 10 billion yen share buyback.

In recent years, there has been an increasing focus on management strategies that prioritize capital costs and stock price performance. One of the key indicators in this context is the Price-to-Book Ratio (PBR). The NOK Group has felt frustrated with our low market valuation, as our PBR has been below 1. Internally, over the past two years, we have been discussing ways to enhance corporate value, including measures to improve profitability. As mentioned earlier, a crucial point in these discussions is whether we can stabilize profitability in our Electronics Products Business. In addition to the financial impact of achieving this, seeing a business return to profitability has energized employees on the front lines and brought renewed vigor to the workplace. For our ongoing efforts to enhance corporate value to be reflected appropriately in our stock price, it is essential

for the NOK Group to present a clear growth vision to the stock market. Through appropriate information disclosure, we aim to convey our concrete strategies and implementation structure, gaining market confidence and trust in the feasibility of our growth story.

Strategic investments for sustainable growth

In our current Medium-Term Management Plan, we anticipate investing 160 billion yen over three years, with more than 50 billion yen allocated to growth drivers. In 2023, we acquired shares of Estoh, a precision resin products manufacturer. This acquisition is one of our investments aimed at future growth, particularly in the EV-related sector. We had also planned investments in semiconductor manufacturing equipment and water electrolysis equipment for hydrogen production as growth drivers, but due to recent market trends, the timing of these investments may be delayed. However, the overall investment target for the three-year period remains unchanged.

In addition to investments in growth drivers, we recognize the need to expand and update facilities for our existing businesses. In the Chinese market, demand for battery seals from automotive and lithium-ion battery manufacturers is strong, and we are considering future facility expansions to meet this demand.

Recent corporate management trends have also

highlighted the importance of human capital initiatives and investment. For a company to achieve sustainable growth, an organization and workforce capable of generating added value are essential. The NOK Group has traditionally operated under a seniority-based pay system and lifetime employment model. However, we aim to nurture core talent to take on management and leadership roles. Selected individuals will receive specialized training programs, and those who achieve results will be rewarded accordingly. We are expanding our investment in human capital as part of this effort.

Communicating and explaining efforts to maximize shareholder value as Group CFO

For many years, I have worked in finance and accounting, fully committing myself to the role of "treasurer." However, as Group CFO, it is my responsibility to explain and communicate our approach to capital management aimed at maximizing shareholder value to our stakeholders. Our shareholders entrust their assets to us, and if we fail in our management, their investment will not be returned. That is why we must take the words of shareholders and investors seriously. Moving forward, we will continue to engage in sincere dialogue with the capital markets.

Cash allocation status as presented in the Medium-Term Management Plan

		Medium-Term Management Plan Targets	FY2023	FY2024
1. Safety	Equity ratio	Managed within the range of 55% to 58% for stable business operations	61.5%	–
2. Cross-shareholdings	Cross-shareholdings	Sold 25% of remaining balance of cross-shareholdings (based on market value as of the end of FY2022) over three years	Sold 22 cross-shareholdings (including partial sales), equivalent to 16% of their market value as of the end of March 2023.	Continuing sales of stock throughout the year to meet target.
3. Shareholder Returns	Dividends per share	Set a lower limit of 67.5 billion yen for shareholder returns over the three-year period	87.5 yen	100 yen (forecast).
	DOE (Dividend on Equity)	To be maintained at 2.5% or higher	3.5%	–
	Share buybacks	–	Conducted a 10 billion yen share buyback (5.435 million shares).	–

VALUE CREATION PROCESS

Value Creation Process

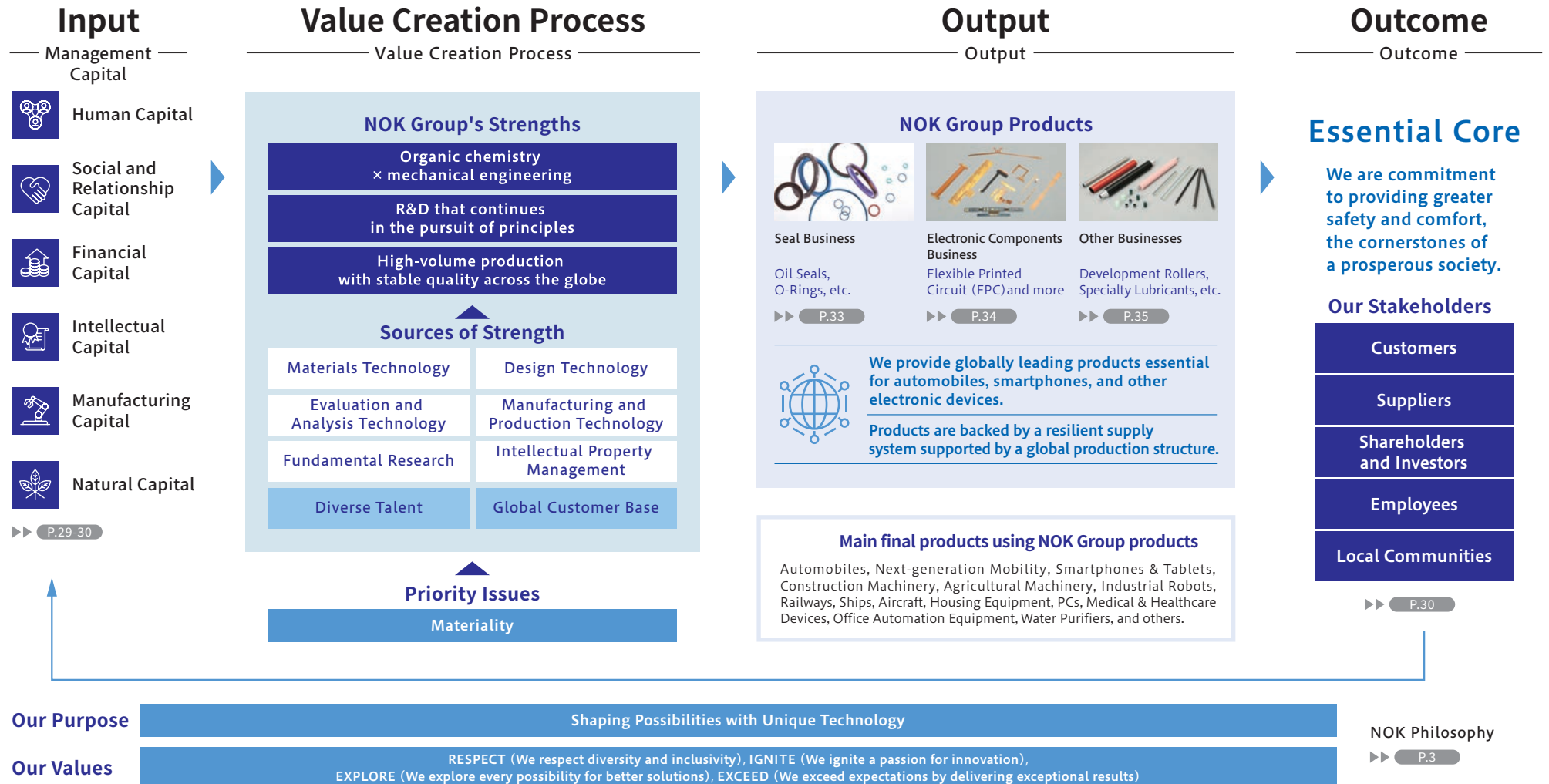
This section introduces the social and economic value that the NOK Group creates through its business activities.

Value Creation Process	28	Sales and Operating Income by Segment and Region	32
Management Capital	29	Seal Business	33
Value Provided to Stakeholders	30	Electronic Products Business	34
NOK's Business Segments	31	Other Business	35

Value Creation Process

Value Creation Process

The NOK Group is dedicated to "Essential Core Manufacturing - The manufacture of pivotal products that shape society." Through this approach the Group demonstrates its commitment to providing greater safety and comfort, the cornerstones of a prosperous society.



Management Capital

The six types of management capital that form the foundation of NOK Group's business activities.



Human Capital

Number of employees

38,097

(consolidated, as of the end of FY2023)

Japan: **10,683** Southeast Asia: **15,225**
China: **11,006** Europe & Americas: **1,183**

Including **718**

R&D personnel (As of the end of FY2023, major Group companies in Japan)

Promoting diverse talent and fostering R&D development

Guided by the founding principle of "Management that operates with a foundation of care and trust for its employees," the NOK Group is dedicated to cultivating a work environment where our workforce can experience job satisfaction and personal growth. This commitment is deeply rooted in our Basic Philosophy and HR Development Vision. To realize this vision, we are making strategic investments in enhancing our employees' capabilities through tailored training programs based on job levels and specialized educational initiatives.

We are focused on constructing a diverse human capital foundation, a key initiative in our Medium-Term Management Plan. Along with introducing new personnel systems, next-generation development programs, and actively engaging in DE&I initiatives, we are also dedicated to fostering the growth of the many researchers and developers across our group companies.

▶▶ [P.21-22](#) Read more about HR Strategy



Financial Capital

Shareholders' Equity

420.8 billion yen (consolidated, FY2023)

Credit Rating

Rating and Investment Information, Inc. (R&I): **A** (FY2023)

Investment in Growth Areas

Over 50 billion yen (FY2023-2025)

Maintaining financial soundness while working to improve profitability

Consolidated results for FY2023 show a 5.7% year-on-year increase in net sales, reaching 750.5 billion yen, and a 49.0% year-on-year increase in operating income, totaling 22.9 billion yen. Despite this growth in both sales and profits, we did not meet our initial goal of turning around the Electronic Components Business. Therefore, we will continue to implement profitability improvement measures and aim to grow our business through strategic investments.

▶▶ [P.25-26](#) Read more about Financial Strategy



Social and Relationship Capital

Oil Seal Sales Share

Approximately **70** % in Japan
(for Japanese automobile manufacturers / NOK survey)

FPC Global Sales

3 rd place
(Fuji Chimera Research Institute survey, 2022)

Number of Suppliers

Approximately **2,000** companies (in Japan)

Backed by customer trust and high regard, we maintain a strong market share in our core products

The NOK Group operates under a Corporate Action Charter, aiming to lead the realization of a sustainable society. Our goal is to advance management that allows all stakeholders to take pride in the company and continue pursuing dreams together.

By sincerely addressing customer needs and challenges, offering optimal specifications and solutions, and maintaining a reliable track record of stable product supply, we have built strong relationships of trust. This has contributed to our significant market share in seal products and FPCs.



Intellectual Capital

Number of Patents Held

4,538 (Global / as of March 2024)

Number of Compound Registrations

Approximately **88,000**

Number of FPC Material Combinations

Over 100 types*

*Base film, copper foil, adhesive

Leveraging the strengths of our R&D to maintain and enhance competitiveness

Intellectual capital is the driving force behind innovation at the NOK Group. One of our key strengths lies in developing and blending technologies for rubber, resins, adhesives, lubricants, and coating agents. In particular, we have registered 88,000 rubber formulations, or "recipes."

NOK Group's R&D is distinguished by two core strengths: Organic chemistry × mechanical engineering and R&D that continues in the pursuit of principles. We are committed to maintaining and enhancing our competitiveness while rigorously protecting and managing our intellectual property. The Shonan R&D Center hosts numerous researchers and developers who are advancing their work in research and development every day.

▶▶ [P.15-18](#) Read more about R&D Strategy



Manufacturing Capital

Global Production Sites

76 locations across approximately 10 countries and regions (consolidated, FY2023)

Daily Production Scale

Approximately **60** million pieces
Around **29** tons

Capital Investment

45.2 billion yen (consolidated, FY2023)

Enabling the supply of high-quality products across diverse and global environments

Since the completion of the Fujisawa Plant in Kanagawa Prefecture in 1960, we have expanded our domestic and international production sites, building a system that ensures the stable supply of high-quality products in large quantities. Today, NOK Group's production bases span roughly 10 countries and regions worldwide. NOK Group is also known for its advanced production technology and quality control, which enable a consistent global supply of high-quality products. Additionally, our manufacturing technology allows us to design our own molding machines, inspection equipment, and functional evaluation devices. Leveraging our global production network, NOK Group is pursuing new value creation in growth areas such as electric vehicles.

▶▶ [P.15-18](#) Read more about R&D Strategy



Natural Capital

Total Energy Consumption

4,958TJ (consolidated, FY2022)

➔ **5,014** TJ (consolidated, FY2023)
Year-on-year increase: **1.1%**

Water Resource Input (Water Intake)

8,667,000m³ (consolidated, FY2022)

➔ **8,691,000** m³ (consolidated, FY2023)
Year-on-year increase: **0.3%**

Dedicated to minimizing environmental impact in key areas such as climate change, resource recycling, and biodiversity conservation

The NOK Group remains committed to conducting business operations while upholding its environmental responsibilities. In 2018, we formulated the NOK Twin Green Plan 2030, pledging to achieve carbon neutrality by 2050. We are actively working to reduce CO₂ emissions across the entire product lifecycle. In addition to cutting CO₂ emissions, the plan also focuses on resource recycling and water usage reduction. It further includes initiatives for clean wastewater management and the conservation of biodiversity.

▶▶ [P.38-40](#) Read more about Environment

NOK's Value to Stakeholders

The NOK Group delivers robust value to its stakeholders through its business activities.

Customers	<ul style="list-style-type: none"> • Consistently supply high-performance, high-quality products • Sincerely address customer needs and challenges, offering optimal solutions • Provide components that contribute to carbon neutrality, such as those used in EVs, fuel cells, and water electrolysis equipment (green energy-related products) • Develop products and technologies that consider the entire product life cycle
Suppliers	<ul style="list-style-type: none"> • Fulfill social responsibilities throughout the supply chain • Build partnerships based on fairness and trust
Shareholders & Investors	<ul style="list-style-type: none"> • Enhance corporate value through sustainable growth • Timely and appropriate disclosure of information and communication • Provide appropriate and stable shareholder returns
Employees	<ul style="list-style-type: none"> • Provide an environment where diverse talent can work with a sense of purpose • Globally, we place the right people in the right positions, providing employees with opportunities to develop their skills and grow
Local Communities	<ul style="list-style-type: none"> • Contribute to economic and social development through business activities • Create stable employment opportunities • Participate in addressing regional social issues through volunteering and promoting sports initiatives

NOK's Business Segments

NOK's Business Segments

NOK has promoted business diversification since its founding as Japan's first oil seal manufacturer. Today, the NOK Group operates across three primary segments: the Seal Business, the Electronic Products Business, and Other Business, which include special lubricants and roller products. These segments are driven by the collaboration of five major companies, each with unique strengths. As a group, NOK is dedicated to Essential Core Manufacturing — The manufacture of pivotal products that shape society, fostering safety and comfort, the cornerstones of a happy life.

Seal Business



Electronic Products Business



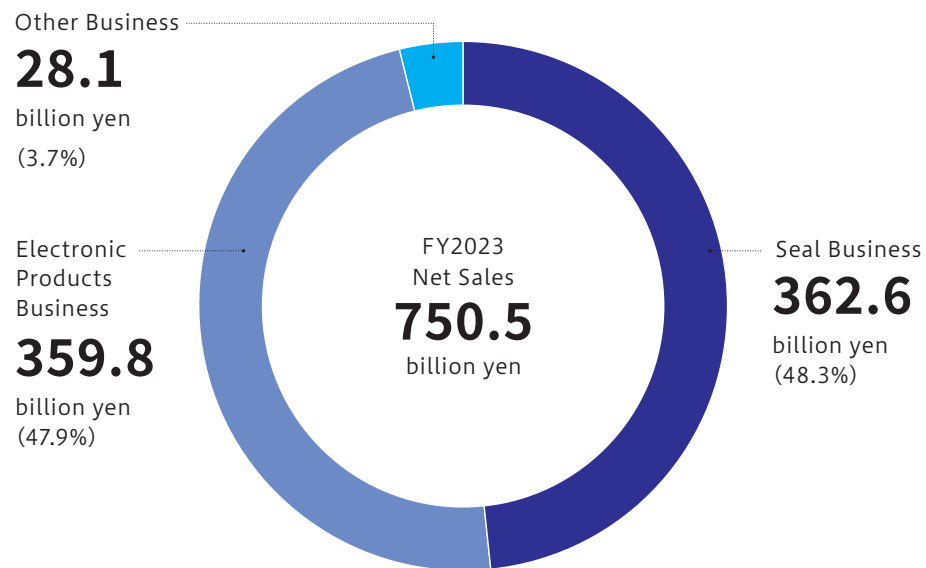
Other Business



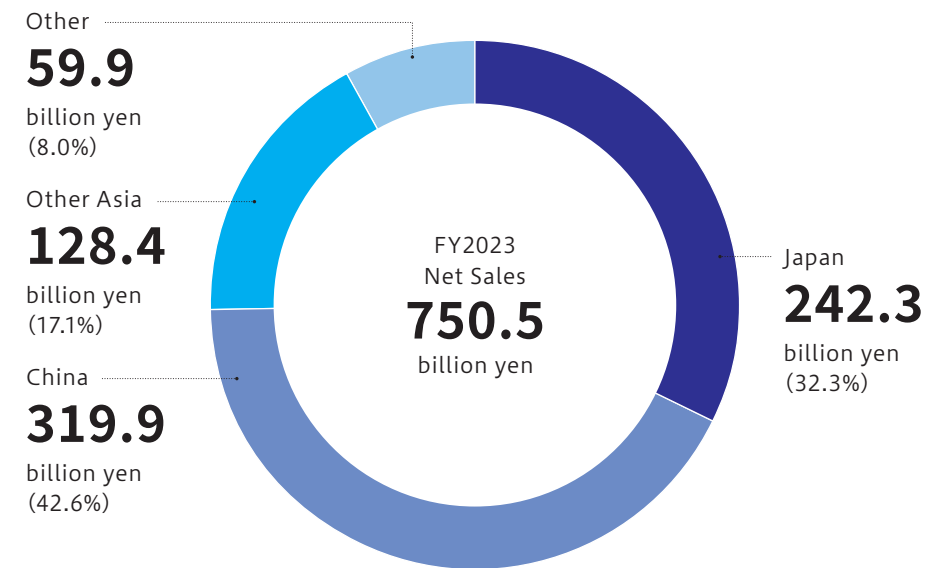
Sales and Operating Income by Segment and Region

In FY2023, the NOK Group recorded net sales of 750.5 billion yen, operating income of 22.9 billion yen, with an operating income margin of 3.1%. Both sales and profits increased compared to the previous fiscal year, and net sales have grown for the third consecutive year. Below is an overview of sales and operating income by segment and region.

Sales Percentage by Segment (Consolidated)



Sales Ratio by Region (Consolidated)



FY2023 Performance

(Unit: 100 million yen)

		FY2022 Results	FY2023 Results	Year-on-Year Comparison
Seal Business	Net Sales:	3,471	3,626	+4.5%
	Operating Income:	179	233	+30.4%
	Operating Income Margin:	5.1%	6.4%	+1.3pt

(Unit: 100 million yen)

		FY2022 Results	FY2023 Results	Year-on-Year Comparison
Electronic Products Business	Net Sales:	3,345	3,598	+7.6%
	Operating Income:	△37	△10	-
	Operating Income Margin:	△1.1%	△0.3%	+0.8pt

(Unit: 100 million yen)

		FY2022 Results	FY2023 Results	Year-on-Year Comparison
Other Business	Net Sales:	284	281	△1.1%
	Operating Income:	12	6	△47.8%
	Operating Income Margin:	4.1%	2.2%	△2.0pt

Seal Business

Seals are essential products used in various machinery, including automobiles, construction machinery, general industrial machinery, and household appliances, as sealing devices. NOK's wide variety of seal products, including oil seals, are the result of extensive material research and mechanical design, offering high reliability.

Main Products

Oil Seals

Oil seals are functional components designed to prevent oil leakage. Made from synthetic rubber, metal rings, and springs, they seal gaps in machine shafts, preventing oil from escaping and blocking the entry of dust and dirt from the outside.



Main Applications

Automobiles, construction machinery, agricultural machinery, railway vehicles, steel plants, industrial robots, aircraft, ships, office equipment, household appliances, and others.

Vibration and Sound Isolators

Products include a wide variety of vibration/sound isolators, including torsional vibration dampers that reduce crankshaft vibration in car engines and center bearing supports that support propeller shafts in rear-wheel and four-wheel drive vehicles, absorbing and blocking vibrations and sounds.



Main Applications

Crankshafts in car engines, propeller shafts in rear-wheel and four-wheel drive vehicles, and others.

O-Rings

O-rings are rubber gaskets with an O-shaped cross-section. They are installed in grooves and compressed to prevent leakage of various fluids such as oil, water, air, and gas.



Main Applications

Automobiles, construction machinery, agricultural machinery, pipe fittings, waterproof mobile phones, and others.

Iron Rubber Products

Iron rubber has properties similar to rubber and plastic, with excellent wear resistance and shock and vibration absorption. NOK offers many products, including seals for reciprocating parts in machinery and highly durable traffic safety products.



Main Applications

Construction machinery, automobiles, semiconductor manufacturing equipment, food processing machinery, traffic safety products, and others.

Industrial Rubber Products

Synthetic rubber is used for dust covers, boots, diaphragms, and other industrial functional products. NOK offers a wide variety of products, from standalone rubber to vulcanized products that bond metal or resin with rubber.



Main Applications

Automobile suspensions, steering systems, housing equipment, and others.

Acrylic Rubber "NOXTITE"

NOXTITE is an acrylic rubber with a well-balanced combination of oil resistance, heat resistance, strength, and compression set properties. It is used not only in NOK's seal products but also in various industrial materials such as hoses, adhesives, and coatings.



Main Applications

Automobiles, various types of hoses, and others.

(FY2023)

Sales:
362.6 billion yen

Operating Income:
23.3 billion yen

Key Companies

NOK
NOK CORPORATION

UMT
UNIMATEC CO., LTD.

Electronic Products Business

In the Electronic Products Business, we manufacture and sell Flexible Printed Circuits (FPCs) and precision rubber and resin parts. FPCs are flexible circuit boards used in precision information devices. Precision rubber and resin parts are mounted (molded) onto FPCs to add waterproofing and shock resistance (protection) functions. These products are widely adopted in digital devices such as smartphones, HDDs, PCs, and cameras, where miniaturization is required, and are also increasingly used in automobiles.

(FY2023)

Sales:
359.8 billion yen

Operating Loss:
1 billion yen

Key Companies

MEK
MEKTEC CORPORATION

Main Products

Single-Sided FPCs

A type of FPC with circuits only on one side. This structure best uses the FPC's thin and flexible characteristics. It is highly resistant to repeated bending and allows space-saving wiring in moving parts. It is also suitable for 3D wiring in narrow spaces.



Main Applications

Automobiles, HDDs, digital cameras, media players, gaming devices, medical and healthcare equipment, and others.

Double-Sided FPCs

An FPC with circuits on both sides. Compared to single-sided FPCs, it allows for more complex wiring, and components can be mounted on both sides, contributing to space-saving miniaturization and weight reduction. Its flexibility allows for diverse designs.

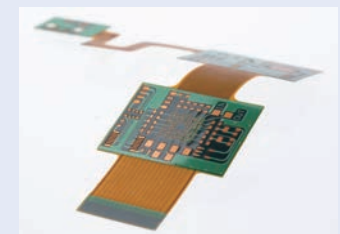


Main Applications

Smartphones, digital cameras, automobiles, medical and healthcare equipment, and others.

Multi-Layer FPCs

This FPC achieves higher functionality and miniaturization by using multiple layers of circuits. Since the integrated board and cable do not require connection connectors, it contributes to space-saving.



Main Applications

Smartphones, digital cameras, automobiles, medical and healthcare equipment, and others.

Component Assembly FPCs

Because FPCs are very thin and film-like, a unique mounting process is required. MEKTEC not only manufactures individual FPCs but also handles the mounting of semiconductors, microchip components, connectors, and more, meeting the demand for FPC module units.



Main Applications

Smartphones, HDDs, digital cameras, automobiles, medical and healthcare equipment, and others.

Precision Rubber and Resin Components

These parts are built into the interior and exterior of HDDs and smartphones to prevent the intrusion of water, dust, and other substances. Utilizing the technology cultivated through their development and manufacturing, we also offer products where rubber and resin are mounted (molded) onto FPCs to provide waterproofing and shock resistance (protection) functions.



Main Applications

HDDs, smartphones, automobiles, and others.

Other Business

In the Other Business segment, we manufacture and sell special lubricants, and high-performance roller products for office equipment. Special lubricants include oils, coatings, and greases used primarily in automobiles, industrial machinery, home appliances, and food machinery. These products demonstrate high performance under harsh conditions, such as extreme temperatures, high speeds, and heavy loads, contributing to the reliability and productivity of machinery and equipment. Roller products are widely used in office equipment such as copiers and printers.

Main Products

Greases

Long-life greases with high reliability that can withstand harsh environments such as high temperatures, low temperatures, high speeds, and heavy loads. They are used in a wide range of fields, including automobiles, industrial machinery, home appliances, office equipment, food machinery, and semiconductor manufacturing equipment.



Main Applications

Automobiles, industrial machinery, home appliances, office equipment, food machinery, semiconductor manufacturing equipment, and others.

Development Rollers and Charge Rollers

The developing roller feeds a specified quantity of toner to the photoreceptor, and the charging roller applies a certain charge to the photoreceptor. The electric conductivity of these products is controlled with high precision.



Main Applications

Area surrounding office machinery photoreceptors

Oils

High-performance oil with excellent lubricity, heat resistance, and oxidation resistance, contributing to the extended life and improved efficiency of machines. We offer a wide range of products suitable for various fields, including large plants, precision machinery, food machinery, and semiconductor manufacturing equipment.



Main Applications

Large plants, precision machinery, food machinery, semiconductor manufacturing equipment, and others.

Fixing Belts & Pressure Rollers

The fusing belt is a composite belt of metal and rubber with excellent heat conductivity and thermal properties. The pressure roller is used to apply uniform pressure when fusing toner, maintaining stable fusing performance over a long period.



Main Applications

Fixing parts of office automation equipment

Coatings

Coatings are applied to the surface of metal parts, providing excellent lubricity, wear resistance, non-stick properties, and insulation in environments where grease or oil cannot be used. They are utilized in a wide range of fields, including automobiles, home appliances, and office equipment.



Main Applications

Automobiles, home appliances, office equipment, and others.

Textile Machinery Products

Rollers and belts used in textile machinery. We offer high-quality spinning apron bands for spinning delicate yet durable yarns, polyurethane discs for texturing machines that create texture in processed yarn products, DTY apron bands, and others.



Main Applications

Various false-twist texturing machines, spinning machines, and others.

(FY2023)

Sales:
28.1 billion yen

Key Companies


NOK KLÜBER CO., LTD.

Operating Loss:
600 million yen


SYNZTEC CO., LTD.

ESG AT A GLANCE

ESG at a Glance

This section summarizes NOK Group's ESG initiatives, which are essential for corporate management. It is composed of ESG evaluations and key initiative data.

ESG Evaluation and Initiatives Endorsed by NOK	37	Company Information /	
Environment	38	Stock Information	44
Society	41	NOK Group Locations	45
Governance	43	Overseas Group Companies	46
		Financial Data	47

ESG Evaluation and Supporting Initiatives

External Evaluation (Major ESG Indexes)

NOK uses the FTSE Russell ESG score as a non-financial indicator for medium- and long-term performance-linked compensation for executives (evaluation weighting is 10%). This is a key performance indicator (KPI) to promote ESG-conscious management while enhancing the Group's overall profitability.

FTSE

3.9/5 points (as of June 2024)

NOK remains a component of the FTSE4Good Index Series and the FTSE Blossom Japan Index.

NOK has also been selected for the FTSE Blossom Japan Sector Relative Index, which is designed to be sector neutral.



FTSE4Good



FTSE Blossom
Japan Sector
Relative Index



FTSE Blossom
Japan Index

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NOK has been assessed according to the FTSE4 Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE4 Blossom Japan Sector Relative Index. The FTSE4 Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

DJSI (S&P Global ESG Score)

51/100 points (as of December 2023)

The scores of the assessment of NOK's ESG performance as of December 2023 were in the descending order of E, S, G. In the ESG Databook 2024, we disclosed deepening of our ESG initiatives, such as new initiatives for the supply chain.

CDP (Carbon Disclosure Project)

Climate Change : **B**
Water Security : **B**
(as of February 2024)



Major Initiatives Endorsed by NOK

United Nations Global Compact (UNGC)

The NOK Group became a signatory of the UNGC in April 2021 and joined the Global Compact Network Japan (GCNJ).



Task Force on Climate-related Financial Disclosures (TCFD)

The NOK Group embraced the TCFD recommendations in April 2022.



* Information disclosure based on TCFD recommendations is presented in the ESG Databook 2024.

Japan Climate Initiative (JCI)

The NOK Group joined JCI in April 2022, a network of companies, local governments, and NGOs, vigorously engaged in climate action.



"Water Project" by the Ministry of the Environment

The NOK Group joined the Water Project in July 2024, which is a public-private partnership initiative to maintain a sound water environment and facilitate a favorable water cycle as part of efforts to realize a sustainable society.



Keidanren Initiative for Biodiversity Conservation

The NOK Group joined this initiative in December 2019, in which companies that are taking action to address two or more of the seven areas covered by the Keidanren Declaration for Biodiversity and Guideline (revised edition), as well as companies that endorse its overall intent, are participating.

Environment

Environmental Initiatives: Main Data

NOK's Environmental Strategy: Twin Green Plan 2030

In response to the global trend toward carbon neutrality and the results of TCFD scenario analysis, we revised the NOK Twin Green Plan 2030, formulated in 2018, and declared that we will aim to achieve carbon neutrality by 2050. Under this long-term vision, the Group will work together to realize a sustainable society through the provision of eco-friendly products and business activities in response to electrification of automobiles and carbon neutrality.

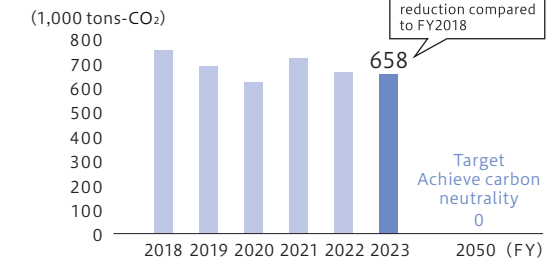
Green Factory	Green Product
Climate change <ul style="list-style-type: none"> We aim to achieve carbon neutrality by 2050. As our milestones for achieving carbon neutrality, we will move forward to reduce our domestic CO₂ emissions by 50% (compared to 2018), and our overseas CO₂ emissions intensity by 30% (compared to 2018) by 2030. We will introduce in-house carbon pricing to advance our CO₂ emissions reductions. We will actively promote the use of renewable energy sources. We will develop production facilities that consume 20% less energy compared to previous facilities. Resource recycling <ul style="list-style-type: none"> We aim to promote resource conservation, reduce waste, and achieve a 100% recycling rate. Water risks <ul style="list-style-type: none"> We will work to reduce water use and ensure cleaner wastewater. 	Climate change <ul style="list-style-type: none"> In response to the electrification of automobiles, we will offer products that contribute to carbon neutrality through a variety of approaches. We will contribute to CO₂ emissions reduction through our products by developing low-friction technologies that reduce fuel consumption. We will promote the formation of a sustainable society by providing products that contribute to the spread of renewable energy. We will provide products that contribute to the spread of next-generation energy technologies such as fuel cells. Resource recycling <ul style="list-style-type: none"> We will thoroughly control chemical substances in our products and improve their environmental quality. Water risks <ul style="list-style-type: none"> We will provide products that contribute to the effective use of water (hygienic water supplies and water circulation).
Biodiversity <ul style="list-style-type: none"> We will promote biodiversity conservation activities that are tailored to different regional specifics. Supply chains <ul style="list-style-type: none"> We will work with our suppliers to revitalize our efforts to address climate change, resource recycling, water risks, and biodiversity. 	

CO₂ Emissions and Energy Consumption: Targets and FY2023 Results

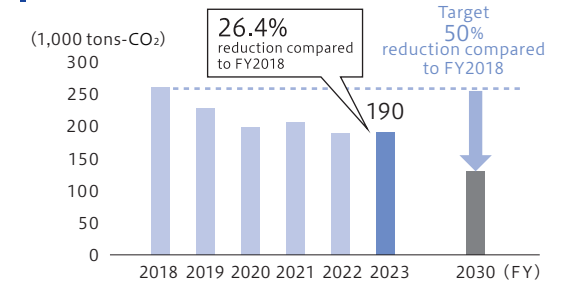
Item	Scope of coverage	Unit	Baseline figure/ Base year	Target figure/Target year (achievement rate)	FY2023 results (achievement rate)
CO ₂ emissions	Consolidated	1,000 tons-CO ₂	759.49/2018	Carbon neutral/2050	658.13 (13.3% reduction)
	Domestic group companies	1,000 tons-CO ₂	258.61/2018	129.3/2030 (50% reduction)	190.42 (26.4% reduction)
CO ₂ emissions intensity	Overseas group companies	ton-CO ₂ /millions of yen	1.31/2018	0.92/2030 (30% reduction)	1.10 (16.4% reduction)
Electricity consumption	Domestic group companies	GWh	455.5/2018	373.5/2030 (18% reduction)	377.05 (17.2% reduction)
Renewable energy ratio	Consolidated	%	0.01/2018	10/2030	12.21

* CO₂ emissions are the sum of fuel and electricity consumption multiplied by the conversion factor. Fuel CO₂ conversion factors are calculated using emission factors based on the Law Concerning the Promotion of Measures to Cope with Global Warming. The electric power CO₂ conversion factors are: domestic—emission factors by electric utility; and overseas—"CO₂ Emissions from Fuel Combustion" by the International Energy Agency (IEA) (using both market-based and location-based methods). The renewable energy ratio includes CO₂-free electricity, credits, and certificates.

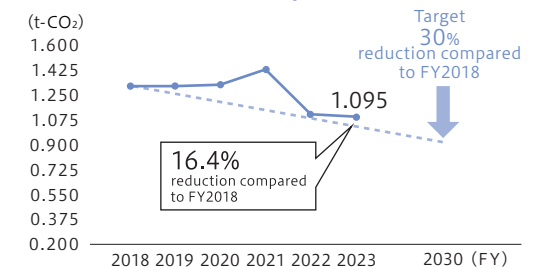
CO₂ Emissions (consolidated)



CO₂ Emissions (domestic)



CO₂ Emissions Intensity (overseas)



Environmental Initiatives: Main Data

Greenhouse Gas Breakdown (domestic)

(t-CO₂)

Greenhouse gases	CO ₂ emissions	GWP reference
CO ₂ emissions not from energy sources	59	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
CH ₄	346	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
N ₂ O	102	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
HFCs	1,068	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
PFCs	69	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
SF ₆	1,241	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)
NF ₃	0	IPCC Fifth Assessment Report (AR5 value for a 100-year time horizon)

CO₂ Emissions Scope 3 Breakdown

(1,000 tons-CO₂)

Category	Scope of coverage	CO ₂ emissions
1 Purchased goods and services	Consolidated	1,915
2 Capital goods	Consolidated	156
3 Fuel- and energy-related activities (not included in Scopes 1 and 2)	Consolidated	80
4 Upstream transportation and distribution	Consolidated	10
5 Waste generated in operations	Consolidated	9
6 Business travel	Consolidated	5
7 Employee commuting	Consolidated	16
8 Upstream leased assets	Consolidated	0
9 Downstream transportation and distribution	Consolidated	-
10 Processing of sold products	Consolidated	0
11 Use of sold products	Consolidated	N/A
12 End-of-life treatment of sold products	Consolidated	2
13 Downstream leased assets	Consolidated	N/A
14 Franchises	Consolidated	N/A
15 Investments	Consolidated	N/A
Total	Consolidated	2,192

* Category 9 is not included in the calculation because it is difficult to calculate its current status.

CO₂ Emissions Breakdown

Item	Scope of coverage	FY2019	FY2020	FY2021	FY2022	FY2023
CO ₂ emissions (location-base)*1	Scope 1 (1,000 tons-CO ₂)	43	38	41	39	36
	Scope 2 (1,000 tons-CO ₂)	679	598	700	633	621
CO ₂ emissions Scope 3*2 (1,000 tons-CO ₂)	Consolidated	268	269	2,169	2,137	2,192

*1 Calculated based on the "Greenhouse gas emissions accounting and reporting manual." The emission factor is based on the national emission factor by country published by the International Energy Agency (IEA). *2 The figures for Scope 3 are the sum for Categories 1, 2, 3, 4, 5, 6, 7, 8, 10, and 12.

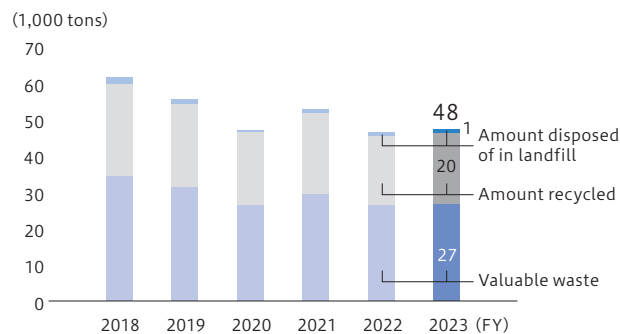
Resource Use and Waste: Targets and FY2023 Results

Item	Scope of coverage	Unit	Baseline figure/Base year	Target figure/Target year (achievement rate)	FY2023 results (achievement rate)
By-product recycling rate*	Domestic group companies	%	96.8/2018	100/2030	97.8
Industrial waste emissions, average of past 5 years	Domestic group companies	t	23,295/2022	23,062 /2023 (1.0% reduction)	20,583 (11.6% reduction)

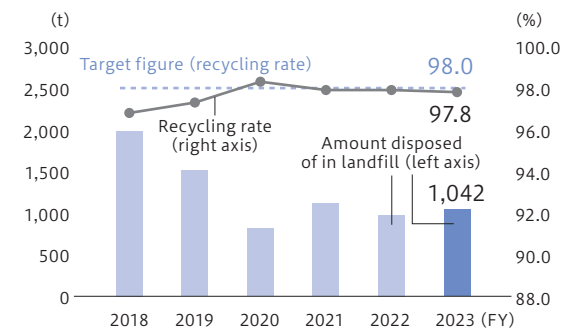
* By-product: General term for industrial waste and valuable resources.

* Recycling rate: "Recycling rate = 1 - amount of landfill disposal / amount of by-product generated x 100"

Amount of Industrial Waste Generated (domestic)



Amount Disposed of in Landfill and Waste Recycling Rate (domestic)

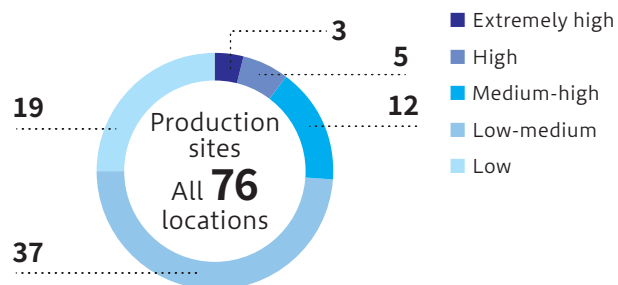


Water Resources: Targets and FY2023 Results

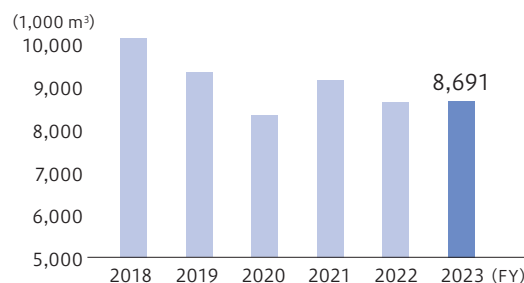
Item	Scope of coverage	Unit	Baseline figure/Base year	Target figure/Target year (achievement rate)	FY2023 results (achievement rate)
Water withdrawals	Consolidated	1,000m ³	8,667/2022	8,667/2022	8,691
	Electronic Products Business (domestic)	1,000m ³	816/2022	702/2025 (14% reduction)	762 (6.6% reduction)
	Electronic Products Business (overseas)	1,000m ³	4,516/2022	4,290/2025 (5% reduction)	4,439 (1.7% reduction)

Environmental Initiatives: Main Data

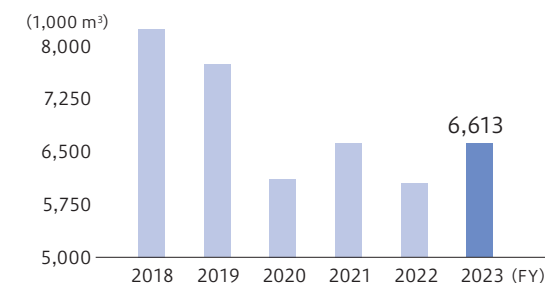
Assessment of Water Stress using AQUEDUCT



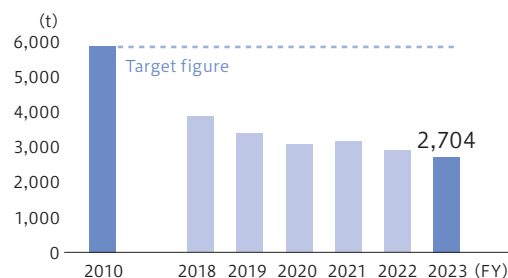
Water Withdrawals (consolidated)



Wastewater (consolidated)



VOC Emissions (consolidated)



Environmental Assessment throughout Product Life Cycle to Ensure Environmentally Friendly Products

Assessment	Design	Production	Use	Disposal
Green procurement	○	○		
Disuse of substances of concern (regulatory compliance, minimizing external discharge and dispersion)	○	○		○
Reduction of energy consumption (using energy-efficient materials and equipment, contributing to energy savings during use)	○	○	○	
Use of resources (recyclable materials, fewer resources used, improved yields, improved service life)	○	○	○	
Reduction of waste (ease of disassembly, reuse, low disposal ratio)	○	○		○

Biodiversity Risk Study

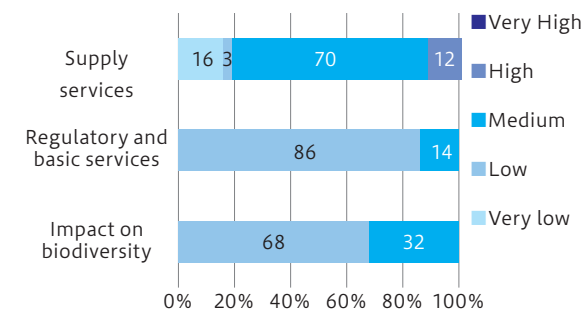
We used IBAT* to study the relationships between our production sites and key biodiversity areas. The results of the study revealed that of the sites where a nature reserve is located within a five-kilometer radius, one of them is a wetlands designated under the Ramsar Convention, while five others are IUCN Category II protected areas (national parks).

* IBAT is a biodiversity information database tool developed by an alliance comprising the IUCN, the UNEP-WCMC, Birdlife International (an international environmental NGO), and Conservation International.

	No. of sites	World Heritage ^{*1}	Ramsar ^{*2}	MAB ^{*3}	IUCN ^{*4}			
					Ia	Ib	II	III
Domestic production sites	50	0	1	0	0	0	5	0
Overseas production sites	26	0	0	0	0	0	0	0
Total (all production sites)	76	0	1	0	0	0	5	0

*1 World Heritage: Sites chosen by UNESCO for their cultural, historical, or scientific importance *2 Ramsar: A wetland designated by a country under the Ramsar Convention *3 MAB: Areas internationally recognized as biosphere reserves under the UNESCO Man and the Biosphere (MAB) Programme *4 IUCN: Areas inhabited by species listed as critically endangered or endangered on the IUCN Red List

Biodiversity Risk Assessment using WWF Biodiversity Risk Filter*

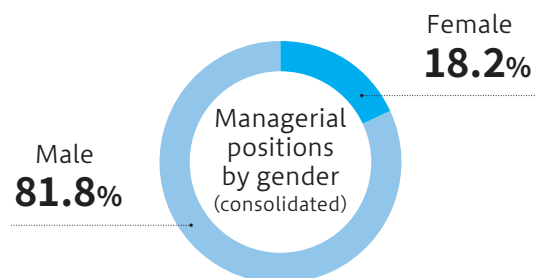
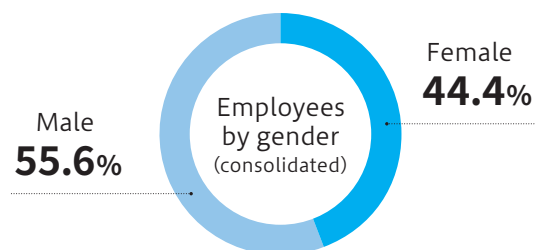
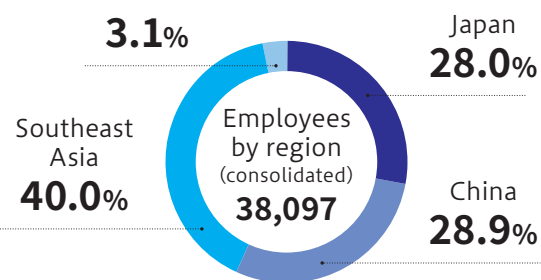


* WWF Biodiversity Risk Filter: A risk assessment tool for biodiversity made available by the World Wide Fund for Nature.

Societal Initiatives: Main Data

Diversity and Female Empowerment

Europe and the United States



Ratio of senior management hired from regional communities (consolidated)

9.2%

Ratio of career-minded female employees (NOK Corporation and major domestic group companies)

23% / Target: 30% by the end of FY2025

Ratio of male employees who took childcare leave

40.0%

Labor Practices

Ratio of labor union membership (NOK Corporation and major domestic group companies)

100% (excluding employees outside the scope)

Occupational Health and Safety

Number of major accidents (domestic)

1 / Target: 0

Number of lost time incidents (domestic)

8

Actual total hours worked (per employee) (NOK Corporation)

Average **1,972.4 hours** / Target: Under 2,000 hours
*Target for FY2024 onward: Under 1,900 hours

Average number of days of annual paid leave taken (NOK Corporation)

Average **17.8 days** / Target: 17 days or more

Engagement Survey

For FY2025, the final year of our medium-term management plan, we aim for a score of 72. In FY2023, the response rate was 98%, representing nearly all targeted employees. Our comprehensive score surpassed that of peer companies of a similar scale.

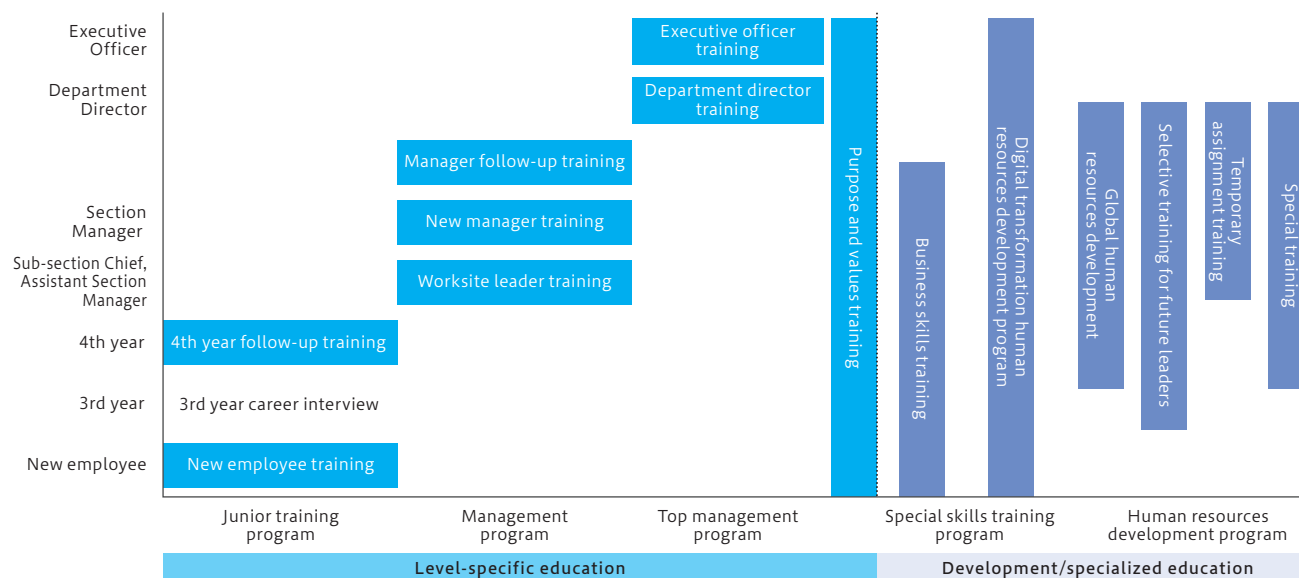
Item	Scope of coverage	Unit	FY2022	FY2023
Response rate	Major domestic group companies	%	98	98
Engagement score	Non-consolidated	—	65	66
Percentage of highly engaged employees*	Non-consolidated	%	—	33.8

* We define "highly engaged employees" as employees with an overall score of 72 or higher.

Societal Initiatives: Main Data

System of Human Resources Development Program

The employee education program of the NOK Group consists of level-specific education and development/specialized education.



New Human Resources Development Programs

NOK-U35 Program

4 trainees in FY2023

This program targets employees aged 35 and under, chosen through a voluntary sign-up process. The aim is to use the short time frame of the program to develop these individuals into potential future leaders. We plan to have a few participants each year.

Digital Transformation Human Resources Development Program

2,500 trainees expected for FY2024

In July 2024, we launched a program that provides basic knowledge on data and digital technologies to ensure employees can use data effectively. All employees except for executives and managers will receive this training.

Purpose and Values Training

514 trainees in FY2023

This program aims to foster a culture that embraces the Purpose and Values formulated in May 2023, and to nurture employees who are willing to take on challenges. It was provided for those in managerial positions in FY2023. The program in FY2024 is designed for non-managerial employees.

Supply Chain Management

We identify suppliers with large purchase amounts or those providing key products and materials as “key suppliers.” We conduct an annual CSR survey focusing on key suppliers we have identified.

(Japan)

	FY2023
Number of suppliers	Approx. 2,000
Number of key suppliers	71
Number of suppliers covered by the CSR supplier survey	238
Number of at-risk suppliers	0
Number of suppliers audited on-site	11

Breakdown of local procurement by region (by value)

	FY2023
Japan	90.4%
China	89.7%
ASEAN	80.1%

Quality Improvement

Number of customer commendations for quality

35 commendations (FY2023)

Number of quality control (QC) circles for quality improvement activities

730 QC circles (FY2023)

Governance

Initiatives for Governance: Main Data

Board of Directors and Board of Statutory Auditors

Item		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Board of Directors	Number of board of directors' meetings held (held on paper)	sessions	13 (2)	14 (2)	12 (0)	13 (1)	14 (1)
	Average attendance rate	%	98.2	100	99.1	100	98.2
Board of Statutory Auditors	Number of board of statutory auditors' meetings held	sessions	9	12	11	11	12
	Average attendance rate	%	97.8	98.3	100	98.2	100

Legal Compliance

Item	Scope of coverage	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Serious legal violations	Consolidated	cases	0	0	0	0	0
Amount of fines for legal violations	Consolidated	yen	0	0	0	0	0
Anti-corruption violations	Consolidated	cases	0	0	0	0	0
Amount of fines for anticorruption violations	Consolidated	yen	0	0	0	0	0
Violations of the Code of Conduct other than the above	Consolidated	cases	6	8	4	4	10
Number of cases relating to human rights violations and harassment	Consolidated	cases	0	0	1	2	3
Number of cases relating to privacy (including customer personal information)	Consolidated	cases	0	0	0	0	0
Number of cases relating to conflicts of interest	Consolidated	cases	0	0	0	0	0
Number of cases relating to insider trading	Consolidated	cases	0	0	0	0	0
Others	Consolidated	cases	6	8	3	2	7

Anti-counterfeit Measures

Item		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Exposing counterfeit product manufacturing sites		cases	4	3	9	8	6
Deleting online sales sites		cases	830	664	5,093	5,284	4,417
Patents held (non-consolidated)	Domestic	cases	1,355	1,267	1,265	1,202	1,379
	Overseas	cases	1,250	1,433	1,729	1,728	1,959
	Total	cases	2,605	2,700	2,994	2,930	3,338
Patents held (NOK Group)	Domestic	cases	1,882	1,768	1,770	1,666	1,766
	Overseas	cases	1,901	2,112	2,674	2,683	2,772
	Total	cases	3,783	3,880	4,444	4,349	4,538

Whistle-Blowing Hotline

Number of companies with whistle-blowing hotlines

Japan	35companies
China	12companies
Rest of Asia	32companies

As a consultation service for human rights issues, we have set up internal and external reporting hotlines in Japan, staffed by a lawyer. We have also established an internal reporting hotline at each of our overseas subsidiaries.

Business Overview by Country/Region

(FY 2022, consolidated)

(100 million yen)

	Number of employees (persons)	Revenue	Earnings before taxes	Income taxes payable	Income taxes paid
Japan	10,648	4,595.5	122.4	12.8	115.4
China	10,658	5,018.7	56.8	4.0	25.8
Thailand	6,861	1,032.3	61.3	5.4	15.7
Singapore	337	607.6	113.8	1.5	7.0
Taiwan	1,573	397.1	△ 3.4	0.8	0.5
Vietnam	4,285	377.3	△ 1.1	0.5	1.3
Rest of Asia	2,141	241	6	0	2
Europe, the United States, other	1,410	895.7	1.5	0.0	7.0

Detailed data on ESG are available in the ESG Data Book 2024.



https://www.nok.co.jp/pdf/csr/report/2024/esg_databook_2024e.pdf

Company Information

Company name NOK CORPORATION

Head office 1-12-15 Shibadaimon, Minato-ku,
Tokyo 105-8585, Japan

Consolidated subsidiaries 92

Founded July 9, 1941

Established December 2, 1939

Employees 38,097 (Consolidated / FY2023)
3,337 (Non-Consolidated / FY2023)

Capital 23,335 million yen (as of March 31, 2024)

Securities code 7240

Stock Information

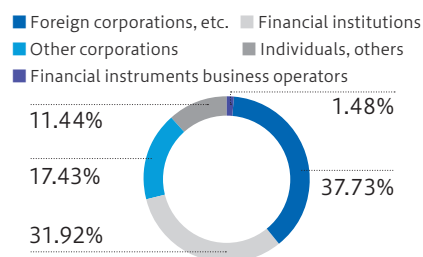
Status of Stock
(as of March 31, 2024)

**Number of shares issued
and outstanding**
173,138,537 shares

Number of authorized shares
600,000,000 shares

Number of shareholders
12,139

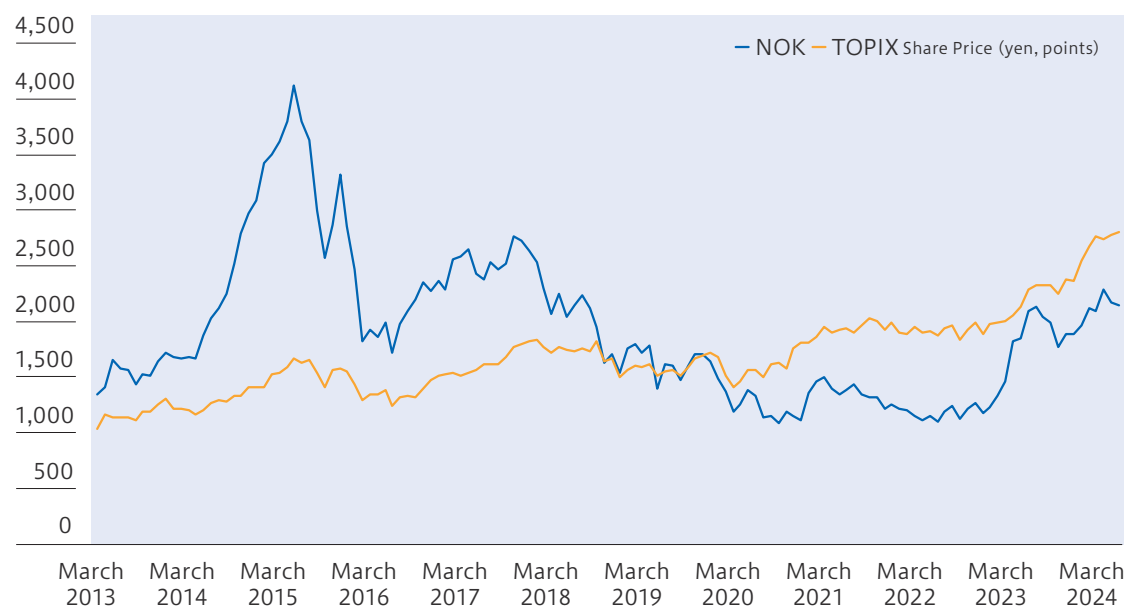
Shareholding by Shareholder Type
(as of March 31, 2024)



Major Shareholders (as of March 31, 2024)

Shareholder	Number of shares held (shares)
Freudenberg S.E.	43,457,500
The Master Trust Bank of Japan, Ltd. (Trust account)	16,039,200
Custody Bank of Japan, Ltd. (Trust account)	10,296,500
Seiwa Jisho Co., Ltd.	8,773,000
The Dai-ichi Life Insurance Company, Ltd.	8,000,000
NOK CORPORATION	5,515,039
Sumitomo Mitsui Banking Corporation	4,270,000
NOK Employees Stock Sharing Plan	3,677,888
Sompo Japan Insurance Inc.	3,035,500
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3,000,000

Share Price



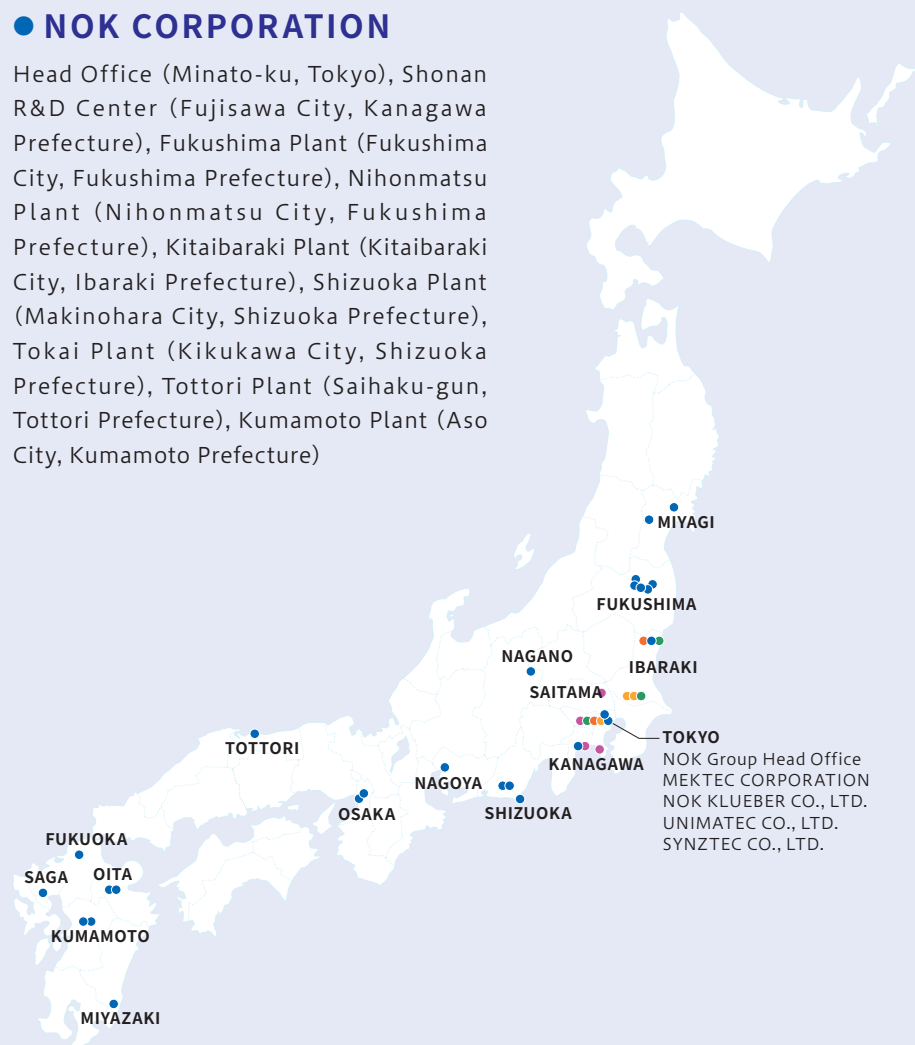
Total Shareholder Return (TSR)

	FY2019	FY2020	FY2021	FY2022	FY2023
NOK (%)	71.4	90.7	73.7	96.4	138.0
TOPIX including dividends (%)	90.5	128.6	131.2	138.8	196.2

NOK Group Locations

● NOK CORPORATION

Head Office (Minato-ku, Tokyo), Shonan R&D Center (Fujisawa City, Kanagawa Prefecture), Fukushima Plant (Fukushima City, Fukushima Prefecture), Nihonmatsu Plant (Nihonmatsu City, Fukushima Prefecture), Kitaibaraki Plant (Kitaibaraki City, Ibaraki Prefecture), Shizuoka Plant (Makinohara City, Shizuoka Prefecture), Tokai Plant (Kikugawa City, Shizuoka Prefecture), Tottori Plant (Saihaku-gun, Tottori Prefecture), Kumamoto Plant (Aso City, Kumamoto Prefecture)



Major Domestic Group Companies

● MEKTEC CORPORATION

Head Office (Minato-ku, Tokyo), Ushiku Plant (Ushiku City, Ibaraki Prefecture), Tokyo Office (Taito-ku, Tokyo)

● SYNZTEC CO., LTD.

Head Office (Minato-ku, Tokyo), Yokosuka Plant (Yokosuka City, Kanagawa Prefecture), Fujisawa Technology Base (Fujisawa City, Kanagawa Prefecture)

● NOK KLUEBER CO., LTD.

Head Office (Minato-ku, Tokyo), Kitaibaraki Plant (Kitaibaraki City, Ibaraki Prefecture)

● UNIMATEC CO., LTD.

Headquarters (Minato-ku, Tokyo), Plant No. 1 (Kitaibaraki City, Ibaraki Prefecture), Ushiku Office (Ushiku City, Ibaraki Prefecture)

Group Companies

Domestic Group Company

ESTOH Co., Ltd. (Osaka City, Osaka Prefecture)

Domestic Manufacturing Subsidiaries

NOKMETAL Co., Ltd. (Toda-gun, Miyagi Prefecture), Miyagi NOK Corporation (Kami-gun, Miyagi Prefecture), Tohoku Seal Industry Corporation (Yama-gun, Fukushima Prefecture), Miharuru Industry Corporation (Tamura-gun, Fukushima Prefecture), TSK CORPORATION (Iwase-gun, Fukushima Prefecture), Nihonmatsu NOK Corporation (Nihonmatsu City, Fukushima Prefecture), Isohara Polyurethane Industry Corporation (Kitaibaraki City, Ibaraki Prefecture), Isshin Industries Corporation (Kitasaku-gun, Nagano Prefecture), Kanasei Corporation (Motomiya City, Fukushima Prefecture), NOK Fugaku Engineering Co., Ltd. (Kikugawa City, Shizuoka Prefecture), Kikugawa Seal Co., Ltd. (Kikugawa City, Shizuoka Prefecture), MYK Corporation (Makinohara City, Shizuoka Prefecture), TVC Co., Ltd. (Saihaku-gun, Tottori Prefecture), NOK Elastomers Processing Co., Ltd. (Kama City, Fukuoka Prefecture), Saga NOK Corporation (Ureshino City, Saga Prefecture), Kumamoto NOK Corporation (Aso City, Kumamoto Prefecture), Aso NOK Corporation (Aso City, Kumamoto Prefecture), Kusu NOK Corporation (Kusu-gun, Oita Prefecture), Kusu Seimitsu Co., Ltd. (Kusu-gun, Oita Prefecture), Nichinan NOK Corporation (Nichinan City, Miyazaki Prefecture), MEK-J Co., Ltd. (Ushiku City, Ibaraki Prefecture), Kuki Roll Industry Co., Ltd. (Kuki City, Saitama Prefecture)

Domestic Sales Subsidiaries

KANTO NOK SALES Co., Ltd. (Shinjuku-ku, Tokyo), CHUBU NOK SALES Co., Ltd. (Nagoya City, Aichi Prefecture), KANSAI NOK SALES Co., Ltd. (Suita City, Osaka Prefecture)

Overseas Group Companies



● NOK CORPORATION

NOK (Wuxi) Vibration Control China Co., Ltd., China
 Wuxi NOK-Freudenberg Oil Seal Co., Ltd., China
 Changchun NOK-Freudenberg Oil Seal Co., Ltd., China
 NOK-Freudenberg Group Sales (China) Co., Ltd., China
 NOK-Freudenberg Group Trading (China) Co., Ltd., China
 NOK-Freudenberg Hong Kong Ltd., China
 Taicang NOK-Freudenberg Sealing Products Co., Ltd., China
 NOK (Wuxi) Water Treatment Technology Co., Ltd., China
 Vietnam NOK Co., Ltd., Vietnam
 Thai NOK Co., Ltd., Thailand
 NOK Asia Company Pte. Ltd., Singapore
 NOK-Freudenberg Singapore Pte. Ltd., Singapore
 PT. NOK Indonesia, Indonesia
 PT. NOK Indonesia Sales, Indonesia
 PT. NOK Freudenberg Sealing Technologies, Indonesia

● MEKTEC CORPORATION

Mektec Corporation Korea, Ltd., South Korea
 Mektec Manufacturing Corporation (Zhuhai) Ltd., China
 Mektec Manufacturing Corporation (Suzhou), China
 Mektec Corporation (H.K.) Ltd., China
 Mektec Corporation (Shenzhen) Ltd., China
 Mektec Trading (Shanghai) Co., Ltd., China
 Mektec Corporation, Taiwan
 Mektec Manufacturing Corporation (Thailand) Ltd., Thailand
 Mektec Precision Component (Thailand) Ltd., Thailand
 Mektec Manufacturing Corporation (Vietnam) Ltd., Vietnam
 NOK Precision Component Singapore Pte. Ltd., Singapore
 Mektec Corporation (Singapore) Pte. Ltd., Singapore
 PT. NOK Precision Component Batam, Singapore



● NOK CORPORATION

NOK Europa GmbH, Germany

● MEKTEC CORPORATION

Mektec Europe GmbH, Germany
 Mektec Manufacturing Corporation Europe DE GmbH, Germany
 Mektec Europe Sales GmbH, Germany
 Mektec Manufacturing Corporation Europe CZ s.r.o., Czechia
 Mektec Manufacturing Corporation Europe HU Kft., Hungary

● UNIMATEC CO., LTD.

Unimatec Chemicals Europe GmbH, Germany

● UNIMATEC CO., LTD.

Unimatec Chemicals (China) Co., Ltd., China
 Unimatec Chemicals India Pvt. Ltd., India
 Unimatec Singapore Pte. Ltd., Singapore
 Unimatec Chemicals Singapore Pte. Ltd., Singapore

● SYNZTEC CO., LTD.

Synztec Precision Parts (Shenzhen) Co., Ltd., China
 Synztec (H.K.) Co., Ltd., China
 Synztec Precision Parts (Shanghai) Co., Ltd., China
 Synztec Singapore Pte. Ltd., Singapore
 Synztec Vietnam Co., Ltd., Vietnam



● NOK CORPORATION

NVC Sales America Incorporated, U.S.

● MEKTEC CORPORATION

Mektec International Corporation, U.S.
 MEKTEC Manufacturing Corporation Mexico S.A. de C.V., Mexico

● UNIMATEC CO., LTD.

Unimatec Chemicals America, Inc., U.S.

● ESTOH Co., Ltd.

ESTOH North America Co., Ltd., U.S.

Financial Data

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
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Operating Results (Fiscal Year)

Net Sales (Millions of yen)	693,689	746,147	713,138	729,341	669,482	626,815	596,369	682,507	709,956	750,502
Gross Profit (Millions of yen)	145,144	129,416	120,339	129,242	109,437	96,987	92,024	115,321	105,572	115,884
Selling, General and Administrative Expenses (Millions of yen)	78,058	81,158	80,562	84,308	86,297	84,958	77,556	83,984	90,193	92,971
Of which R&D Expenses (Millions of yen)	8,096	7,632	8,274	9,443	10,459	11,298	10,053	10,410	11,281	10,839
R&D Expenses to Revenue (%)	1.2	1.0	1.2	1.3	1.6	1.8	1.7	1.5	1.6	1.4
Operating Income (Millions of yen)	67,085	48,258	39,776	44,934	23,140	12,028	14,467	31,337	15,378	22,912

Cash Flows (Fiscal Year)

Cash Flows from Operating Activities (Millions of yen)	80,613	88,503	68,038	69,526	63,854	71,370	45,824	54,999	46,030	89,153
Cash Flows from Investing Activities (Millions of yen)	△ 43,196	△ 65,682	△ 62,035	△ 58,681	△ 79,259	△ 50,425	△ 18,719	△ 37,972	△ 35,159	△ 29,722
Free Cash Flow (Millions of yen)	37,416	22,820	6,003	10,844	△ 15,404	20,945	27,104	17,026	10,870	59,431
Cash Flows from Financing Activities (Millions of yen)	△ 18,061	△ 24,008	△ 7,327	△ 13,010	6,633	△ 17,497	5,884	△ 32,070	△ 21,441	△ 34,038

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
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Financial Position (Fiscal Year-end)

Total Assets (Millions of yen)	755,084	696,989	751,797	793,314	785,133	728,695	803,000	857,324	862,750	952,379
Total Liabilities (Millions of yen)	292,330	263,585	296,686	293,419	299,634	281,457	300,886	302,969	285,404	313,377
Total Net Assets (Millions of yen)	462,754	433,404	455,111	499,894	485,498	447,238	502,114	554,355	577,346	639,001
Shareholders' Equity Ratio (%)	55.9	56.7	55.7	57.9	56.6	55.9	57.0	58.6	60.6	61.5

Per Share Information

Net Income (Loss) per Share (Yen)	271.21	173.97	158.39	204.17	19.77	△ 12.83	△ 7.87	149.37	77.55	188.34
Net Assets per Share (Yen)	2,440.93	2,293.76	2,424.43	2,657.85	2,567.92	2,353.56	2,644.14	2,903.78	3,082.93	3,561.00
Dividend per Share (Yen)	50.0	50.0	50.0	50.0	50.0	37.5	25.0	60.0	75.0	87.5

Other Financial Data

Return on Invested Capital (ROIC) (%)	—	—	—	—	—	—	—	—	1.9	2.6
Return on Assets (ROA) (%)	6.6	4.1	3.8	4.6	0.4	△ 0.3	△ 0.2	3.1	1.5	3.5
Return on Equity (ROE) (%)	12.4	7.4	6.7	8.0	0.8	△ 0.5	△ 0.3	5.4	2.6	5.7
Dividend on Equity (DOE) (%)	2.5	2.4	2.2	2.1	2.1	1.6	1.1	2.5	3.2	3.5
Price-Earnings Ratio (PER) (Times)	13.35	11.05	16.31	10.12	87.15	△ 92.99	△ 190.72	7.68	18.87	11.11
Price-Book Ratio (PBR) (Times)	1.48	0.84	1.07	0.78	0.67	0.51	0.57	0.40	0.47	0.59
Capital Investment (Millions of yen)	41,470	61,399	65,135	58,388	70,118	47,669	25,728	41,030	47,759	45,226



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