



Fiscal Year

Financial Results for the Fiscal Year Ended March 31, 2022

NOK CORPORATION (Prime Market / TSE)

May 12, 2022





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- ◆ Page 4 Financial Results for the Fiscal Year
Ended March 31, 2022
- ◆ Page 11 Medium-Term Business Plan
- ◆ Page 15 Financial Results by Business Segment
for the Fiscal Year Ended March 31, 2022
- ◆ Page 21 Financial Forecasts by Business Segment
for the Fiscal Year Ending March 31, 2023
- ◆ Page 27 Business Overview by Industry and by Region
- ◆ Page 33 References

Financial Results for the Fiscal Year Ended March 31, 2022





NOK Business Overview

Seal Business

Sales for automobile applications increased reflecting a significant recovery in demand, despite the supply shortage of semiconductors and other components, coupled with the resurgence of COVID-19 in Southeast Asia. Sales to manufacturers of general industrial machinery also increased as the markets for construction machinery, machine tools, and robots remained brisk.

Operating income increased due to the effect of increased sales, despite soaring raw material prices as well as an increase in personnel costs and expenses.

Electronic Product Business

Sales for high-end smartphone applications and HDD applications increased as demand picked up, despite some negative effects of production cuts due to the supply shortage of semiconductors and other components. In addition, sales for automobile applications rose on the back of an expansion of sales of products for electric vehicle (EV) applications in addition to the recovery of demand.

Operating loss improved due to the effect of increased sales, despite an increase in personnel costs and expenses.

Other Business

Sales of the roll business increased as demand for multifunction peripherals and repair parts, which had been sluggish due to the impact of COVID-19, has been on a recovery trend. Sales of the special lubricant business also increased thanks to a rise in demand for general industrial machinery applications.

Operating income increased due to the effect of increased sales.

Financial Results for the Fiscal Year Ended March 31, 2022

(¥ billion)	FY2020 Actual	FY2021 Actual	YoY Changes	
			Amount	Ratio
Net Sales	596.4	682.5	86.1	14.4%
Operating Income	14.5	31.3	16.9	116.6%
Ordinary Income	18.3	46.2	27.8	151.8%
Profit Attributable to Owners of Parent	(1.4)	25.8	27.2	—
Operating Income Margin	2.4%	4.6%	2.2pt	—
Capital Investment	25.7	41.0	15.3	—
Depreciation	40.7	42.6	1.9	—
Average Exchange Rate (Yen/US dollar)	105.89	111.82	—	—
No. of Employees	37,999	37,613	(386)	—

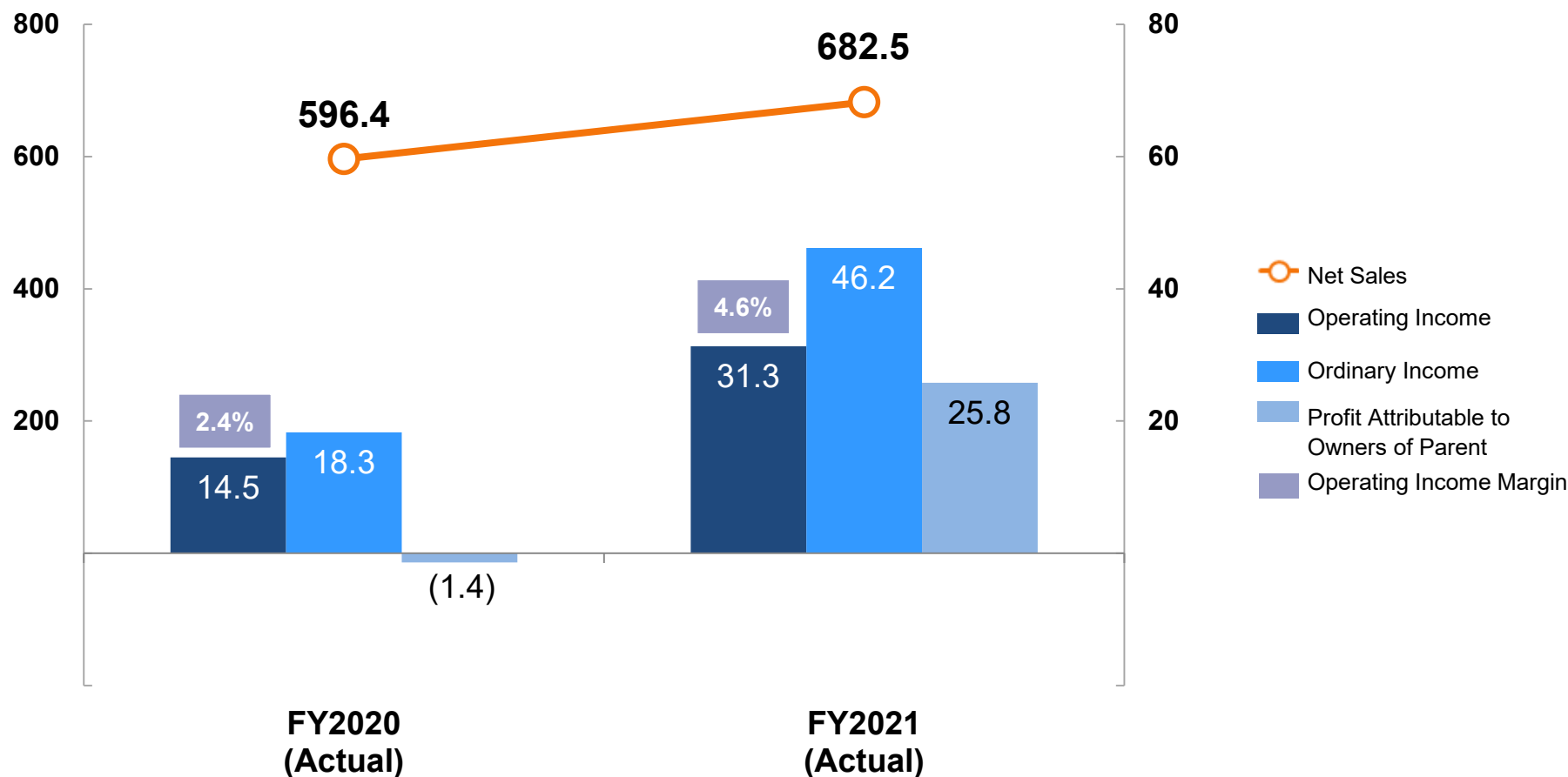


Financial Results for the Fiscal Year Ended March 31, 2022 [vs. FY2020]

(¥ billion)

【Net Sales】

【Income】



Average Exchange Rate
(Yen/US Dollar)

105.89

111.82



Financial Forecasts for the Fiscal Year Ending March 31, 2023

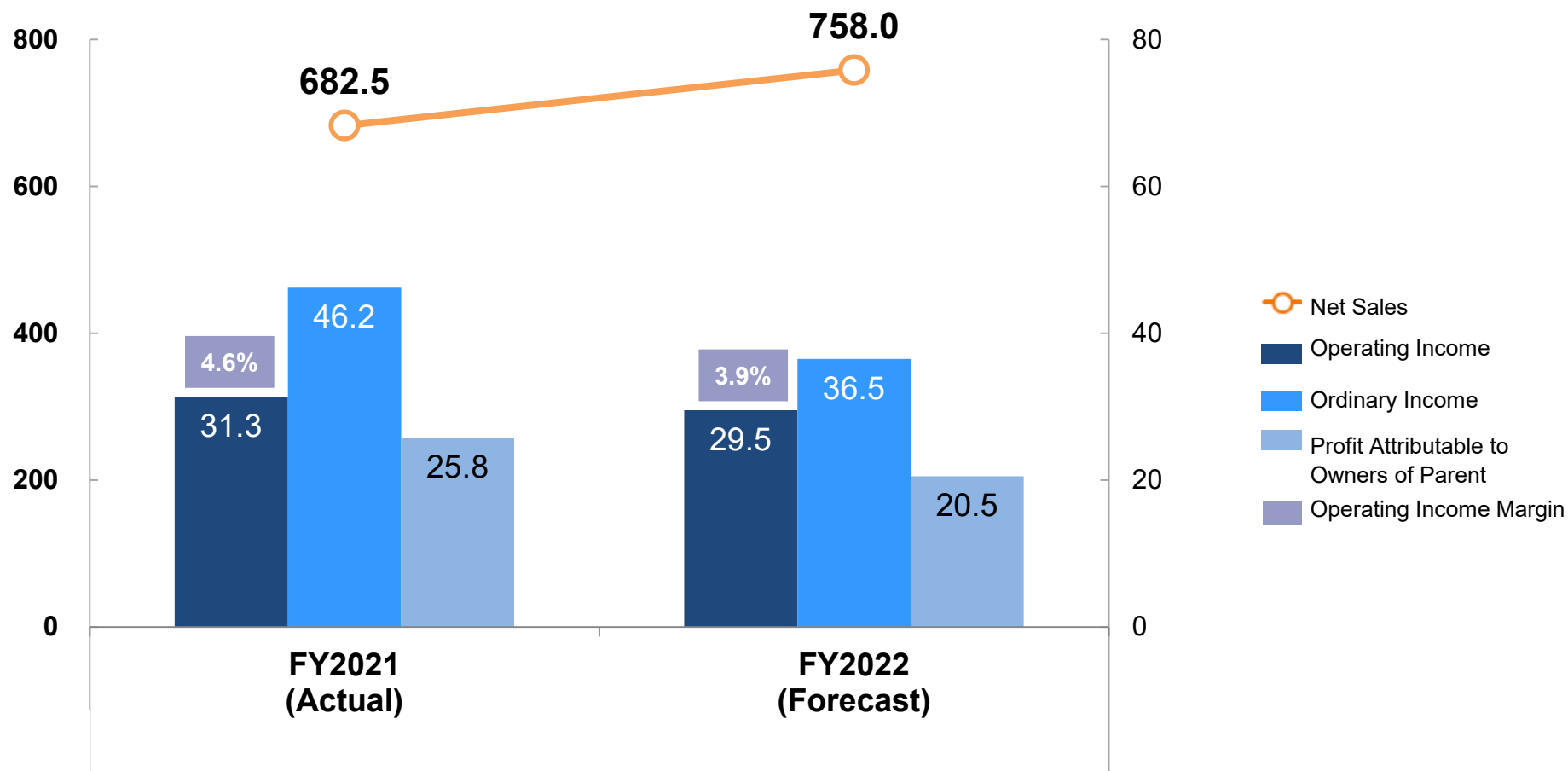
(¥ billion)	FY2021 Actual Full Year	FY2022 Forecast		YoY Changes	
		H1	Full Year	Amount	Ratio
Net Sales	682.5	369.0	758.0	75.5	11.1%
Operating Income	31.3	11.5	29.5	(1.8)	(5.9%)
Ordinary Income	46.2	14.5	36.5	(9.7)	(20.9%)
Profit Attributable to Owners of Parent	25.8	8.0	20.5	(5.3)	(20.7%)
Operating Income Margin	4.6%	3.1%	3.9%	(0.7pt)	—
Capital Investment	41.0	31.9	64.3	23.3	—
Depreciation	42.6	21.9	44.6	2.0	—
Average Exchange Rate (Yen/US dollar)	111.82	120.00	120.00	—	—
No. of Employees	37,613	38,686	38,620	1,007	—



Financial Forecasts for the Fiscal Year Ending March 31, 2023 [vs. FY2021]

(¥ billion) 【Net Sales】

【Income】



Average Exchange Rate
(Yen/US Dollar)

111.82

120.00

Dividend for the Fiscal Year Ended March 31, 2022

The term-end dividend for FY2021 will be 35 yen per share in total, ordinary dividend of 25 yen per share and commemorative dividend of 10 yen per share. The annual dividend forecast has been revised to 60 yen per share, including the interim dividend of 25 yen per share accordingly.

FY2020

Annual Dividend

¥25

Payout Ratio

— %

FY2021

Annual Dividend

¥60

Payout Ratio

40.2%

(Ordinary dividend of 50 yen + Commemorative dividend of 10 yen)

FY2022 (Plan)

Annual Dividend

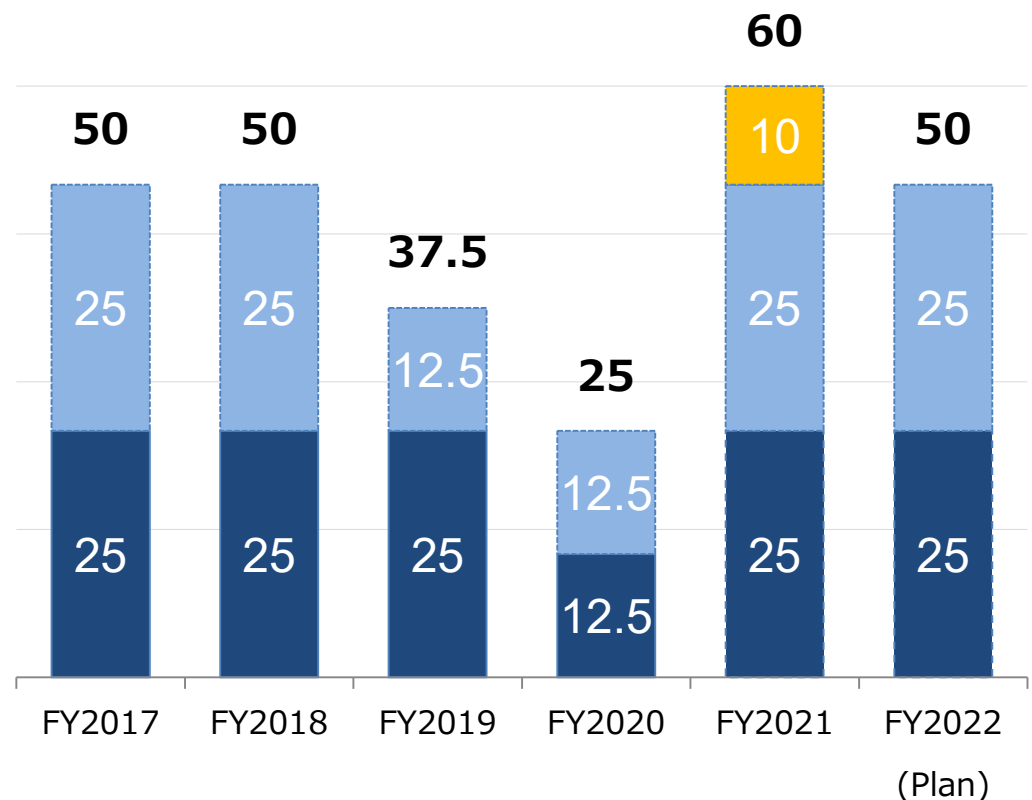
¥50

Payout Ratio

42.2%

■ Interim Dividend ■ Term-end Dividend ■ Commemorative Dividend

(Unit: Yen)



Medium-Term Management Plan





Three-Year Plan (FY2020-FY2022)

Slogan (Key Corporate Objective)

**Flexible response to changes and Re-challenge
to be a Sustainable Company**



Initiatives

1. Moving away from dependence on specific customers
 - Expansion of sales across businesses and creation of new businesses for a well-balanced mix of customers
2. Repositioning quality management to origin
3. Operating practical and effective BCM
4. Advancing digitalization that will lead to higher competitiveness and profitability
5. Implementing management spirit that respects human dignity
 - Fostering vibrant people and supporting flexible and diverse work styles



Revival Two-Year Plan

We have been implementing the "Revival Two-Year Plan" covering the fiscal year ended March 2022 and ending March 2023. We also introduced RoA (Return on Assets), which represents the overall profitability of a company, as an indicator of corporate strength, and we aim to maintain a corporate structure that achieves at least 5% or higher.

(¥ billion)	FY2021			FY2022		
	Target	Actual	YoY	Target	Forecast	YoY
Net Sales	624.0	682.5	58.5	640.0	758.0	118.0
Operating Income	22.5	31.3	8.8	33.0	29.5	(3.5)
Ordinary Income	27.2	46.2	19.0	38.0	36.5	(1.5)
Profit Attributable to Owners of Parent	14.4	25.8	11.4	22.0	20.5	(1.5)
Operating Income Margin	3.6%	4.6%	1.0pt	5.2%	3.9%	(1.3pt)
Capital Adequacy Ratio	58.5%	58.6%	0.0pt	58.9%	58.0%	(0.9pt)
ROA	1.6%	3.1%	1.5pt	2.6%	2.4%	(0.3pt)
ROE	2.8%	5.4%	2.6pt	4.5%	4.0%	(0.5pt)



Investments to increase production capacity in various locations in anticipation of future demands

In the seal business, we relocated and expanded our plant in Changchun, Jilin Province, China, to an industrial park in the same area. We will strengthen supply to European and American car manufacturers as well as Chinese car manufacturers.

In response to growing demands for automobiles in Vietnam, we added a new building to the existing plant for O-ring.

Changchun NOK-Freudenberg Oil Seal Co., Ltd.
(Scheduled to be completed on Jun 30, 2022)



Vietnam NOK Co., LTD.
(Scheduled to be completed on May 30, 2022)



In the electronic product business, a new factory building is under construction in our plant in Suzhou to expand production space for FPC for EV batteries, for which sales are increasing. It is scheduled to be completed in the fall of 2022 and to start operation by the end of the year.

Mektec Manufacturing Corporation (Suzhou) Ltd.
(Scheduled to be completed in October 2022)



Financial Results by Business Segment for the Fiscal Year Ended March 31, 2022

* From the fiscal year ended March 31, 2022, the roll business is included in the other business.





Financial Results by Business Segment for the Fiscal Year Ended March 31, 2022

(¥ billion)		FY2020 Actual	FY2021 Actual	YoY Changes	
				Amount	Ratio
Seal Business	Net Sales	293.0	336.2	43.2	14.7%
	Operating Income	23.2	35.5	12.3	53.0%
Electronic Product Business	Net Sales	281.8	320.9	39.2	13.9%
	Operating Income	(8.4)	(5.0)	3.3	—
Others	Net Sales	21.6	25.4	3.8	17.6%
	Operating Income	(0.4)	0.9	1.3	—
Total	Net Sales	596.4	682.5	86.1	14.4%
	Operating Income	14.5	31.3	16.9	116.6%

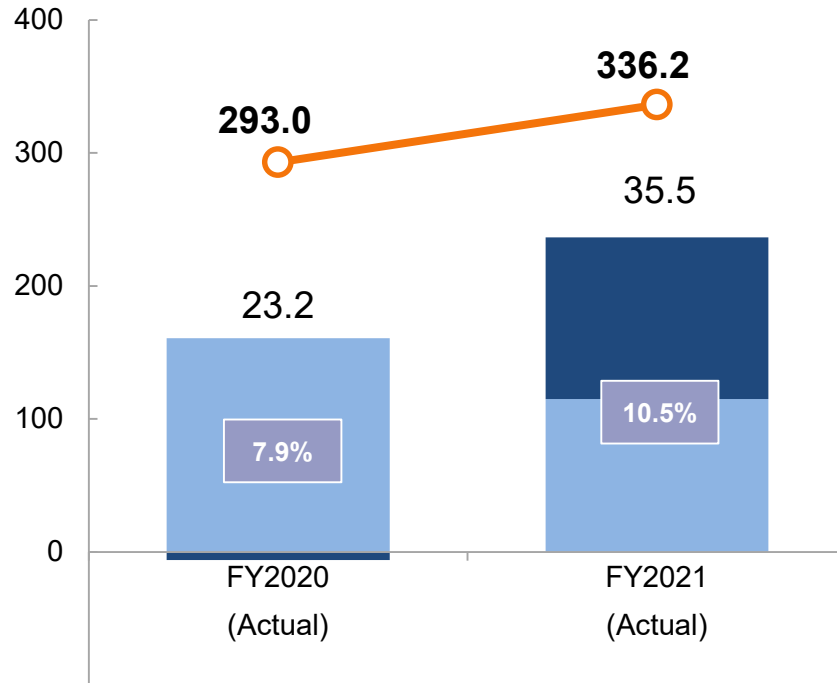
* Reference: Financial results of the Fiscal Year Ended March 31, 2022 for the Roll Business are as follows.
[Net Sales] 16.9 billion yen [Operating income] (0.5) billion yen

Seal Business: Financial Results [vs. FY2020]

(¥ billion)

[Net Sales]

○ Net Sales
■ Operating Income (H1) ■ Operating Income (H2)
■ Operating Income Margin



[Operating Income]

FY2021 Results

Net Sales ¥336.2 bn (+¥43.2 bn YoY)

- Sales for automobile applications recovered.
- Sales from manufactures of construction machinery increased.

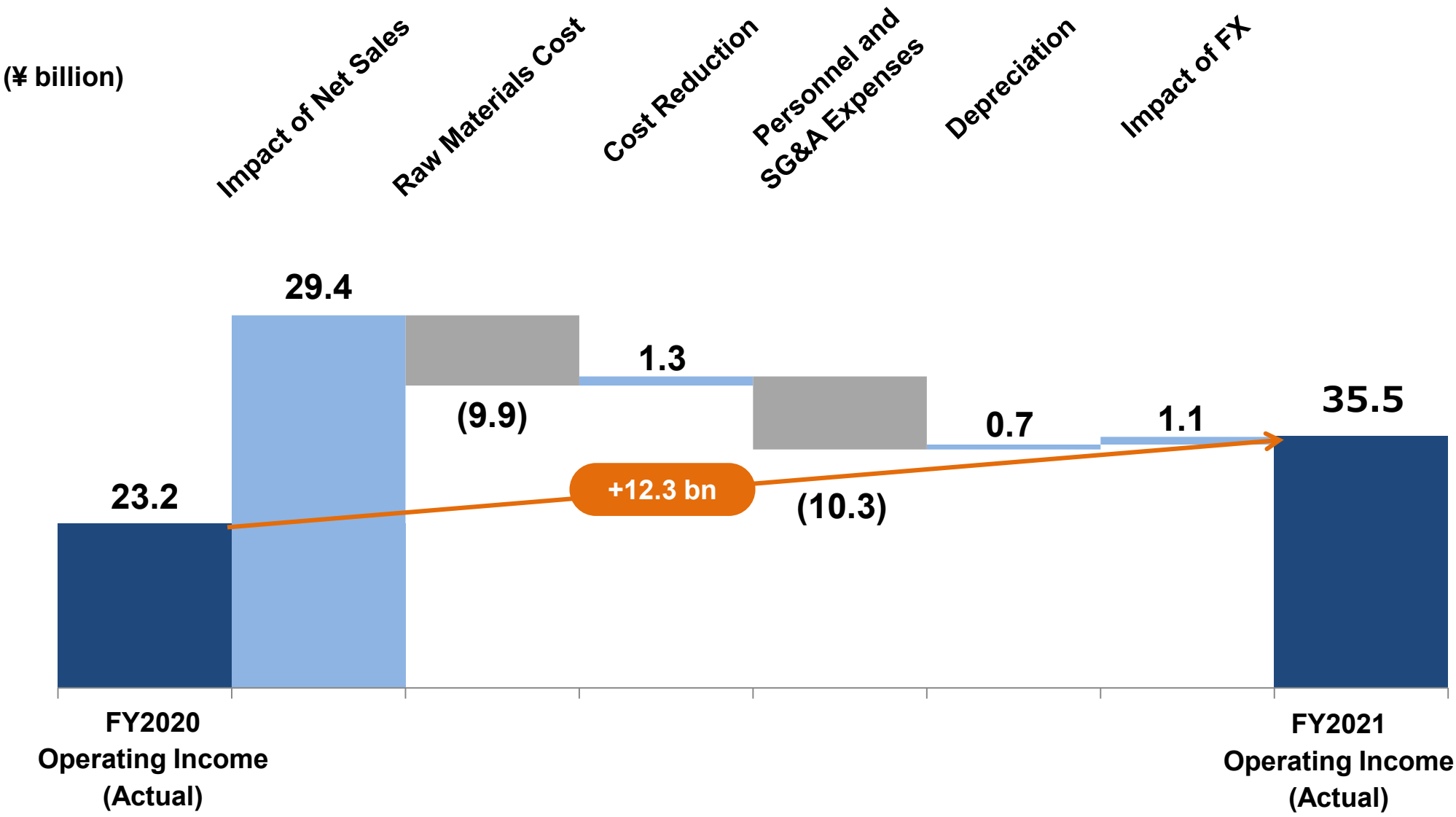
Operating Income ¥35.5 bn (+¥12.3 bn YoY)

- Sales increased.
- Personnel and SG&A expenses increased.
- Raw material cost has been rising.

Capital Investment	¥13.7 bn	¥19.3 bn
Depreciation	¥23.9 bn	¥23.6 bn
No. of Employees	21,120	20,996

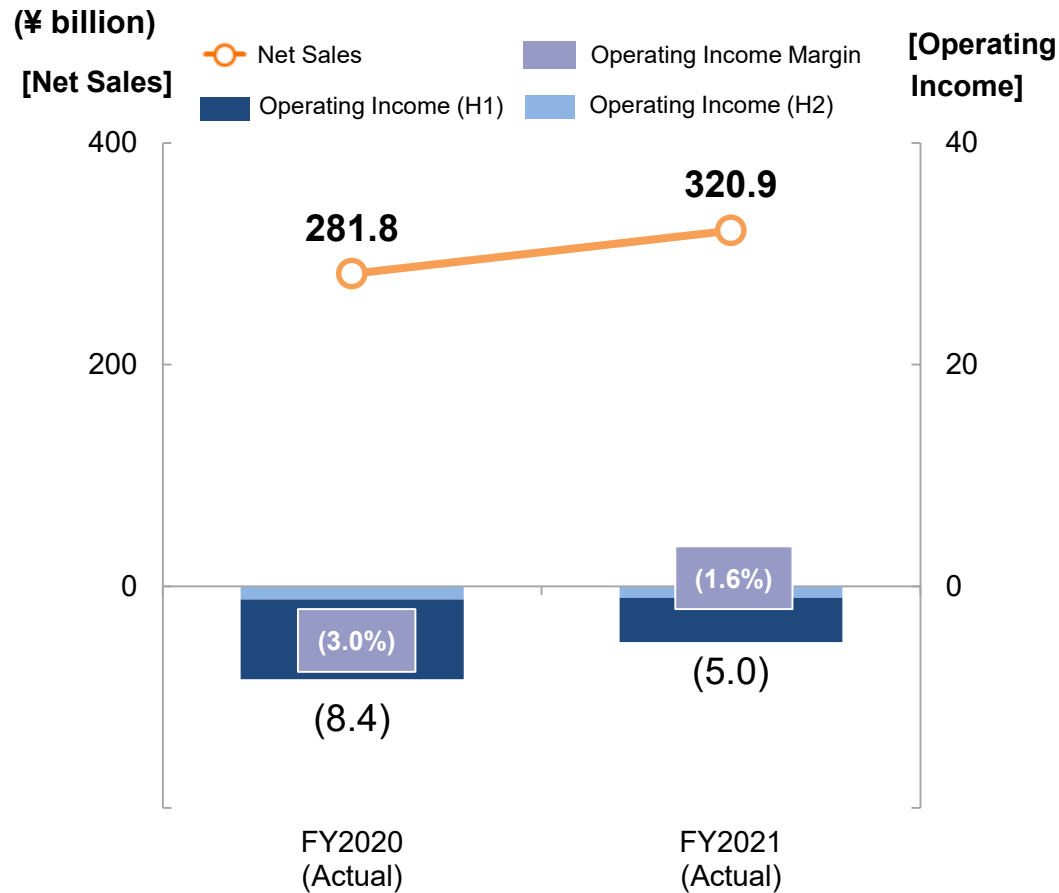


Seal Business: Changes in Operating Income [vs. FY2020]





Electronic Product Business: Financial Results [vs. FY2020]



FY2021 Results

Net Sales ¥320.9 bn (+¥39.2 bn YoY)

- ↗ Sales for high-end smartphone increased.
- ↗ Sales for HDD applications increased.
- ↗ Sales for automobile applications increased.

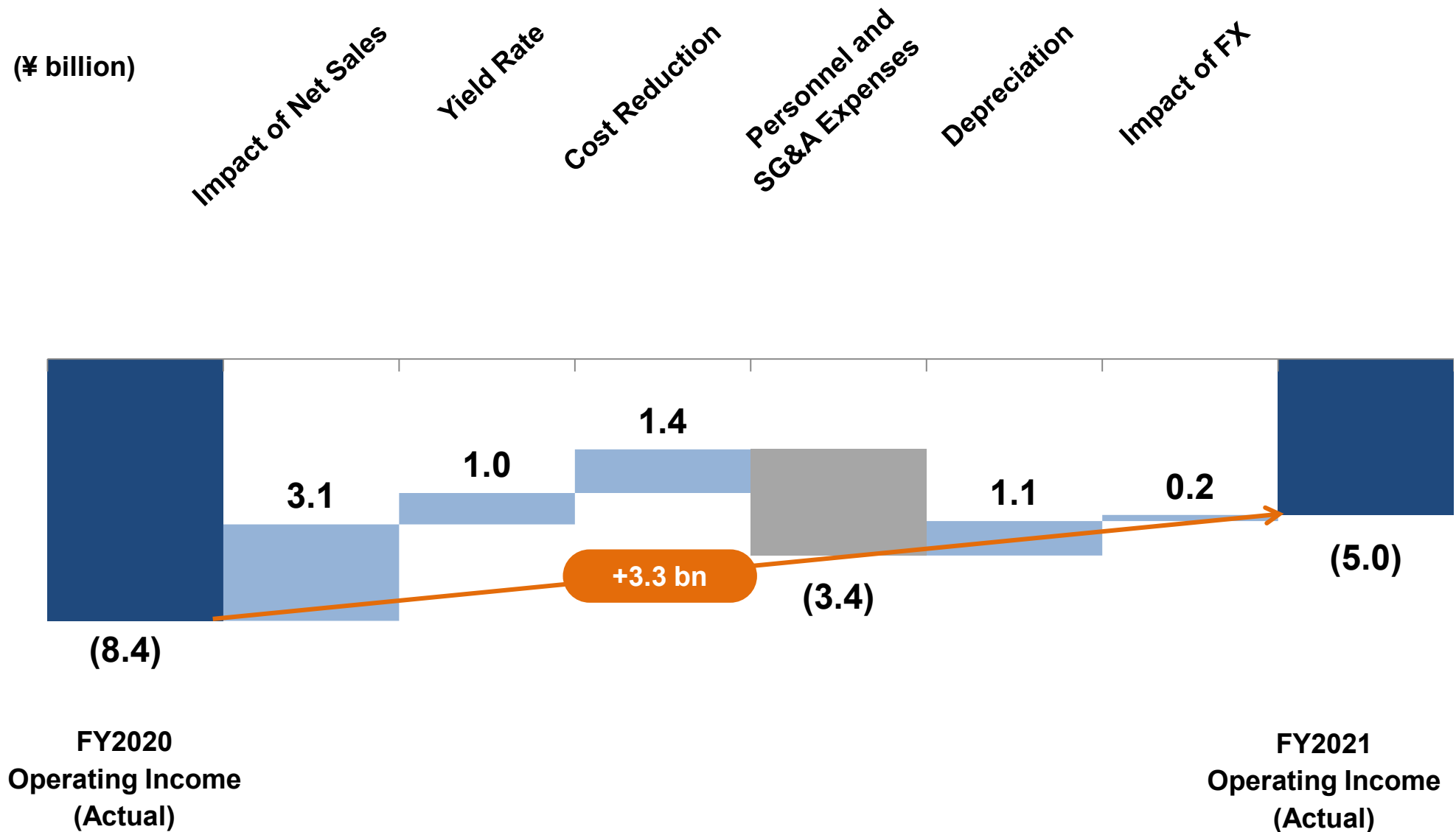
Operating Income -¥5.0 bn (+¥3.3 bn YoY)

- ↗ Sales increased.
- ↘ Personnel and SG&A expenses increased.

Capital Investment	¥11.4 bn	¥20.4 bn
Depreciation	¥15.7 bn	¥18.0 bn
No. of Employees	14,910	14,548



Electronic Product Business: Changes in Operating Income [vs. FY2020]



Financial Forecasts by Business Segment for the Fiscal Year Ending March 31, 2023

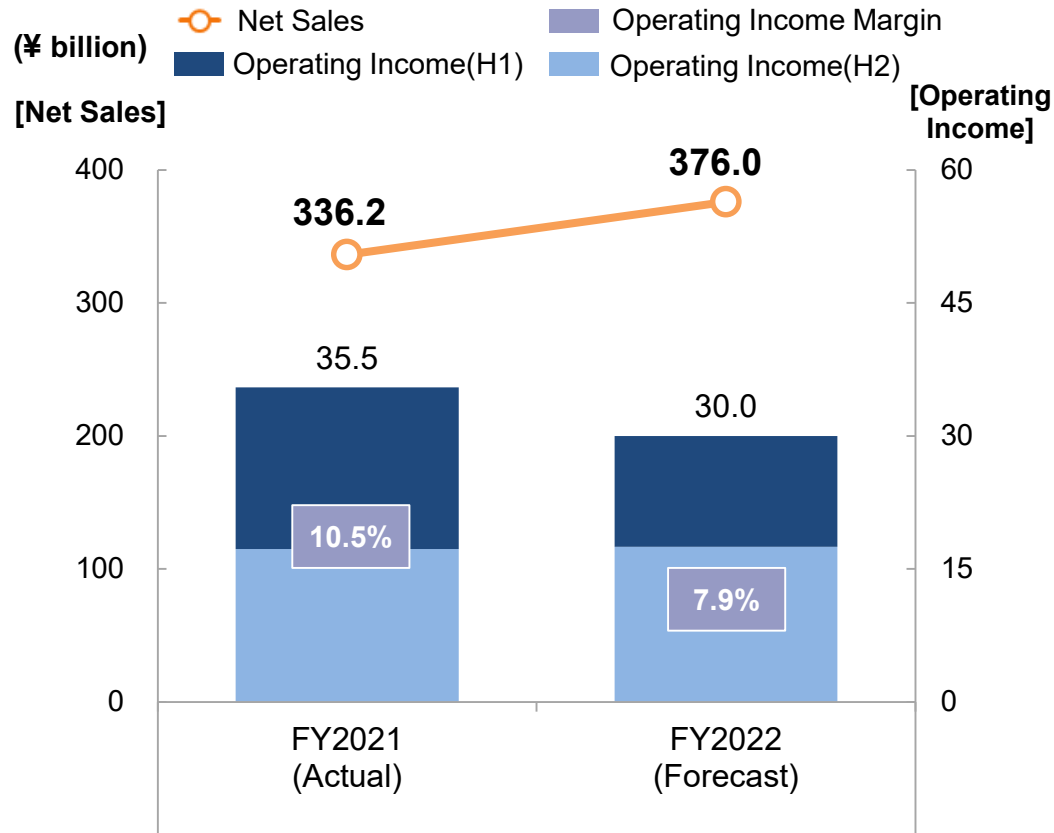




Financial Forecasts for the Fiscal Year Ending March 31, 2023

(¥ billion)		FY2021	FY2022		YoY Changes	
		Actual	Forecast		Full Year	
		Full Year	H1	Full Year	Amount	Ratio
Seal Business	Net Sales	336.2	183.0	376.0	39.8	11.8%
	Operating Income	35.5	12.5	30.0	(5.5)	(15.5%)
Electronic Product Business	Net Sales	320.9	172.7	355.4	34.5	10.7%
	Operating Income	(5.0)	(1.7)	(1.5)	3.5	—
Others	Net Sales	25.4	13.3	26.6	1.2	4.8%
	Operating Income	0.9	0.7	1.0	0.1	11.9%
Total	Net Sales	682.5	369.0	758.0	75.5	11.1%
	Operating Income	31.3	11.5	29.5	(1.8)	(5.9%)

Seal Business: Financial Forecasts [vs. FY2021]



FY2022 Forecasts

New Sales ¥376.0 bn (+¥39.8 bn YoY)

- Sales for automobile applications are expected to increase.
- Sales for construction machinery are expected to increase.

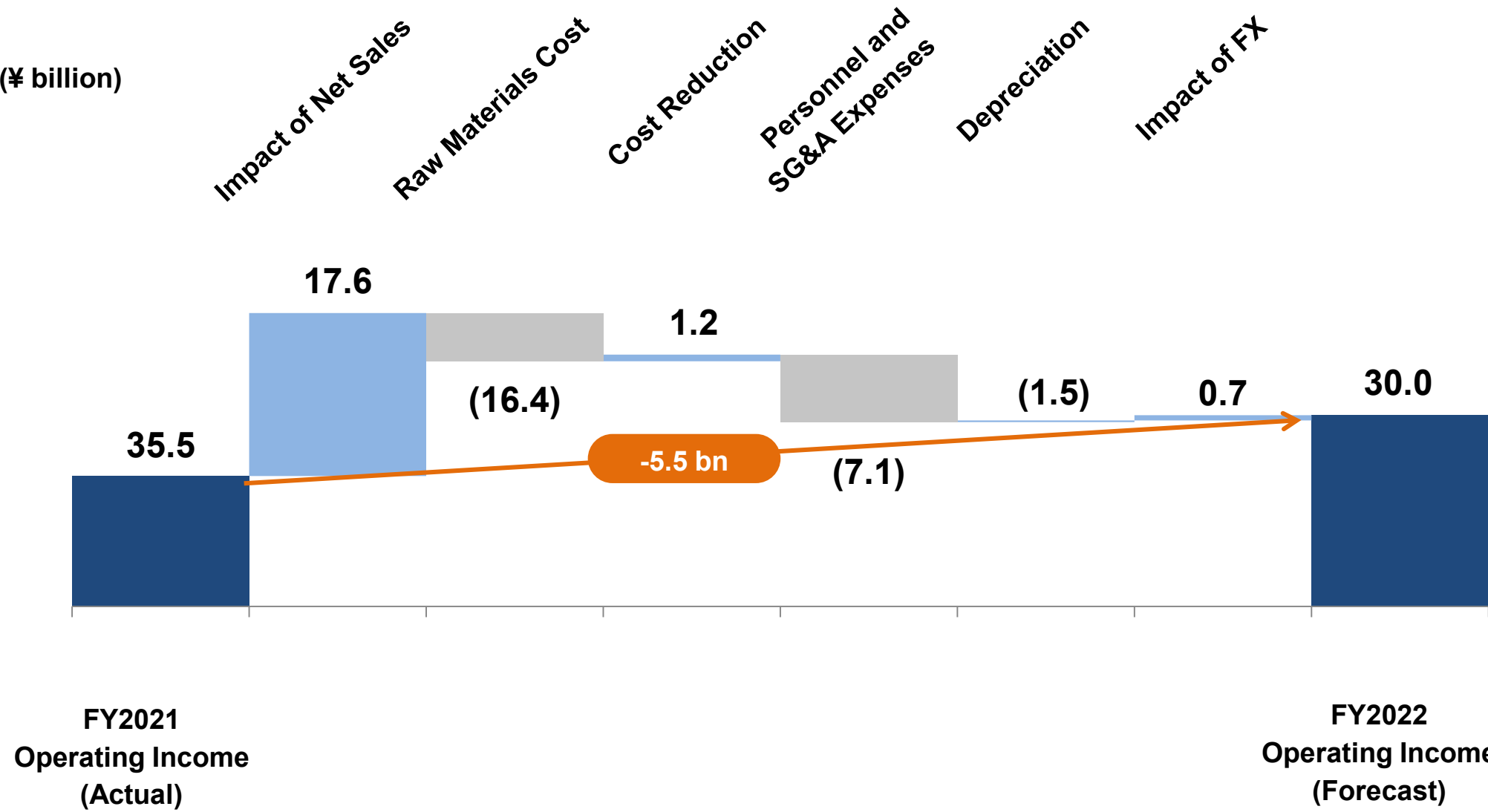
Operating Income ¥30.0 bn (-¥5.5 bn YoY)

- Sales are expected to increase.
- Raw material cost has been rising.
- Personnel and SG&A expenses are expected to increase.

Capital Investment	¥19.3 bn	¥29.9 bn
Depreciation	¥23.6 bn	¥25.0 bn
No. of Employees	20,996	21,442

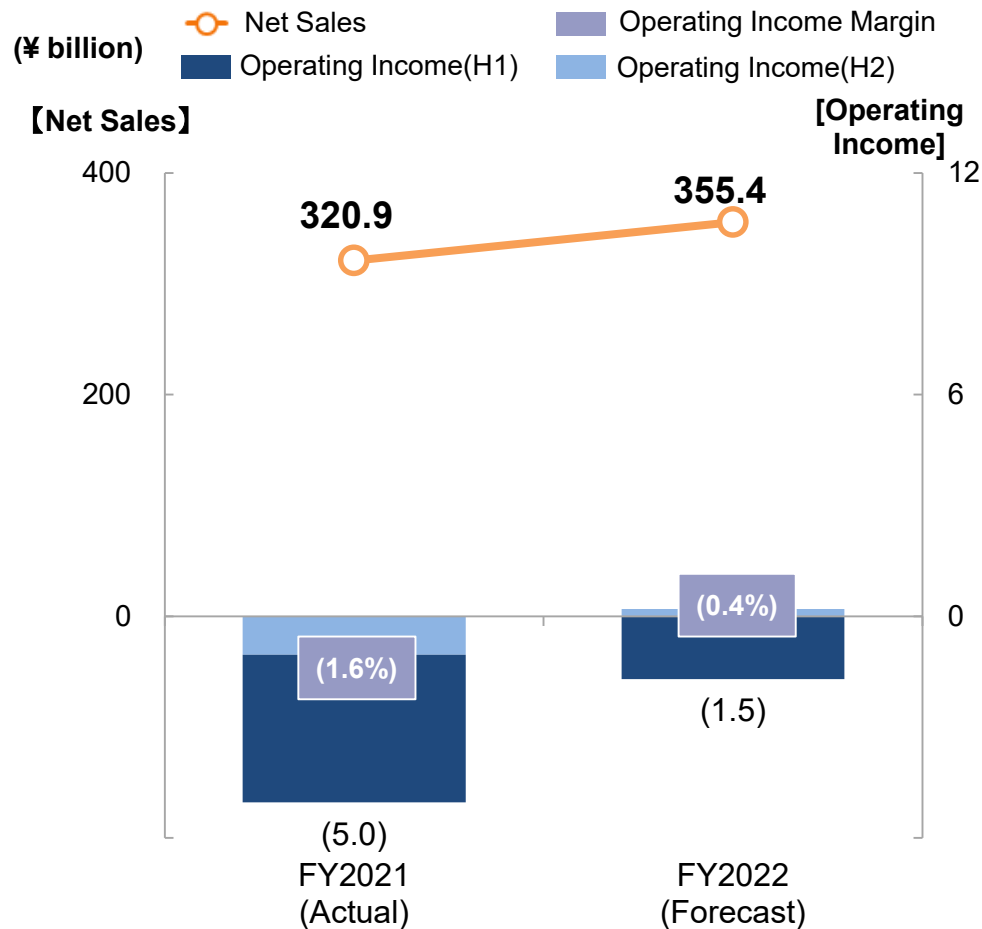


Seal Business: Changes in Operating Income [vs. FY2021]





Electronic Product Business: Financial Forecasts [vs. FY2021]



FY2022 Forecasts

Net Sales ¥355.4 bn (+¥34.5 bn YoY)

- Sales for automobile applications are expected to increase.
- Sales for high-end smartphone are expected to increase.

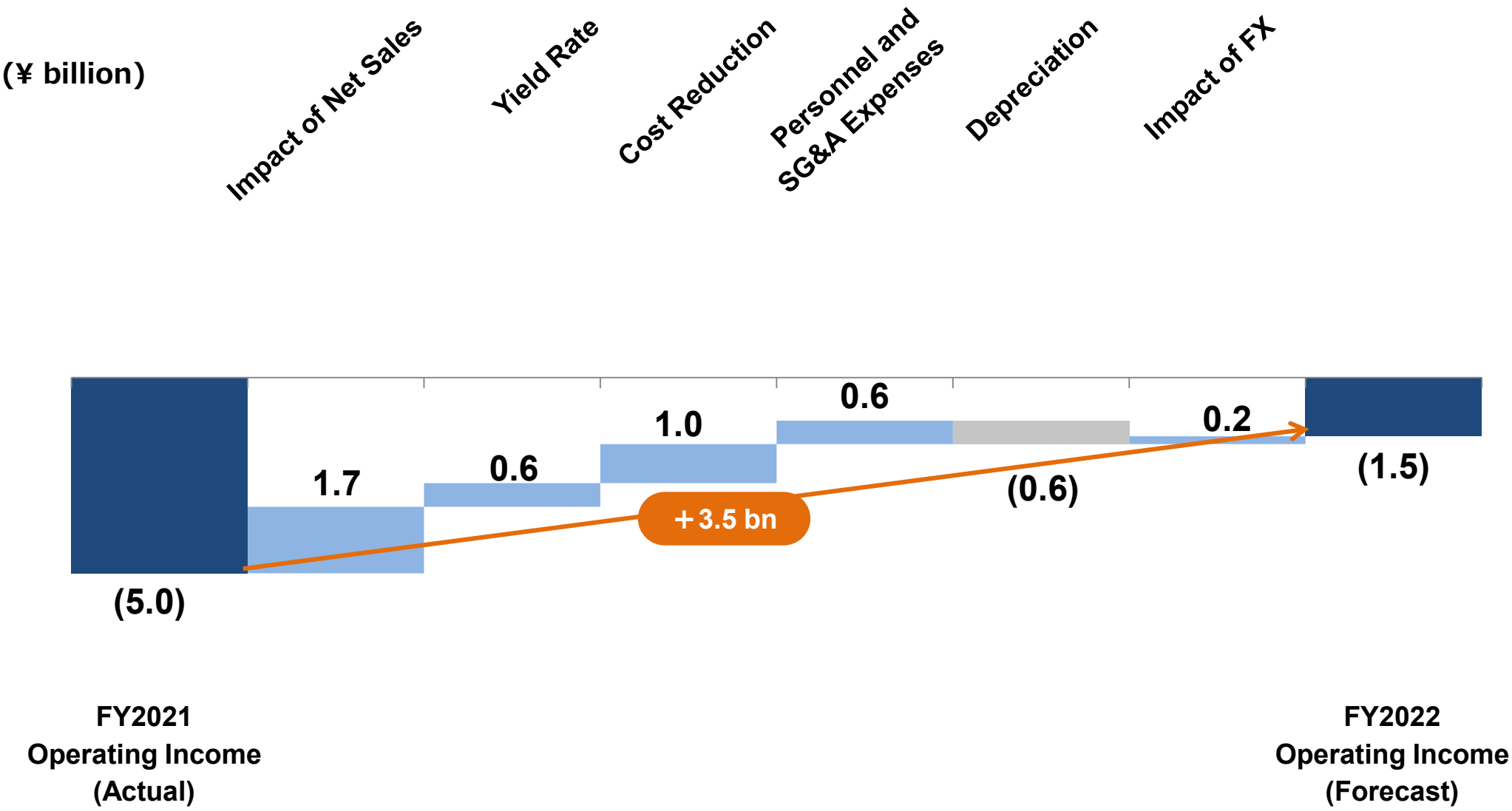
Operating Income -¥1.5 bn (+¥3.5 bn YoY)

- Sales are expected to increase.
- Cost reduction and yield rate are expected to improve.

Capital Investment	¥20.4 bn	¥32.8 bn
Depreciation	¥18.0 bn	¥18.5 bn
No. of Employees	14,548	15,020



Electronic Product Business: Changes in Operating Income [vs. FY2021]



Business Overview by Industry and by Region



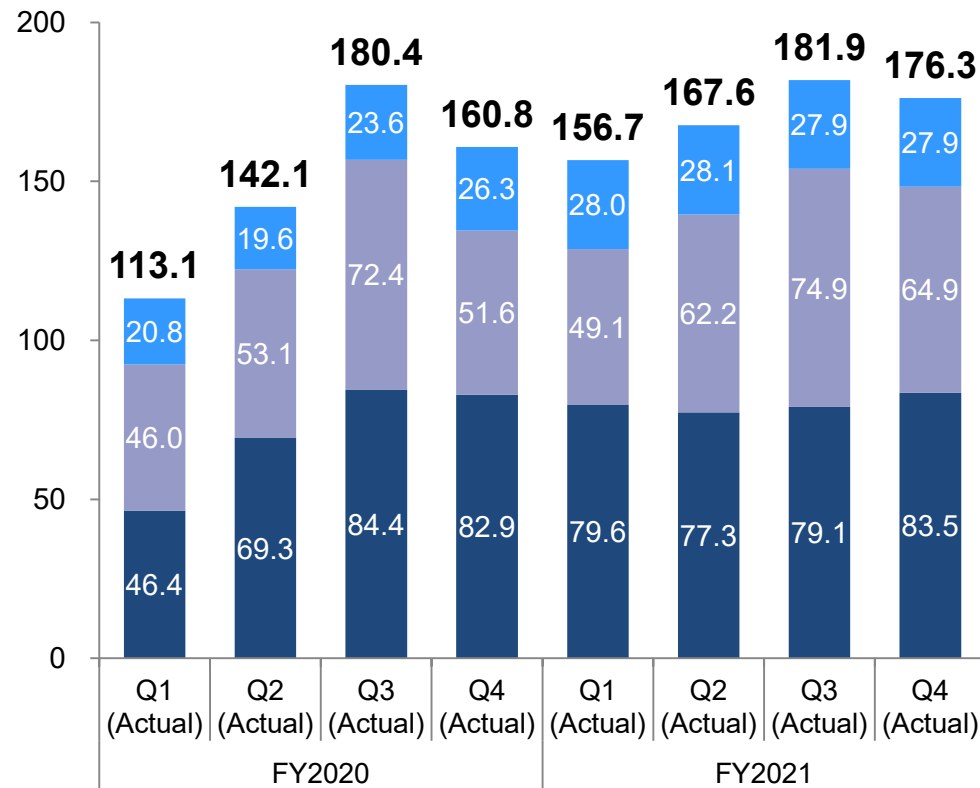


Consolidated Net Sales Trend by Industry

■ Automotive Industry (AI) ■ Electronic Industry (EI) ■ General Industry (GI)

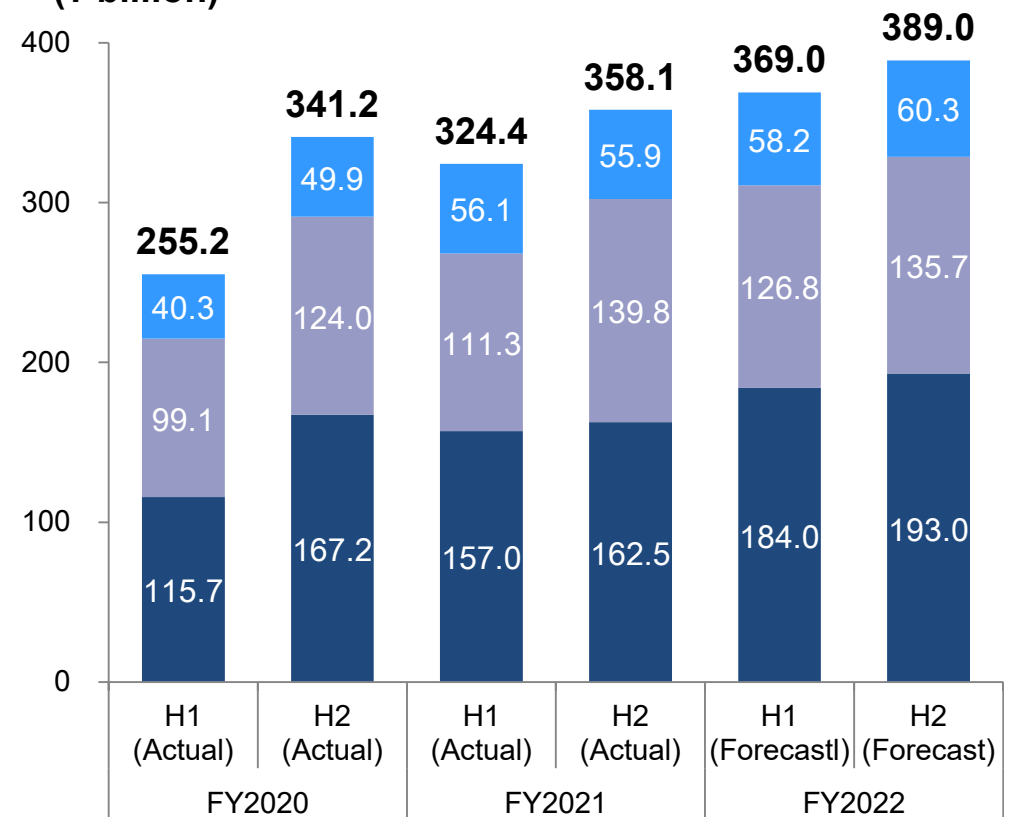
[By Quarter]

(¥ billion)



[By Half Year]

(¥ billion)



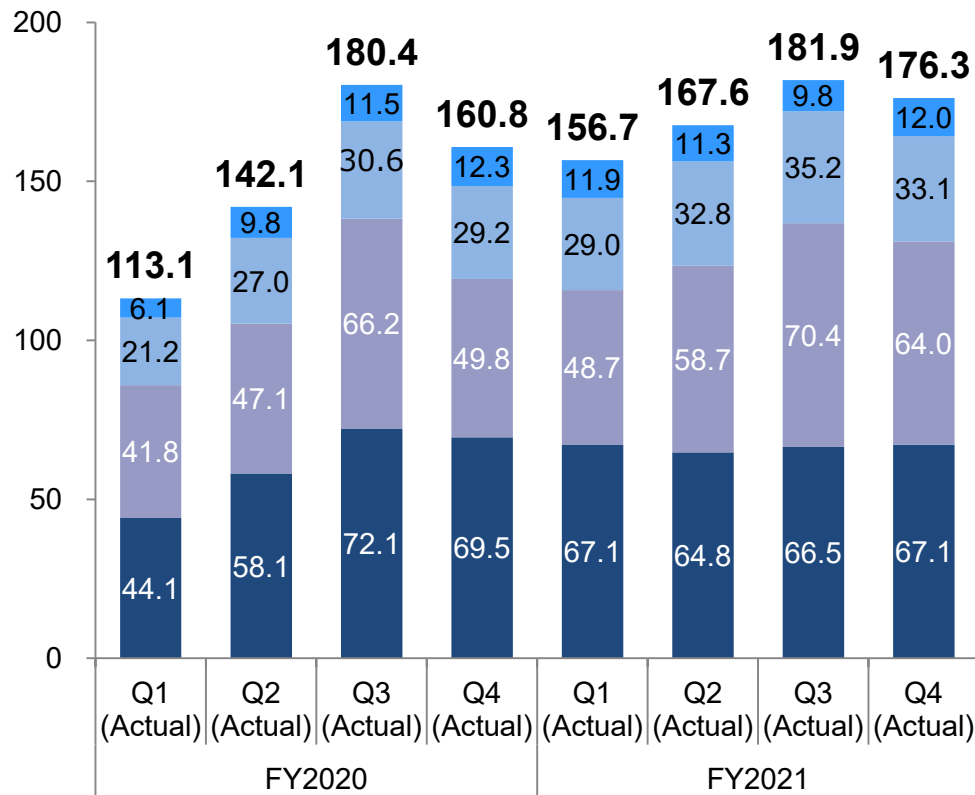


Consolidated Net Sales Trend by Region

■ Japan ■ China ■ Other Asia ■ Others

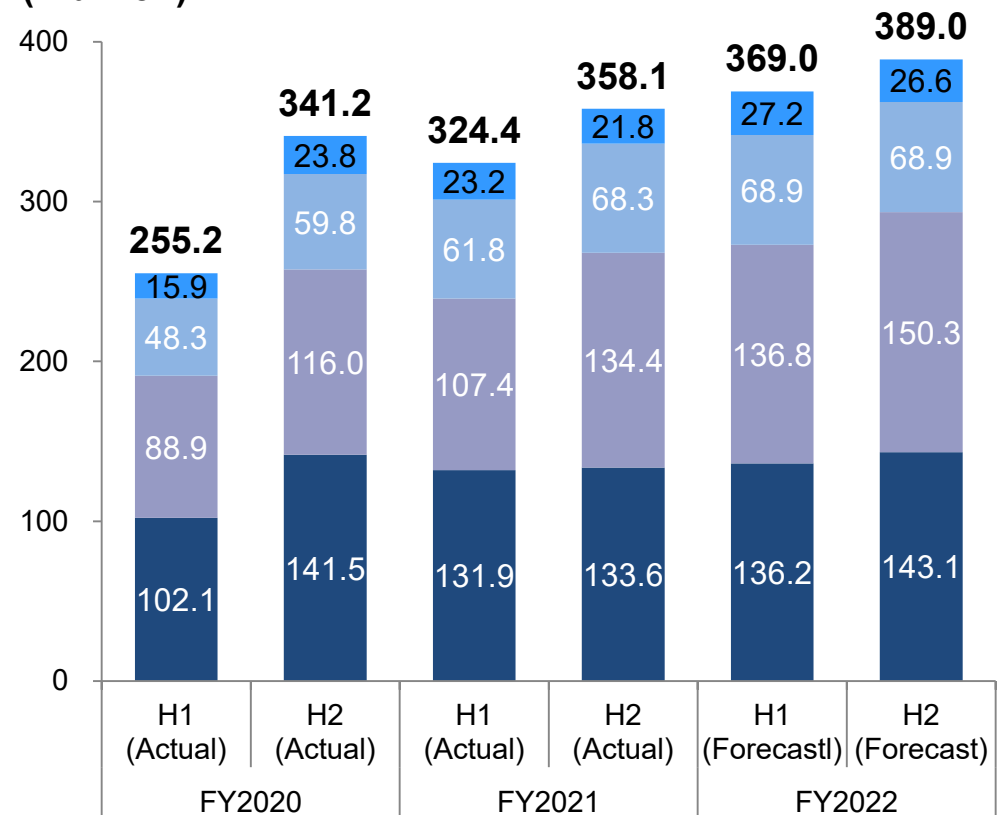
[By Quarter]

(¥ billion)



[By Half Year]

(¥ billion)

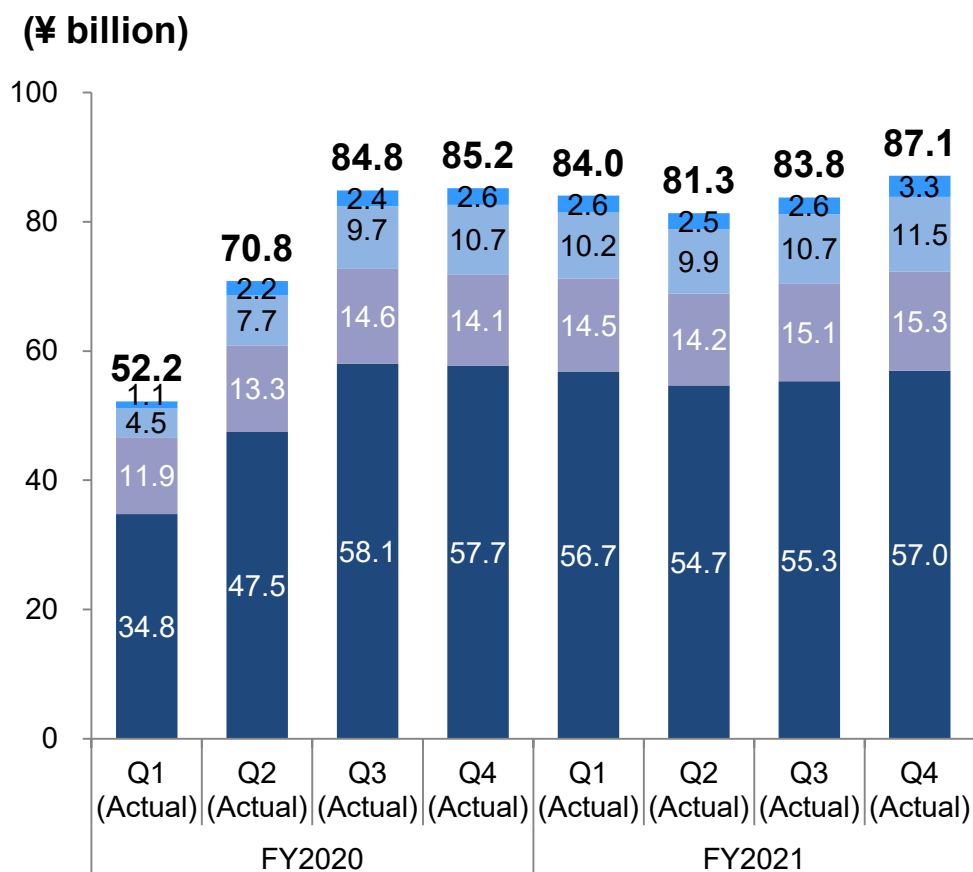




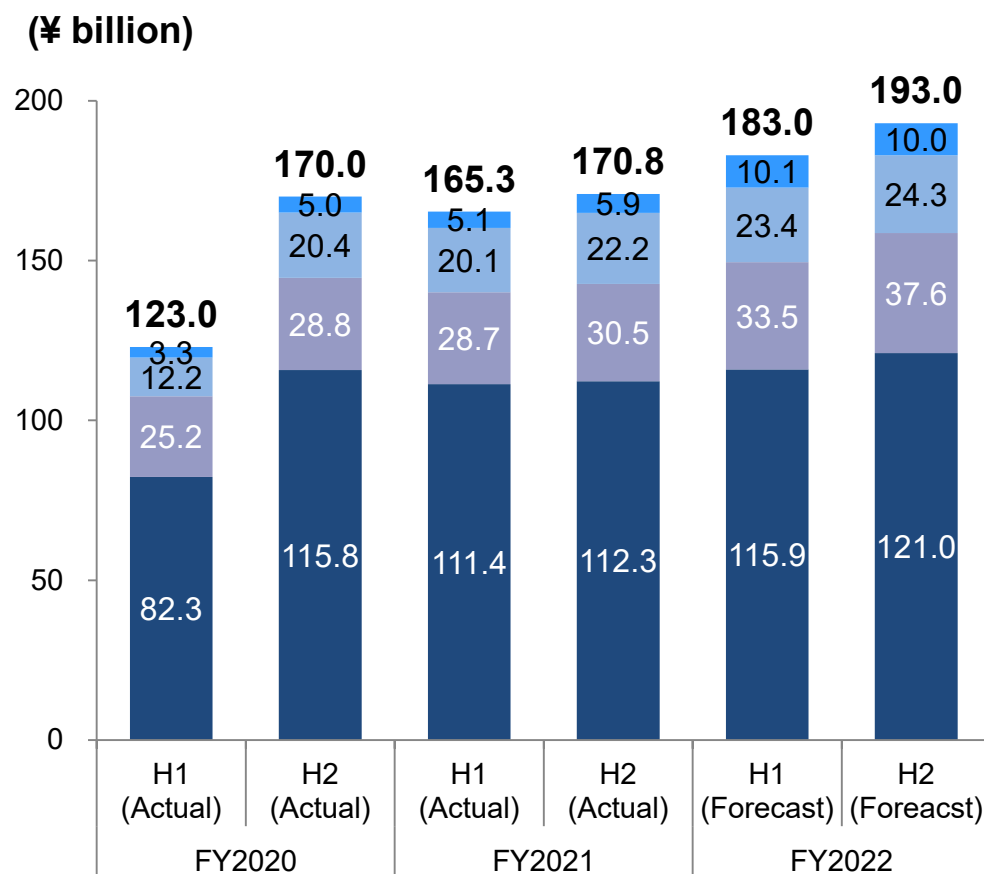
Net Sales Trend for Seal Business by Region

■ Japan ■ China ■ Other Asia ■ Others

[By Quarter]



[By Half Year]

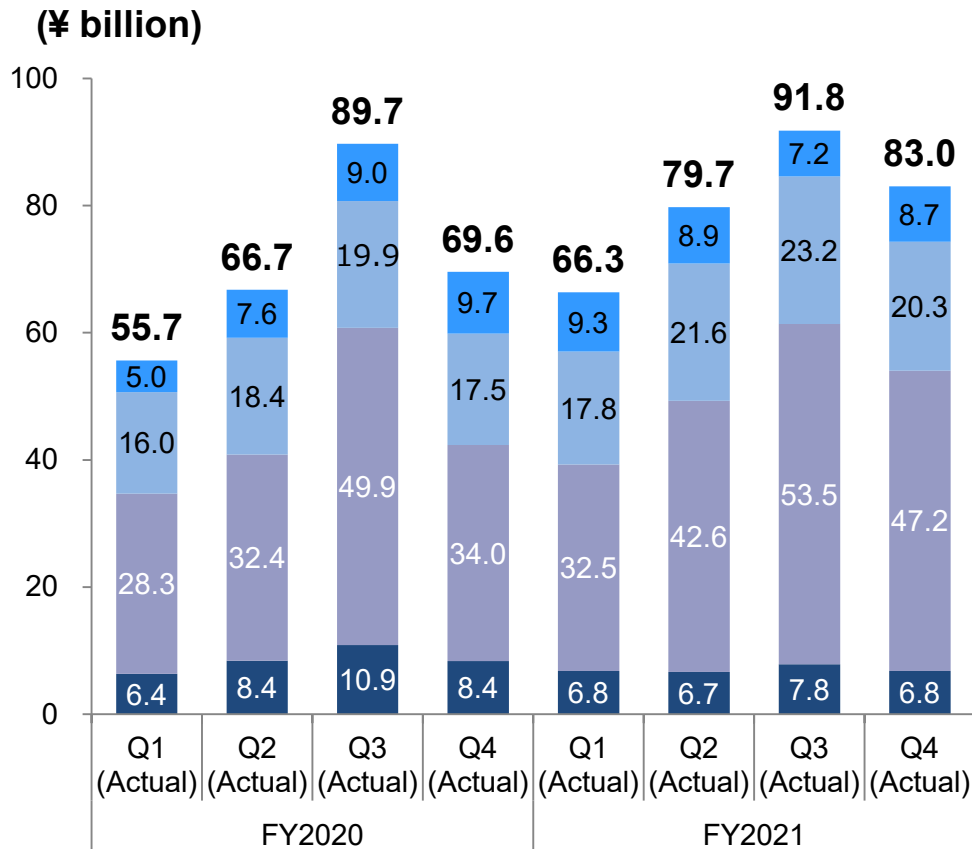




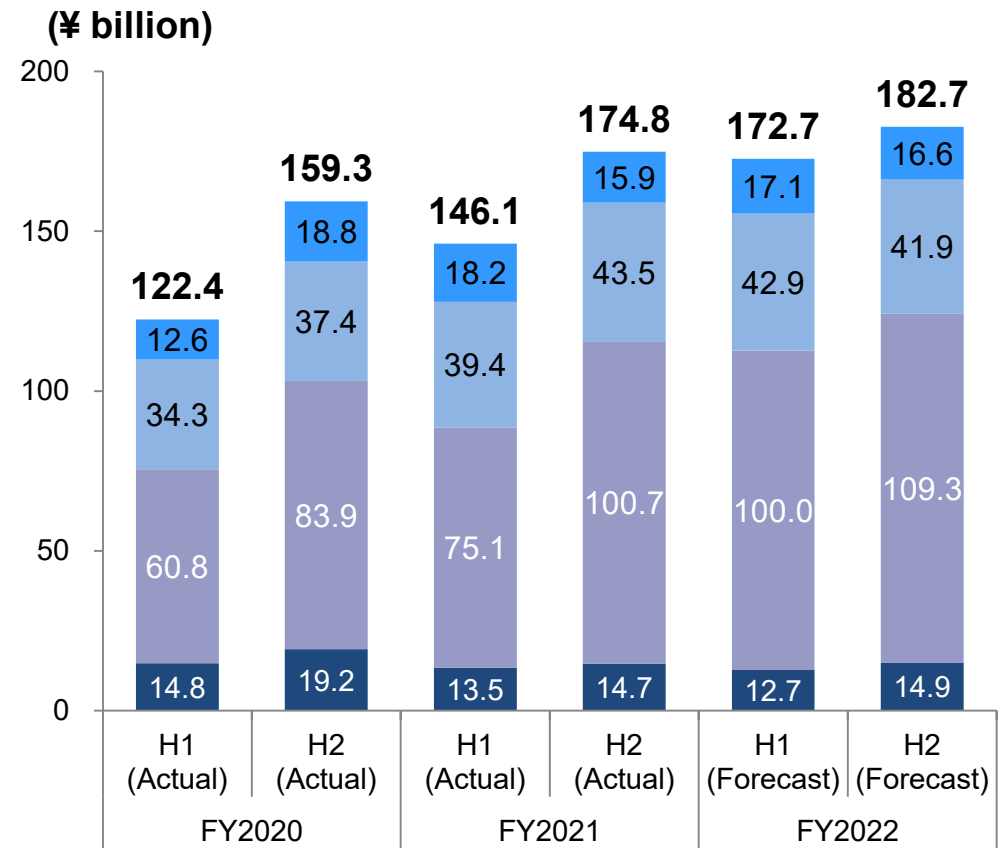
Net Sales Trend for Electronic Product Business by Region

■ Japan ■ China ■ Other Asia ■ Others

[By Quarter]



[By Half Year]

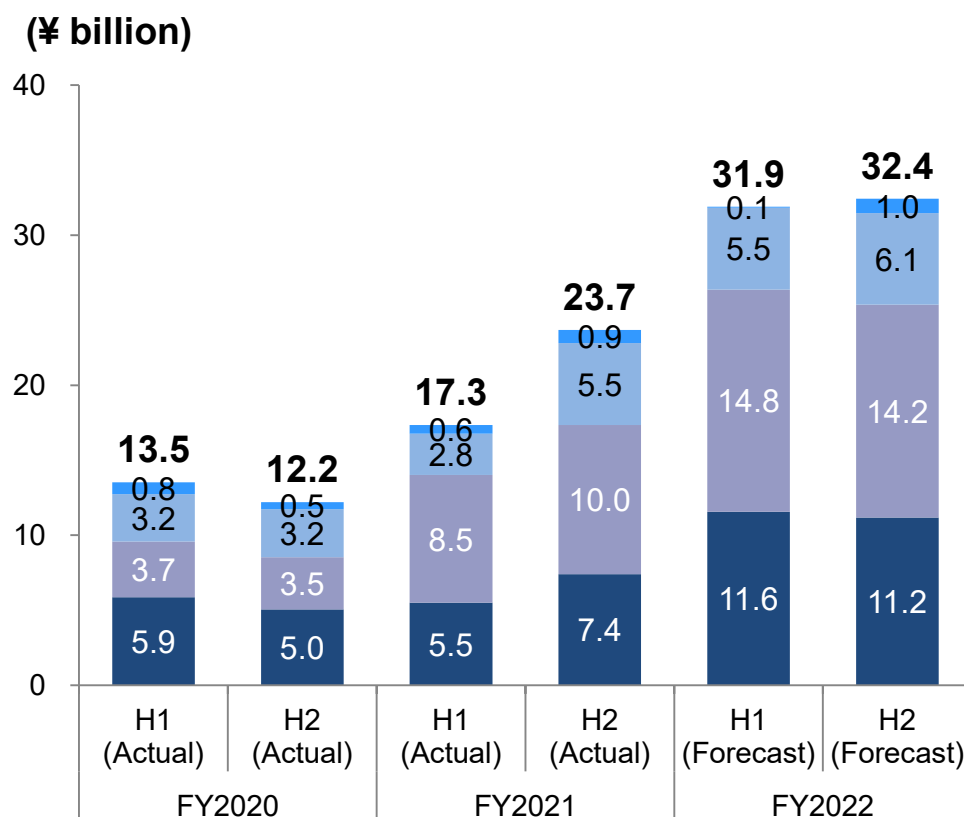




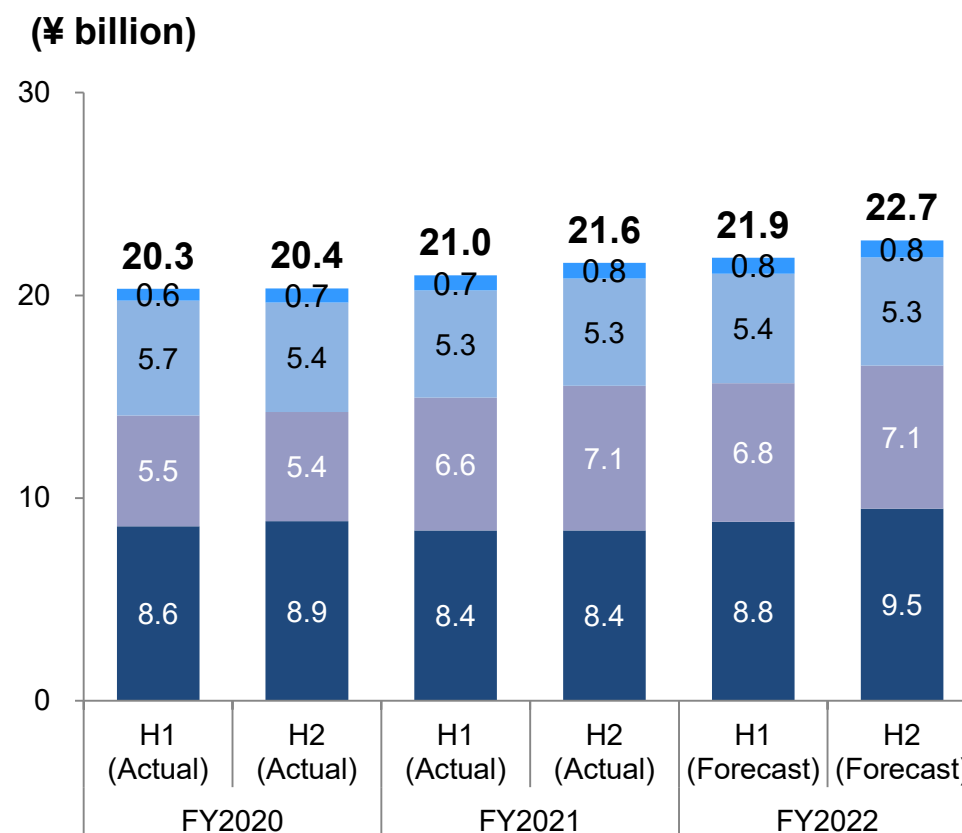
Trend of Capital Investment and Depreciation by Region

■ Japan ■ China ■ Other Asia ■ Europe / the U.S.

[Capital Investment]



[Depreciation]



* The H2 forecast is the full-year forecast minus the H1 forecast.

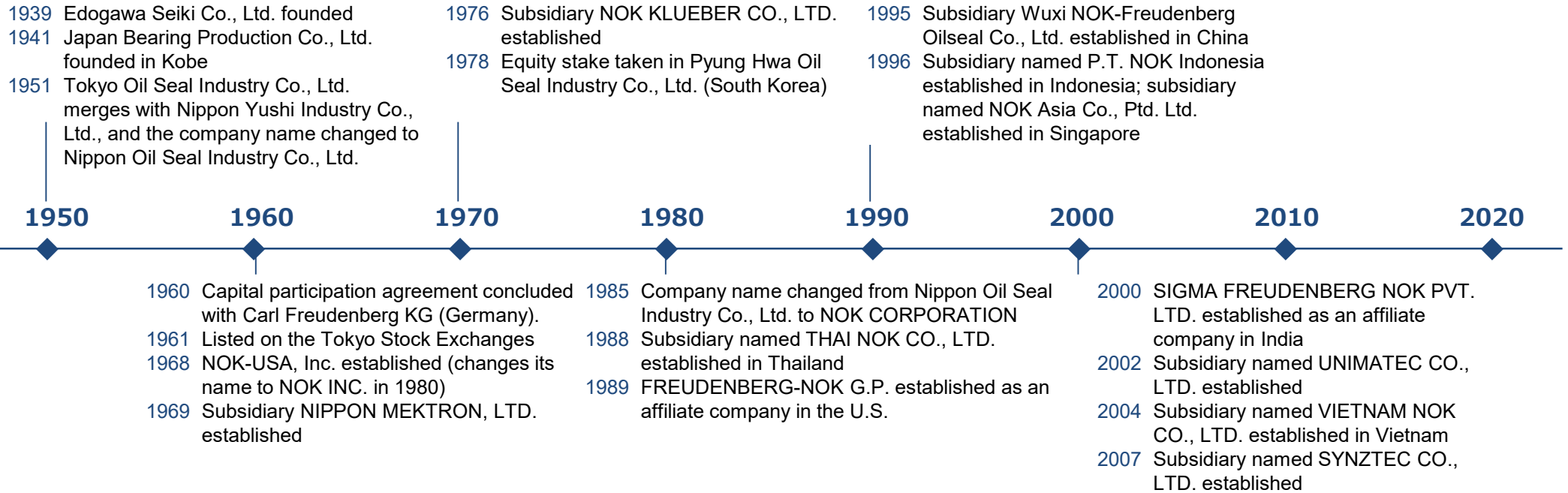
* Capital investment includes the acquisition of intangible assets.

References

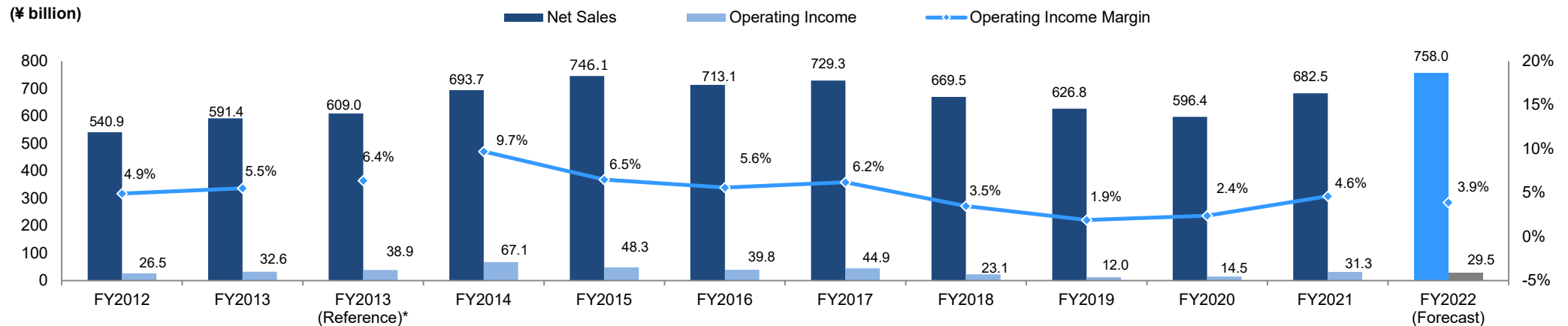




Corporate History



Net Sales and Operating Income trends for the last 10 years



• From FY2014, NOK has unified the accounting period of the overseas business and changed its depreciation method so the values are calculated and used for reference purposes.



Global Network

Asia



Japan



North America



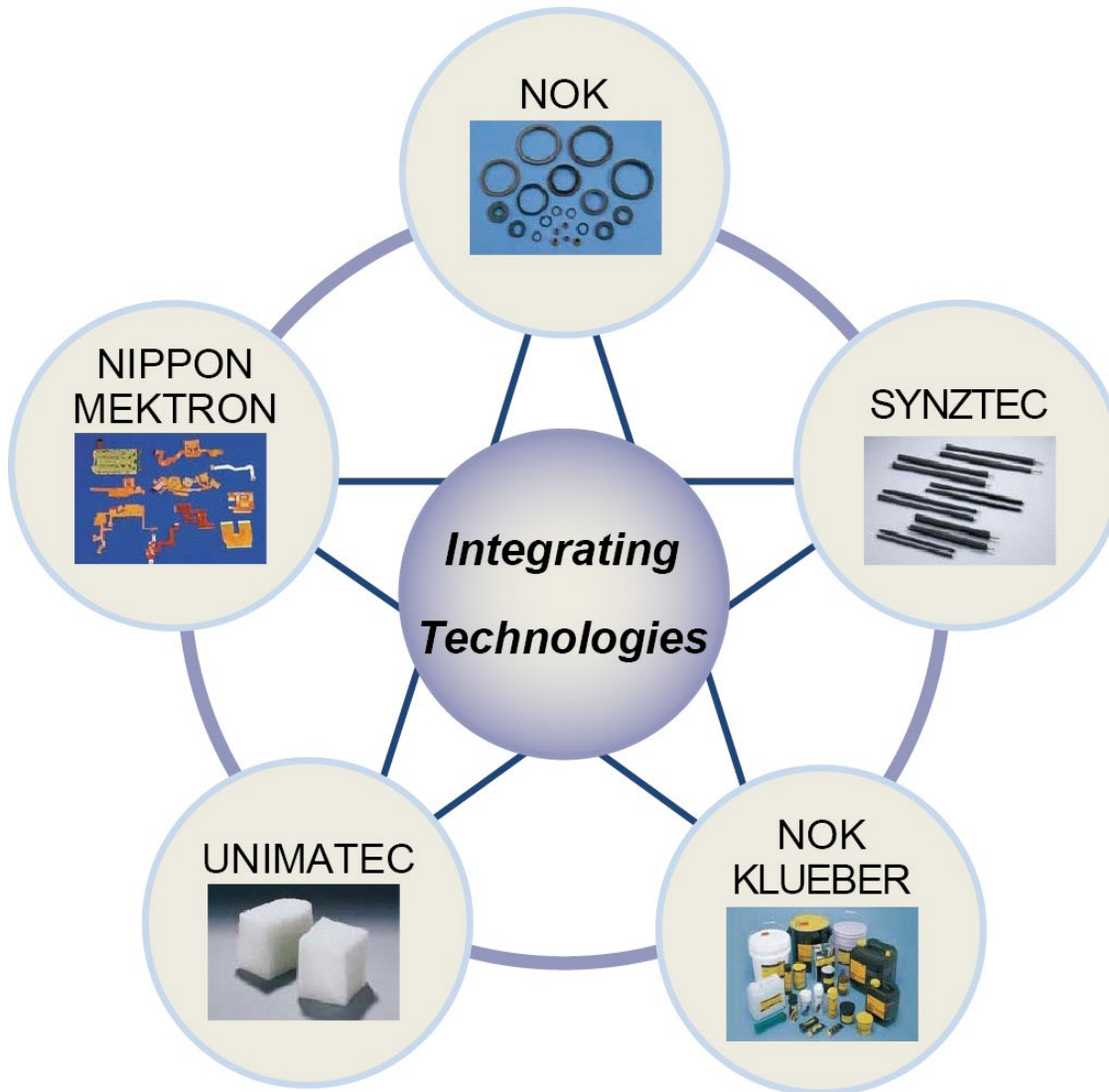
Europe



- NOK CORPORATION
- NIPPON MEKTRON, LTD.
- SYNZTEC CO., LTD.
- NOK KLUEBER CO., LTD.
- UNIMATEC CO., LTD.



NOK Group Strengths



NOK Group companies make up a “Group of Compound Technology Manufacturers” like one firm connected to each division, an enterprise group sharing core technologies. Each company boasts its individual strengths while sharing a common vision, and conducts business operations to handle any and all client requirements.



The Shonan Development Center aggregates all of NOK's advanced technologies, and was established with the aim of accelerating the development process. This development system removes barriers between each division, and provides a self contained comprehensive approach from product design through shipment inspections. The center actively promotes merging R&D and production technologies, churning out products with unique cutting edge technology that can't be imitated by others.

POINT

NOK's Shonan Development Center was opened as a think tank concentrating all the company's advanced technologies, striving to be **global No. 1 technology creator**. The Center has functional abilities in materials technologies, evaluation analysis technologies and production technologies, making possible self contained operations execution. NOK responds to the needs of society, and will further pursue R&D in order to continue supplying products that contribute to daily living convenience and the environment.





NOK Major Products: Oil Seals

Oil seals are a functional part to seal oil. For “moving” parts of machinery, revolving and vertical up and down motion etc, oil seals prevent leakage of lubricant oils, water, chemical solutions, gas etc, and also prevent outside particulates from getting in. They are indispensable parts for a wide range of machinery types including automobiles, ships, planes, air conditioners, washing machines, water works etc.

(Applications)



POINT

NOK's history is the history of oil seals. The road to becoming Japan's No. 1 oil seal maker began in 1960, when the company concluded a technology partnership agreement with Carl Freudenberg KG of the former West Germany. After that the company built a production plant in the US when there was still only one Japanese auto manufacturer located there, eventually supplying oil seals to the US 'Big 3.' Today the company boasts **70% shares domestically and top shares globally**, recognized for its reliability and actual performance results.

» NOK Major Products: Flexible Printed Circuits (FPCs)

Flexible printed circuits (FPCs) are made of thin films.

Thanks to the functionality of FPCs, compact high performance smartphones became a reality. Applications are not limited to smartphones, but also cover many areas including HDD, digital cameras, tablets and PCs.

(Applications)



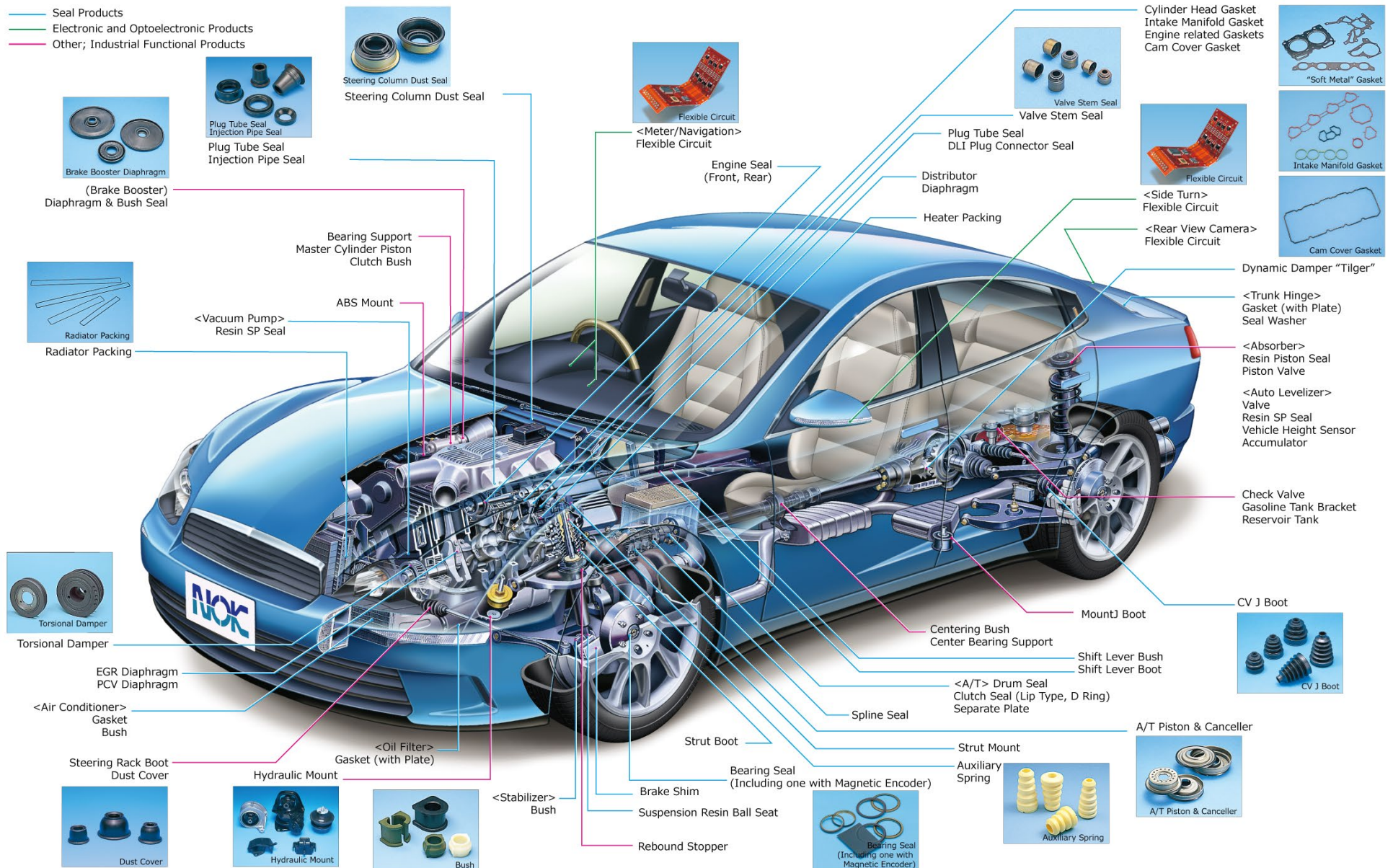
POINT

This is electronics business of NOK Group company NIPPON MEKTRON, LTD. These thin and light circuit boards are used in smartphones. FPCs which have the characteristics of being thin, lightweight and flexible, are expected to see further increased functionality in the future. NOK has the **top shares in domestic and global market.**



NOK Products in Automobile

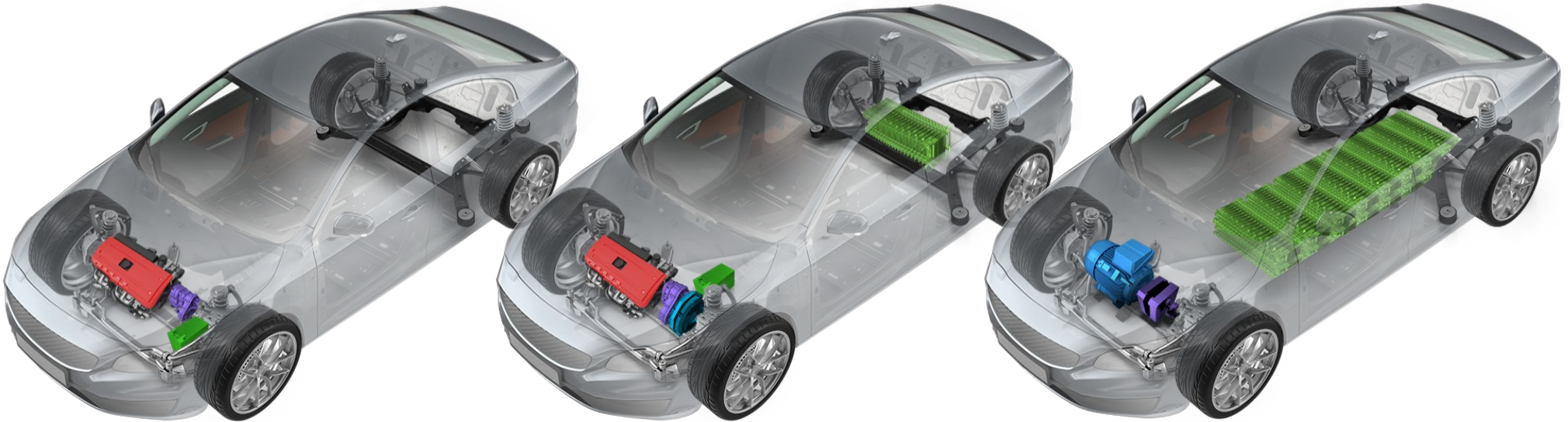
- Seal Products
- Electronic and Optoelectronic Products
- Other; Industrial Functional Products





NOK Products in Next-Generation Vehicles

NOK Products are also being used in next-generation vehicles such as hybrid and electric vehicles.



Hybrid Vehicle

- Engine Seals
- Transaxle Seals
- Battery Seals
- Flexible Printed Circuits

Plug-In Hybrid Vehicle

- Engine Seals
- Transaxle Seals
- Battery Seals
- Battery Charger Seals
- Flexible Printed Circuits

Electric Vehicle

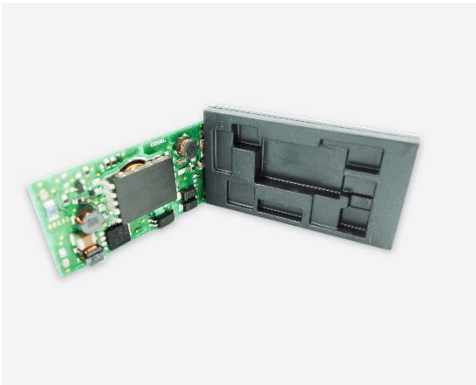
- Transaxle Seals
- Flexible Printed Circuits
- Battery Seals
- Speed Reducer Seals
- Battery Charger Seals



NOK Products in Electric Vehicle

A wide variety of NOK products are available for electric vehicles.

Tran-Q Rubber



Conductive Rubber Ring



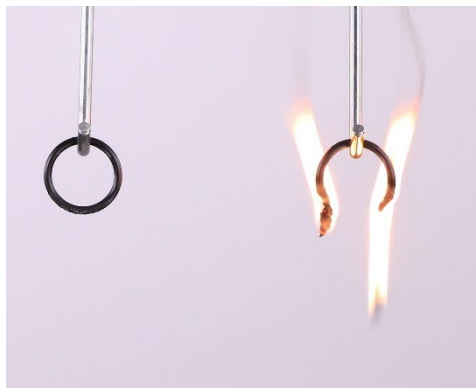
**High Speed Motor
Shaft Seal**



RUSTECTOR



Fla(m)tector



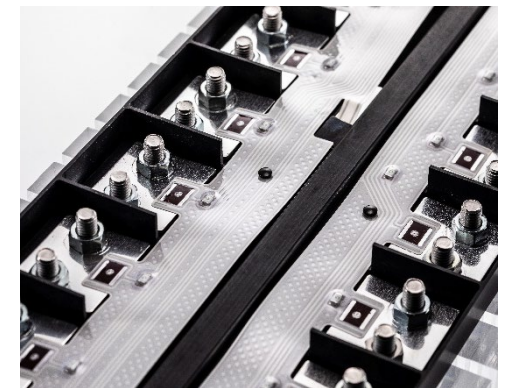
Le-μ's



GlideX™



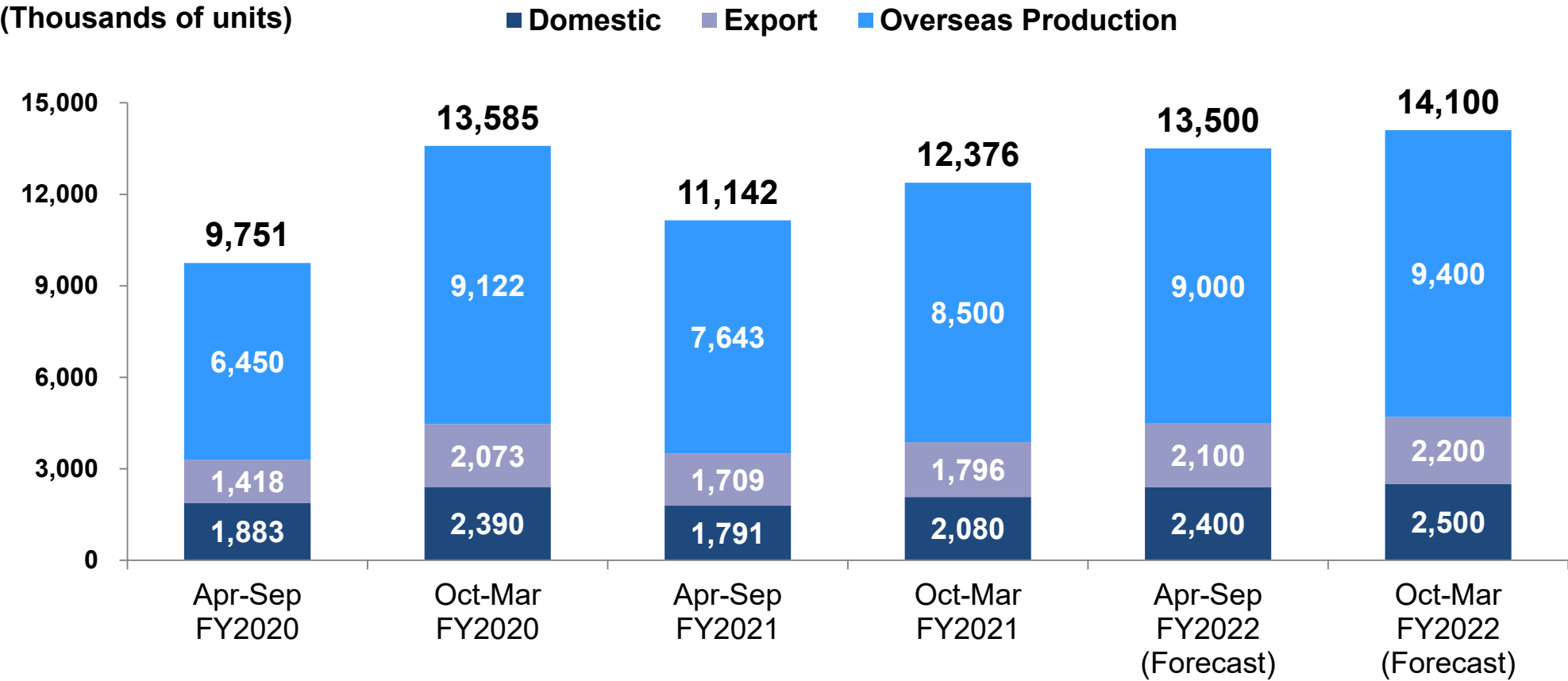
Flexible Printed Circuits





Market Trends by Sector: Automobile Production (by Half Year, Fiscal Year)

Automobile Production



* The value for Overseas Production includes completed vehicle units produced overseas in addition to knock-down units.

Source: Estimates by NOK CORPORATION



NOK Products in General Industry

In the general industry, NOK products are used in various fields including construction machinery and robots.

Construction Machinery



Robots / Machine Tools



Power Generation Equipment



Agricultural Machinery



Factory / Plant Equipment



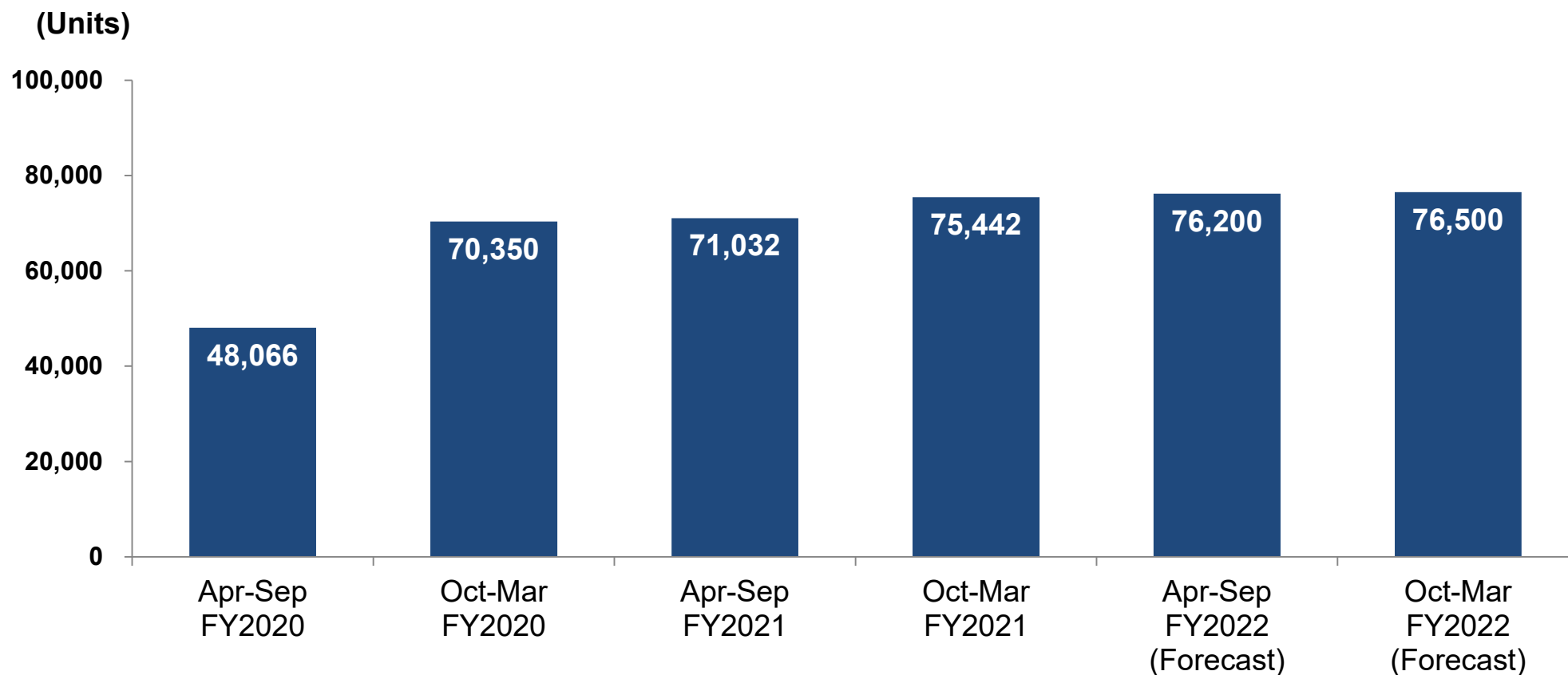
Railway





Market Trends by Sector: Construction Machinery Domestic Production (by Half Year, Fiscal Year)

Construction Machinery Domestic Production



Source: Estimates by NOK CORPORATION



NOK Products in IT Electronic Devices



Boasting the top global share of flexible printed circuits (FPCs), these are used in a wide range of advanced electronic devices. Also, multi-layer flexible printed circuits (FLEXBOARDS) made with advanced technology is indispensable for the miniaturization and high functionality of IT electronic devices.



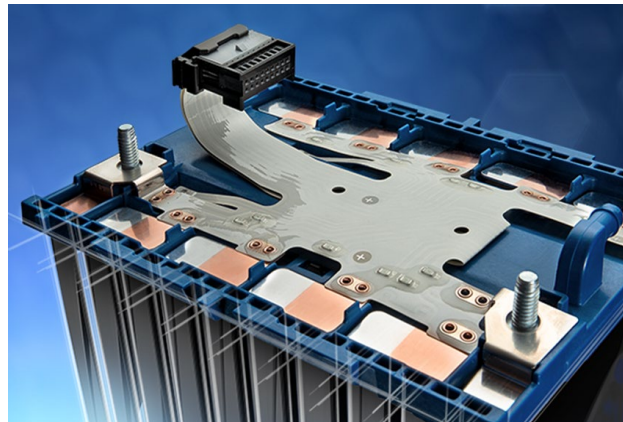
Flexible Printed Circuits in Automobile

The use of flexible printed circuits is expanding with the advancement of electronic devices and electrification in automobiles.

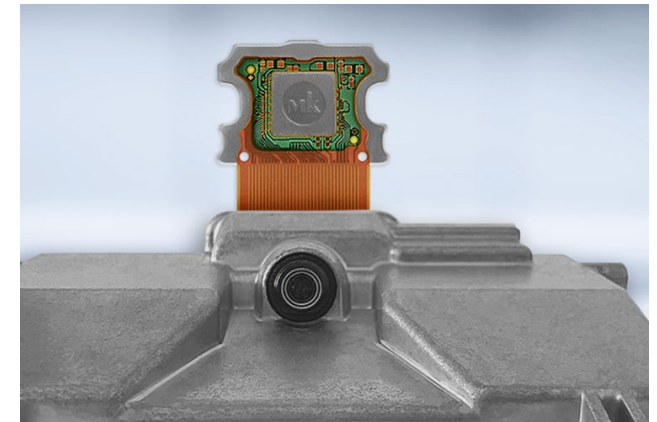
Sensor



Battery



ADAS



ADAS: Advanced Driving Assistance Systems

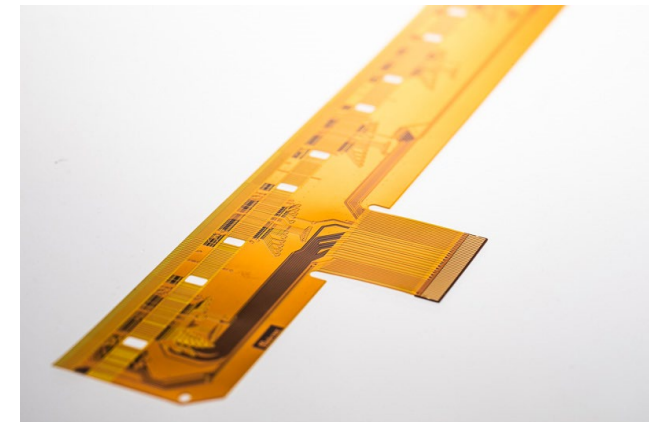
Switch



Lighting

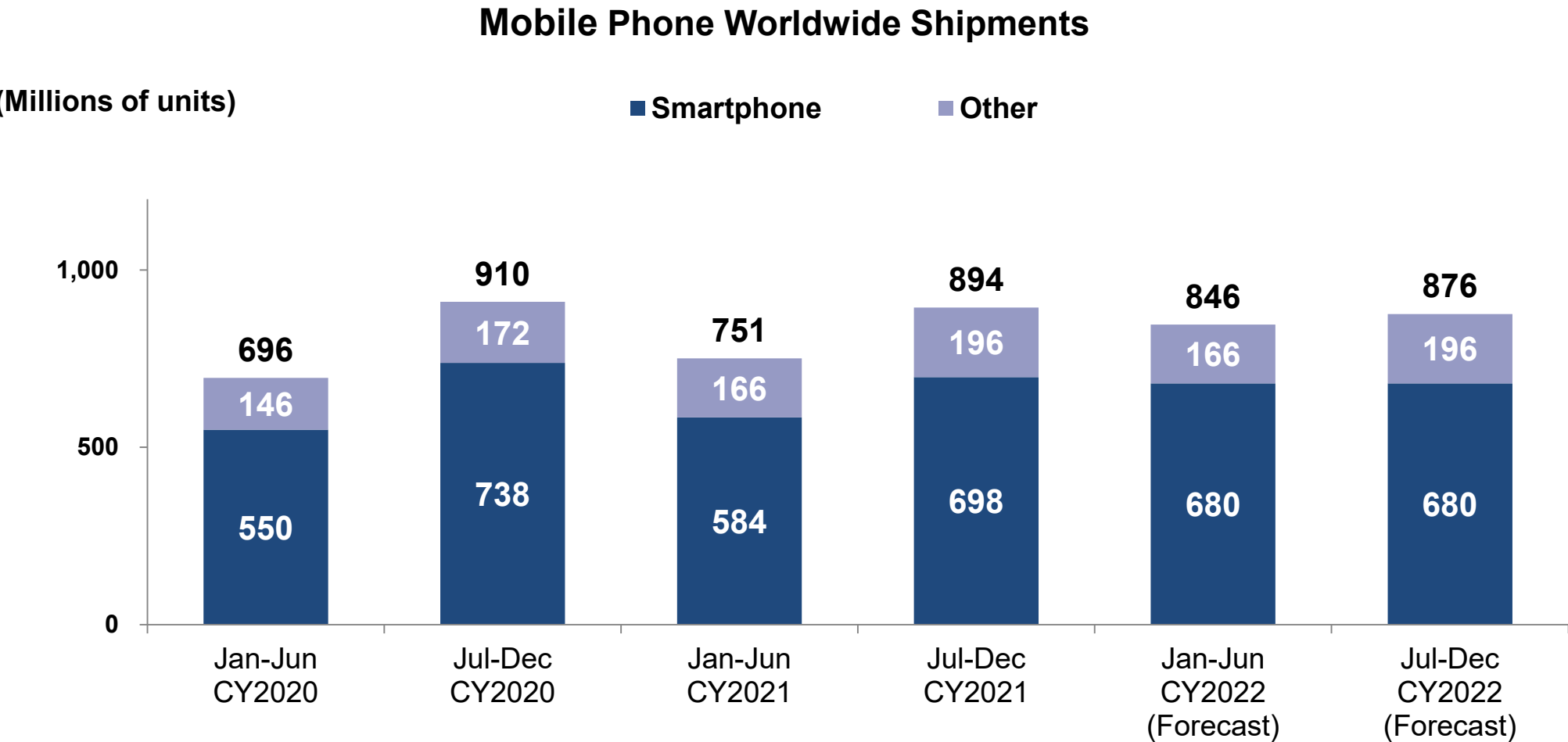


Infotainment





Market Trends by Sector: Mobile Phone Worldwide Shipments (by Half Year, Calendar Year)



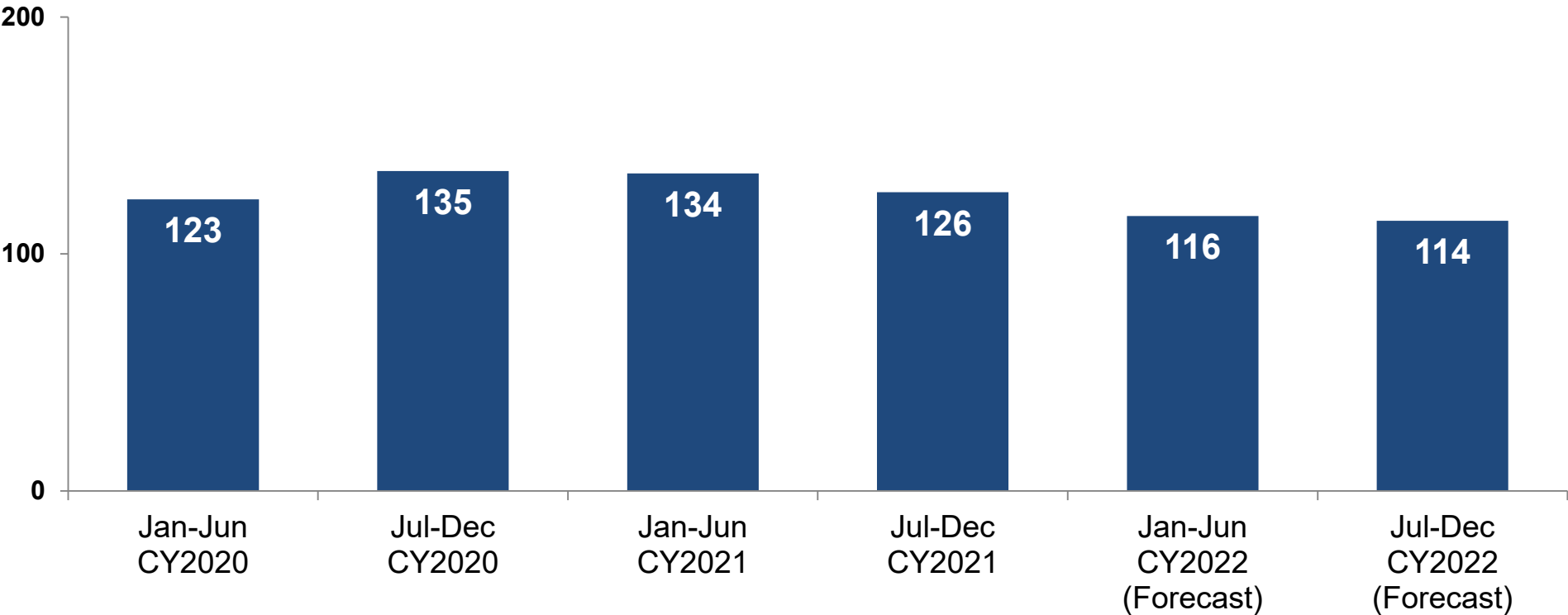
Source: Estimates by NOK CORPORATION



Market Trends by Sector: Hard Disk Drive Worldwide Production (by Half Year, Calendar Year)

Hard Disk Drive Worldwide Production

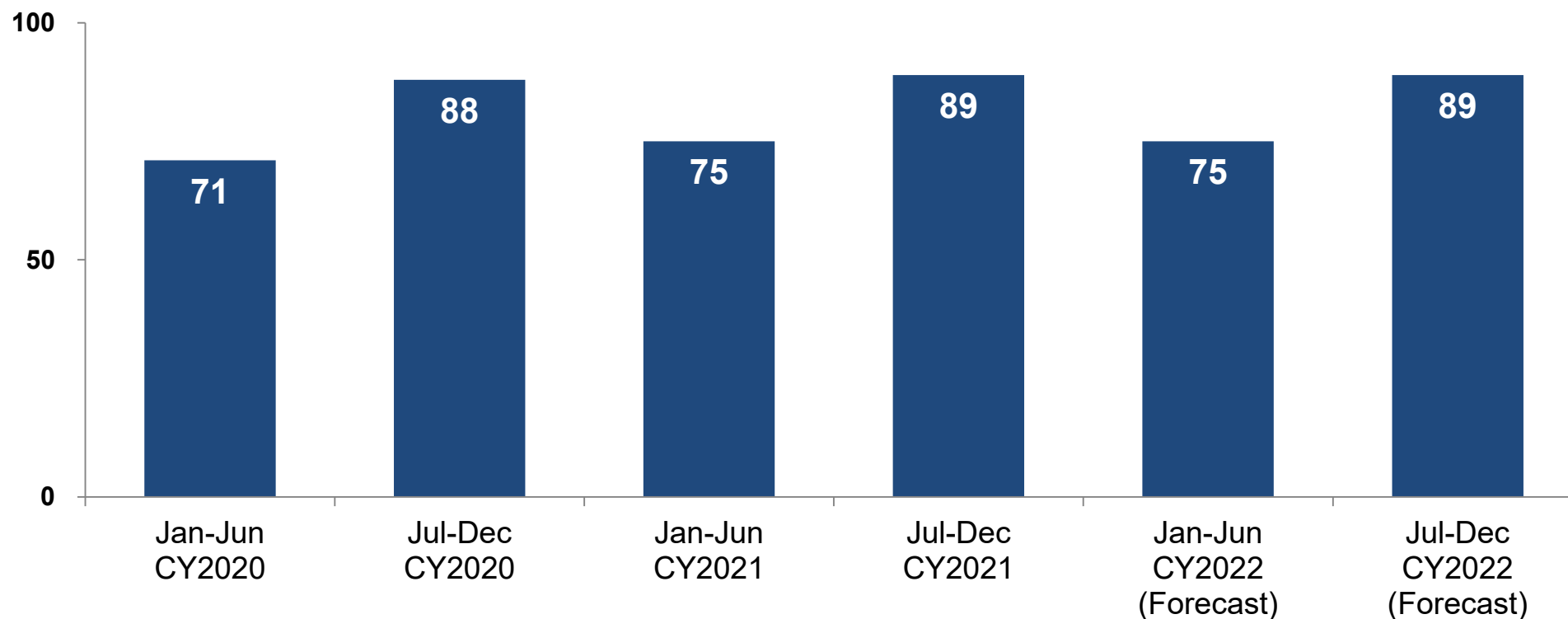
(Millions of units)



Source: Estimates by NOK CORPORATION

Tablet PC Worldwide Shipments

(Millions of units)



Source: Estimates by NOK CORPORATION

Segment Information: Fiscal 2021 Results and Fiscal 2022 Forecasts

(Millions of yen)

Segment	Item	FY2021 (Results)				
		1H	2H	Full Year	Y on Y	% Change
Seal Business	External sales	165,342	170,847	336,189	43,166	14.7%
	Inter-seg sales	1,121	1,186	2,308	372	
	Net sales	166,464	172,034	338,498	43,539	
	Operating Income	18,257	17,224	35,482	12,298	53.0%
	Profit Margin	11.0%	10.0%	10.5%	2.6pt	
	Capital Investment	8,451	10,810	19,261	5,608	
	Depreciation	11,763	11,855	23,619	(260)	
	No. of Personnel	21,080	20,996	20,996	(124)	

FY2022 (Forecasts)						
1H	Y on Y	2H	Y on Y	Full Year	Y on Y	% Change
183,000	17,657	193,000	22,152	376,000	39,810	11.8%
1,382	260	1,348	161	2,730	421	
184,382	17,917	194,348	22,314	378,730	40,231	
12,500	(5,757)	17,500	275	30,000	(5,482)	△15.5%
6.8%	(4.2pt)	9.0%	(1.0pt)	7.9%	(2.6pt)	
15,385	6,934	14,478	3,667	29,863	10,602	
12,169	405	12,796	940	24,965	1,345	
21,364	284	21,442	446	21,442	446	

Electronic Product Business	External sales	146,096	174,846	320,942	39,171	13.9%
	Inter-seg sales	10	6	17	1	
	Net sales	146,106	174,852	320,959	39,172	
	Operating Income	(3,995)	(1,044)	(5,040)	3,331	—
	Profit Margin	(2.7%)	(0.6%)	(1.6%)	1.4pt	
	Capital Investment	8,288	12,089	20,377	8,943	
	Depreciation	8,748	9,269	18,018	2,306	
	No. of Personnel	14,754	14,548	14,548	(362)	

172,700	26,603	182,700	7,853	355,400	34,457	10.7%
0	(10)	0	(6)	0	(17)	
172,700	26,593	182,700	7,847	355,400	34,440	
(1,700)	2,295	200	1,244	(1,500)	3,540	—
(1.0%)	1.8pt	0.1%	0.7pt	(0.4%)	1.1pt	
15,660	7,372	17,103	5,013	32,763	12,386	
9,166	417	9,359	89	18,525	506	
15,162	408	15,020	472	15,020	472	

Other Business	External sales	12,930	12,445	25,375	3,800	17.6%
	Inter-seg sales	263	260	524	31	
	Net sales	13,193	12,706	25,899	3,831	
	Operating Income	601	292	893	1,255	—
	Profit Margin	4.6%	2.3%	3.5%	5.1pt	
	Capital Investment	607	783	1,391	749	
	Depreciation	474	478	953	(124)	
	No. of Personnel	2,001	2,069	2,069	100	

13,300	369	13,300	854	26,600	1,224	4.8%
300	36	300	39	600	75	
13,600	406	13,600	893	27,200	1,300	
700	98	300	7	1,000	106	11.9%
5.1%	0.6pt	2.2%	(0.1pt)	3.7%	0.2pt	
849	242	854	70	1,704	312	
525	50	556	77	1,082	128	
2,160	159	2,158	89	2,158	89	

Elimination of Inter-seg sales	(1,395)	(1,454)	(2,850)	(405)		
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(1,682)	(286)	(1,648)	(194)	(3,330)	(480)	
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Consolidated	External sales	324,368	358,139	682,507	86,138	14.4%
	Inter-seg sales	0	0	0	0	
	Net sales	324,368	358,139	682,507	86,138	
	Operating Income	14,868	16,468	31,337	16,869	116.6%
	Profit Margin	4.6%	4.6%	4.6%	2.2pt	
	Capital Investment	17,346	23,683	41,030	15,301	
	Depreciation	20,986	21,604	42,591	1,922	
	No. of Personnel	37,835	37,613	37,613	(386)	

369,000	44,631	389,000	30,860	758,000	75,492	11.1%
0	0	0	0	0	0	
369,000	44,631	389,000	30,860	758,000	75,492	
11,500	(3,368)	18,000	1,531	29,500	(1,837)	(5.9%)
3.1%	(1.5pt)	4.6%	0.0pt	3.9%	(0.7pt)	
31,896	14,549	32,435	8,752	64,331	23,301	
21,860	873	22,711	1,106	44,572	1,980	
38,686	851	38,620	1,007	38,620	1,007	

Note: The above forecasts are based on currently available information. Actual performance may differ substantially from these forecasts due to various factors.

: Year-on-Year change of number of personal is calculated by comparing with a previous term.



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