



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for Fiscal Year Ended March 31, 2022 (Japanese GAAP)

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Company name: NOK Corporation
 Securities code: 7240
 Representative: Masao Tsuru
 Representative Director and President
 Inquiries: Takashi Kaku
 Department Manager
 Corporate Communication Department

Listed on the Tokyo Stock Exchange
 URL <https://www.nok.co.jp>
 Telephone: +81-3-5405-6372

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Supplemental material of annual results: None

Convening briefing of annual results: Yes

(Fractions are rounded down to the nearest million yen.)

1. Consolidated Financial Results for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2021	682,507	14.4	31,337	116.6	46,168	151.8	25,835	—
FY 2020	596,369	(4.9)	14,467	20.3	18,339	5.6	(1,361)	—

Note: Comprehensive income: 59,367 million yen, 0.8% (as of March 31, 2022); 58,909 million yen, —% (as of March 31, 2021)

	Net income per share	Diluted net income per share	Net income to shareholders' equity ratio	Ordinary income to total assets ratio	Operating income to net sales ratio
	yen	yen	%	%	%
FY 2021	149.37	—	5.4	5.6	4.6
FY 2020	(7.87)	—	(0.3)	2.4	2.4

Reference: Investment profit on equity method: 3,472 million yen (as of March 31, 2022); (12) million yen (as of March 31, 2021)

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
FY 2021	857,324	554,355	58.6	2,903.78
FY 2020	803,000	502,114	57.0	2,644.14

Reference: Owner's equity: 502,262 million yen (as of March 31, 2022); 457,352 million yen (as of March 31, 2021)

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	million yen	million yen	million yen	million yen
FY 2021	54,999	(37,972)	(32,070)	111,247
FY 2020	45,824	(18,719)	5,884	120,385

2. Dividends

	Dividend per share					Total dividend paid	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2020	—	12.50	—	12.50	25.00	4,326	—	1.0
FY 2021	—	25.00	—	35.00	60.00	10,383	40.2	2.2
FY 2022 (Forecast)	—	25.00	—	25.00	50.00		42.2	

3. Consolidated Forecasts for Fiscal 2022 (April 1, 2022 to March 31, 2023)

(Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	369,000	13.8	11,500	(22.7)	14,500	(33.6)	8,000	(38.5)	46.25
Full year	758,000	11.1	29,500	(5.9)	36,500	(20.9)	20,500	(20.7)	118.52

* Notes

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries): None

(2) Changes in accounting policies and accounting estimates, retrospective restatement

- i) Changes in accounting policies based on revisions of accounting standard: Yes
- ii) Changes in accounting policies other than ones based on revisions of accounting standard: None
- iii) Changes in accounting estimates: None
- iv) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

- i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)
- ii) Number of shares of treasury stock at the end of fiscal year
- iii) Average number of shares

FY 2021	173,138,537 shares	FY 2020	173,138,537 shares
FY 2021	169,991 shares	FY 2020	169,825 shares
FY 2021	172,968,565 shares	FY 2020	172,968,817 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated financial results for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2021	226,275	12.5	13,342	174.9	27,232	192.9	22,433	235.6
FY 2020	201,122	(15.9)	4,852	(52.9)	9,296	(62.7)	6,684	(64.6)

	Net income per share	Diluted net income per share
	yen	yen
FY 2021	129.63	—
FY 2020	38.62	—

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
FY 2021	418,507	265,416	63.4	1,533.68
FY 2020	430,243	250,741	58.3	1,448.88

Reference: Owner's equity: 265,416 million yen (as of March 31, 2022); 250,741 million yen (as of March 31, 2021)

* This summary of consolidated financial results is not subject to audit by a certified public accountant or an audit firm.

* Proper use of the projections for financial results, and other important matters:

Forward-looking statements such as projections of future financial results and other descriptions concerning our future business included in this document are based on currently available information and certain assumptions that we consider to be reasonable, and no representation or warranty is given with regard to the realization of such projections, etc. Financial results may differ significantly due to various factors.

For assumptions, etc. used as the basis for the projections of financial results, please see "1. Overview of Operating Results (1) Overview of Operating Results" on page 2 of the attached document.

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1. Overview of Operating Results

(1) Overview of Operating Results

i. Overview of fiscal 2021 operating results

During the consolidated fiscal year under review, the Japanese economy saw repeated cycles of stagnation and resumption of economic activities as state of emergency declarations and the priority preventive measures to control the spread of disease were issued one after another due to the COVID-19 pandemic. While signs of economic recovery were witnessed amid the progress in the rollout of COVID-19 vaccines, the situation has become increasingly unpredictable due to the effects of lockdowns in China and the conflict between Russia and Ukraine, on top of the supply shortage of semiconductors and other components and soaring raw material prices.

Under these circumstances, the business conditions of the Group by business segment were as follows:

In the automobile industry, while demand declined both in Japan and overseas during the previous year due to the impact of the COVID-19 pandemic, demand remained on a recovery trend throughout fiscal 2021. On the other hand, automobile production has continued to decline both in Japan and overseas as the supply shortage of semiconductors and other components worsened, which coincided with lockdowns as a result of the resurgence of COVID-19 in Southeast Asia.

In the electronic equipment industry, the production volume of smartphones and HDDs remained unchanged, although the semiconductor shortage affected the industry in some areas.

Under these circumstances, the operating results of the Group by business segment were as follows:

In the 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.

As a result, net sales stood at 336,189 million yen (up 14.7% year on year). Operating income amounted to 35,482 million yen (up 53.0% year on year) due to the effect of increased sales, despite soaring raw material prices as well as an increase in personnel costs and expenses.

In the 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.

As a result, net sales totaled 320,942 million yen (up 13.9% year on year). Operating loss came to 5,040 million yen (compared to an operating loss of 8,371 million yen in the previous fiscal year) due to the effect of increased sales, despite an increase in personnel costs and expenses.

In other businesses, including the roll 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.

As a result, net sales totaled 25,375 million yen (up 17.6% year on year). Operating income came to 893 million yen (compared to an operating loss of 361 million yen in the previous fiscal year).

In summary, the Group posted the following results for the consolidated fiscal year under review: Net sales totaled 682,507 million yen (up 14.4% year on year); operating income was 31,337 million yen (up 116.6% year on year); and ordinary income amounted to 46,168 million yen (up 151.8% year on year), resulting in 25,835 million yen in profit attributable to owners of parent (compared to a loss attributable to owners of parent of 1,361 million yen in the previous fiscal year).

ii. Future projections

In the future operating environment surrounding the Group, the outlook remains uncertain due to the fluctuations in the financial markets, lockdowns in China, and the conflict between Russia and Ukraine, although economic activities are expected to pick up gradually as the COVID-19 pandemic settles down.

In the seal business, sales for automobile applications are expected to increase as automobile demand rises both in Japan and overseas on the back of the resolution of the supply shortage of semiconductors and other components and economic stimulus measures to be implemented in various countries. Sales to manufacturers of general industrial machinery are also projected to increase as demand for construction machinery, agricultural machinery, machine tools, and robots remains brisk. On the other hand, the external environment is anticipated to remain highly unpredictable due to the effects of continuing global raw material price hikes, supply concerns, and geopolitical risks, and thus we will take measures to promptly respond to these changes. In addition, we will strive to develop a production system to realize stable quality and product supply more than ever, while taking steps to cultivate new businesses and products in order to respond to the changes in the business environment over the medium to long term, including the electrification of automobiles.

In the electronic product business, the external environment will likely remain highly unpredictable as in the case of the seal business, while sales are expected to increase as sales of products for EV applications further expand. Meanwhile, there have been issues such as the response to fluctuations in demand for high-end smartphones as well as growing EV-related demand. In order to address such concerns, we will develop a business structure less susceptible to fluctuations by expanding business fields with less fluctuations in demand. At the same time, we will respond to growing EV-related demand around the world by leveraging optimal production locations based on the concept of local production for local consumption.

In other businesses, demand for general industrial machinery applications is expected to remain robust in the special lubricant business. In the roll business, in addition to the traditional slowdown in the growth of the office equipment market, there are concerns that demand for printers and consumables will continue to decline as a result of the workstyle transformation due to the effects of COVID-19. Therefore, it is critical to develop an appropriate production system in line with demand. In order to respond to this, we intend to improve productivity and boost competitiveness in terms of quality and cost by making efforts across sales, technology and production divisions, while increasing profitability by further promoting management efficiency.

In summary, we expect the following consolidated operating results for fiscal 2022: Net sales of 758,000 million yen (up 11.1% year on year); operating income of 29,500 million yen (down 5.9% year on year); ordinary income of 36,500 million yen (down 20.9% year on year); and profit attributable to owners of parent of 20,500 million yen (down 20.7% year on year).

The above forecasts include projections of the future based on currently available information. Actual results may differ from the stated forecast figures due to future business operations and changes such as exchange rate fluctuations.

(2) Overview of Financial Position

i. Assets, liabilities and net assets

Total assets as of March 31, 2022 stood at 857,324 million yen, an increase of 54,324 million yen compared with March 31, 2021. This was mainly attributable to increases in inventories, notes and accounts receivable-trade, and property, plant and equipment, despite a decrease in cash and deposits.

Total liabilities as of March 31, 2022 amounted to 302,969 million yen, an increase of 2,082 million yen compared with March 31, 2021. This was mainly due to increases in accounts payable-trade, income taxes payable, and deferred tax liabilities, despite a decrease in short-term loans payable.

Net assets totaled 554,355 million yen, an increase of 52,241 million yen compared with March 31, 2021. Consequently, the ratio of shareholders' equity to total assets stood at 58.6%. This mainly reflected an increase in retained earnings due to the recognition of profit attributable to owners of parent for the current period, among other factors, and an increase in foreign currency translation adjustment due to exchange rate fluctuations, despite the payment of dividends.

ii. Cash flows

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2022 amounted to 111,247 million yen. This represented a decrease of 9,137 million yen compared with March 31, 2021. Cash flows during fiscal 2021 are summarized below.

[Cash flows from operating activities]

Net cash provided by operating activities totaled 54,999 million yen, up 20.0% year on year. This was mainly attributable to the recognition of income before income taxes on the back of the recovery in operating results.

[Cash flows from investing activities]

Net cash used in investing activities amounted to 37,972 million yen, up 102.8% year on year. This was primarily due to the gradual resumption of investment which had been reduced in view of the impact of the COVID-19 pandemic.

[Cash flows from financing activities]

Net cash used in financing activities amounted to 32,070 million yen (compared to net cash provided by financing activities of 5,884 million yen in the previous fiscal year). This mainly reflected repayments of short-term borrowings, which had been taken out in view of the impact of the COVID-19 pandemic.

The trend of cash flow indicators is as follows:

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Capital ratio (%)	57.9	56.6	55.9	57.0	58.6
Market capitalization to total assets (%)	45.0	38.0	28.3	32.3	23.1
Interest-bearing liabilities to cash flow (annualized)	1.2	1.6	1.3	2.3	1.6
Interest coverage ratio (multiple)	29.6	23.6	26.1	20.2	31.8

Capital ratio = Shareholders' equity / Total assets

Market capitalization to total assets = Market capitalization / Total assets

Interest-bearing liabilities to cash flow = Interest-bearing liabilities / Cash flow

Interest coverage ratio = Cash flow / Interest payments

Notes:

1. All indices above are calculated based on consolidated financial statements.
2. Market capitalization is calculated on the basis of the number of issued and outstanding shares excluding treasury stock.
3. Operating cash flow is used as "cash flow" in the above calculation.
4. Interest-bearing liabilities represent all liabilities on the consolidated balance sheet on which we pay interest.

2. Basic Concept on the Choice of Accounting Standards

The NOK Group intends to prepare consolidated financial statements based on the Japanese standard for the time being in consideration of the possibility of period comparison of consolidated financial statements as well as the possibility of comparison between companies.

For reference, we intend to appropriately respond to the application of IFRS in view of situations both in Japan and abroad.

3. Consolidated Financial Statements and Principal Notes**(1) Consolidated Balance Sheet**

(million yen)

	FY 2020 (as of March 31, 2021)	FY 2021 (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	120,421	113,085
Notes and accounts receivable-trade	134,489	151,015
Electronically recorded monetary claims	17,183	18,489
Merchandise and finished goods	33,691	45,650
Work in process	29,114	40,506
Raw materials and supplies	20,874	25,104
Other	12,733	13,323
Allowance for doubtful accounts	(145)	(132)
Total current assets	368,362	407,043
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	209,178	218,361
Accumulated depreciation	(120,356)	(130,156)
Buildings and structures, net	88,821	88,204
Machinery, equipment and vehicles	405,789	430,469
Accumulated depreciation	(304,328)	(327,574)
Machinery, equipment and vehicles, net	101,460	102,894
Tools, furniture and fixtures	89,176	100,668
Accumulated depreciation	(73,233)	(83,064)
Tools, furniture and fixtures, net	15,943	17,603
Land	19,004	19,586
Lease assets	4,095	4,835
Accumulated depreciation	(2,814)	(3,403)
Lease assets, net	1,280	1,431
Construction in progress	12,790	19,481
Total property, plant and equipment	239,301	249,203
Intangible assets	4,044	3,971
Investments and other assets		
Investment securities	163,199	163,644
Long-term loans receivable from employees	2,293	1,990
Deferred tax assets	4,484	4,508
Net defined benefit asset	285	1,869
Other	21,204	25,234
Allowance for doubtful accounts	(176)	(142)
Total investments and other assets	191,291	197,105
Total noncurrent assets	434,637	450,280
Total assets	803,000	857,324

(million yen)

	FY 2020 (as of March 31, 2021)	FY 2021 (as of March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	48,968	62,568
Short-term loans payable	76,914	60,545
Income taxes payable	3,816	6,924
Provision for bonuses	10,531	11,148
Deposits received from employees	16,056	16,318
Other	40,844	44,831
Total current liabilities	197,131	202,337
Noncurrent liabilities		
Long-term loans payable	13,161	10,398
Deferred tax liabilities	7,549	9,404
Net defined benefit liabilities	77,980	73,355
Provision for business restructuring	—	579
Other	5,063	6,893
Total noncurrent liabilities	103,755	100,632
Total liabilities	300,886	302,969
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,288	23,591
Retained earnings	346,531	365,880
Treasury stock	(230)	(230)
Total shareholders' equity	392,925	412,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61,908	60,663
Foreign currency translation adjustment	14,818	34,263
Remeasurements of defined benefit plans	(12,298)	(5,243)
Total accumulated other comprehensive income	64,427	89,684
Non-controlling interests	44,761	52,092
Total net assets	502,114	554,355
Total liabilities and net assets	803,000	857,324

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement
(Consolidated Income Statement)

(million yen)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Net sales	596,369	682,507
Cost of sales	504,345	567,186
Gross profit	92,024	115,321
Selling, general and administrative expenses	77,556	83,984
Operating income	14,467	31,337
Non-operating income		
Interest income	243	235
Dividend income	2,097	2,454
Foreign exchange gains	1,901	7,073
Share of profit of entities accounted for using equity method	—	3,472
Rent income	892	875
Other	1,916	3,031
Total non-operating income	7,050	17,141
Non-operating expenses		
Interest expenses	2,147	1,721
Share of loss of entities accounted for using equity method	12	—
Other	1,018	588
Total non-operating expenses	3,179	2,310
Ordinary income	18,339	46,168
Extraordinary income		
Gain on sales of noncurrent assets	169	249
Gain on sales of investment securities	457	1,567
Total extraordinary income	626	1,816
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,592	957
Impairment loss	1,462	833
Business restructuring expenses	7,779	636
Other	136	280
Total extraordinary loss	10,970	2,707
Income before income taxes	7,994	45,278
Income taxes-current	8,258	14,383
Income taxes-deferred	(1,502)	116
Total income taxes	6,756	14,499
Net income	1,238	30,778
Profit attributable to non-controlling interests	2,600	4,943
Profit (loss) attributable to owners of parent	(1,361)	25,835

(Consolidated Comprehensive Income Statement)

(million yen)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Net income	1,238	30,778
Other comprehensive income		
Valuation difference on available-for-sale securities	27,662	(1,255)
Foreign currency translation adjustment	13,499	20,402
Remeasurements of defined benefit plans, net of tax	13,192	6,778
Share of other comprehensive income of entities accounted for using equity method	3,315	2,663
Total other comprehensive income	57,670	28,588
Comprehensive income	58,909	59,367
(Detail)		
Comprehensive income attributable to owners of parent	53,990	51,092
Comprehensive income attributable to non-controlling interests	4,918	8,275

(3) Consolidated Statement of Changes in Equity
FY 2020 (April 1, 2020 to March 31, 2021)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	23,335	23,288	351,622	(230)	398,016
Cumulative effects of changes in accounting policies			594		594
Restated balance	23,335	23,288	352,217	(230)	398,611
Changes of items during the period					
Dividends from surplus			(4,324)		(4,324)
Profit (loss) attributable to owners of parent			(1,361)		(1,361)
Purchase of treasury stock				(0)	(0)
Purchase of shares of consolidated subsidiaries					—
Increase (decrease) due to merger of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(5,685)	(0)	(5,685)
Ending balance	23,335	23,288	346,531	(230)	392,925

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	34,230	919	(26,074)	9,075	40,146	447,238
Cumulative effects of changes in accounting policies						594
Restated balance	34,230	919	(26,074)	9,075	40,146	447,832
Changes of items during the period						
Dividends from surplus						(4,324)
Profit (loss) attributable to owners of parent						(1,361)
Purchase of treasury stock						(0)
Purchase of shares of consolidated subsidiaries						—
Increase (decrease) due to merger of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	27,677	13,898	13,775	55,352	4,615	59,967
Total changes of items during the period	27,677	13,898	13,775	55,352	4,615	54,281
Ending balance	61,908	14,818	(12,298)	64,427	44,761	502,114

FY 2021 (April 1, 2021 to March 31, 2022)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	23,335	23,288	346,531	(230)	392,925
Cumulative effects of changes in accounting policies					—
Restated balance	23,335	23,288	346,531	(230)	392,925
Changes of items during the period					
Dividends from surplus			(6,486)		(6,486)
Profit (loss) attributable to owners of parent			25,835		25,835
Purchase of treasury stock				(0)	(0)
Purchase of shares of consolidated subsidiaries		286			286
Increase (decrease) due to merger of consolidated subsidiaries		17			17
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	303	19,349	(0)	19,652
Ending balance	23,335	23,591	365,880	(230)	412,577

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	61,908	14,818	(12,298)	64,427	44,761	502,114
Cumulative effects of changes in accounting policies						—
Restated balance	61,908	14,818	(12,298)	64,427	44,761	502,114
Changes of items during the period						
Dividends from surplus						(6,486)
Profit (loss) attributable to owners of parent						25,835
Purchase of treasury stock						(0)
Purchase of shares of consolidated subsidiaries						286
Increase (decrease) due to merger of consolidated subsidiaries						17
Net changes of items other than shareholders' equity	(1,244)	19,445	7,055	25,256	7,331	32,588
Total changes of items during the period	(1,244)	19,445	7,055	25,256	7,331	52,241
Ending balance	60,663	34,263	(5,243)	89,684	52,092	554,355

(4) Consolidated Cash Flow Statement

(million yen)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Income before income taxes	7,994	45,278
Depreciation and amortization	40,664	42,591
Impairment loss	1,462	833
Increase (decrease) in provision for bonuses	(141)	344
Increase (decrease) in net defined benefit asset or liability	(1,368)	480
Increase (decrease) in provision for business restructuring	—	548
Interest and dividend income	(2,341)	(2,689)
Interest expenses	2,147	1,721
Foreign exchange losses (gains)	(2,843)	(4,241)
Share of (profit) loss of entities accounted for using equity method	12	(3,472)
Loss (gain) on sales and retirement of property, plant and equipment	1,427	727
Decrease (increase) in notes and accounts receivable-trade	(6,375)	(2,638)
Decrease (increase) in inventories	1,632	(21,143)
Increase (decrease) in notes and accounts payable-trade	(1,572)	4,111
Other, net	8,591	1,273
Subtotal	49,291	63,726
Interest and dividend income received	5,300	4,334
Interest expenses paid	(2,270)	(1,728)
Income taxes paid	(6,497)	(11,333)
Cash flows from operating activities	45,824	54,999
Cash flows from investing activities		
Decrease (increase) in time deposits	1	(1,621)
Purchase of investment securities	(25)	(30)
Proceeds from sale of investment securities	579	2,947
Purchase of property, plant and equipment	(22,686)	(39,186)
Proceeds from sales of property, plant and equipment	3,853	902
Purchase of intangible assets	(441)	(190)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4)
Other, net	0	(788)
Cash flows from investing activities	(18,719)	(37,972)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	15,239	(20,539)
Proceeds from long-term loans payable	484	2,130
Repayment of long-term loans payable	(4,971)	(5,630)
Repayment of lease obligations	(249)	(895)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(135)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(4,326)	(6,486)
Dividends paid to non-controlling interests	(291)	(513)
Cash flows from financing activities	5,884	(32,070)
Effect of exchange rate change on cash and cash equivalents	5,030	5,905
Net increase (decrease) in cash and cash equivalents	38,019	(9,137)
Cash and cash equivalents at beginning of period	82,366	120,385
Cash and cash equivalents at end of period	120,385	111,247

- (5) Notes Concerning Consolidated Financial Statements
(Notes Concerning the Going Concern Assumption)
None.

(Change in Accounting Policy)

Application of the Accounting Standard for Fair Value Measurement

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) (hereinafter, “Accounting Standard for Fair Value Measurement”) has been applied since the beginning of the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. These changes had no impact on the Company’s consolidated financial statements.

(Segment Information)

[Segment Information]

1. Outline of reportable segments

The reportable segments of the NOK Group are constituents of the Group for which separate financial information is available, and that are reviewed by the Board of Directors on a regular basis in order to evaluate business results and determine the best distribution of management resources.

The NOK Group classifies business segments by taking into consideration the product series and similarities between the markets. Each department controlling the relevant segments establishes comprehensive business strategies concerning the products and services to develop respective business activities.

Since the roll segment has been reclassified into the other businesses segment starting from the consolidated fiscal year under review due to a change in the Company's business segment classification, the classification of reportable segments has been changed from the previous classification based on four segments, consisting of the seal segment, electronic product segment, roll segment, and other businesses segment, to the new classification based on three segments, consisting of the seal segment, electronic product segment, and other businesses segment.

In the "seal business," NOK is the main company of the Group manufacturing and selling seal products, etc. to manufacturers of automobile, construction machinery and general industrial machinery. In the "electronic product business," Nippon Mektron, Ltd., is the Group's leader in the manufacture and sale of electronic parts, etc., mainly for the electronic equipment industry. And in "other businesses," NOK, Synztec Co., Ltd. and NOK Klueber Co., Ltd. play a central role in the manufacture and sale of roll products and specialty lubricants, etc.

Segment information for fiscal 2020 has been disclosed based on the reportable segment classification for fiscal 2021.

2. Calculation method for net sales, income (loss), assets and other items by reportable segment

The principles and procedures of the accounting method for reportable business segments are the same as those used in the preparation of consolidated financial statements.

Reportable segment income represents the amount of operating income.

Inter-segment sales and transfers are based on current market prices.

3. Information regarding net sales, income (loss), assets, liabilities and other items by reportable segment

FY 2020 (April 1, 2020 to March 31, 2021)

(million yen)

	Reportable segments			Total	Adjustments (Note 1)	Amount included in the consolidated financial statements (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	293,023	281,771	21,575	596,369	—	596,369
Inter-segment sales/transfers	1,936	15	472	2,424	(2,424)	—
Total	294,959	281,786	22,048	598,794	(2,424)	596,369
Segment income (loss)	23,183	(8,371)	(361)	14,449	17	14,467
Segment assets	381,738	225,149	36,666	643,554	159,445	803,000
Other items						
Depreciation and amortization	23,876	15,707	1,081	40,665	(0)	40,664
Increase in property, plant and equipment and intangible assets	13,652	11,433	641	25,728	—	25,728

Notes:

1. Adjustments are as shown below:

- (1) The amount of 17 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
- (2) The amount of 159,445 million yen in adjustments of segment assets includes 170,390 million yen in corporate assets which are not allocated to individual reportable segments and (10,944) million yen in offset elimination of inter-segment claims and debts.
- (3) The amount of (0) million yen in adjustments of depreciation and amortization represents the result of the elimination of inter-segment transactions.

2. Segment income (loss) is adjusted for operating income stated in the consolidated financial statements.

FY 2021 (April 1, 2021 to March 31, 2022)

(million yen)

	Reportable segments			Total	Adjustments (Note 1)	Amount included in the consolidated financial statements (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	336,189	320,942	25,375	682,507	—	682,507
Inter-segment sales/transfers	2,308	17	524	2,850	(2,850)	—
Total	338,498	320,959	25,899	685,357	(2,850)	682,507
Segment income (loss)	35,482	(5,040)	893	31,335	2	31,337
Segment assets	409,398	260,320	38,012	707,731	149,592	857,324
Other items						
Depreciation and amortization	23,616	18,016	962	42,595	(4)	42,591
Increase in property, plant and equipment and intangible assets	19,261	20,377	1,391	41,030	—	41,030

Notes:

1. Adjustments are as shown below:
 - (1) The amount of 2 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
 - (2) The amount of 149,592 million yen in adjustments of segment assets includes 161,378 million yen in corporate assets which are not allocated to individual reportable segments and (11,786) million yen in offset elimination of inter-segment claims and debts.
 - (3) The amount of (4) million yen in adjustments of depreciation and amortization represents the result of the elimination of inter-segment transactions.
2. Segment income (loss) is adjusted for operating income stated in the consolidated financial statements.

[Information regarding impairment loss on fixed assets by reportable segment]
FY 2020 (April 1, 2020 to March 31, 2021)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Impairment loss	335	616	509	—	1,462

FY 2021 (April 1, 2021 to March 31, 2022)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Impairment loss	—	782	50	—	833

[Information regarding amortization of goodwill and unamortized balance by reportable segment]
FY 2020 (April 1, 2020 to March 31, 2021)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Amortization during the period	—	226	—	—	226
Ending balance	—	614	—	—	614

FY 2021 (April 1, 2021 to March 31, 2022)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Amortization during the period	—	253	—	—	253
Ending balance	—	421	—	—	421

[Information regarding gain on bargain purchase by reportable segment]
FY 2020 (April 1, 2020 to March 31, 2021)
None.

FY 2021 (April 1, 2021 to March 31, 2022)
None.

(Per Share Information)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Net assets per share	2,644.14 yen	2,903.78 yen
Net income (loss) per share	(7.87) yen	149.37 yen

- Notes: 1. Diluted net income per share for fiscal 2020 is not shown as the Company posted a net loss per share and there were no residual securities.
 2. Diluted net income per share for fiscal 2021 is not shown as there are no residual securities.
 3. The basis of the computation of net assets per share is as shown below:

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Total net assets (million yen)	502,114	554,355
Deductions from total net assets (million yen)	44,761	52,092
(Non-controlling interests)	[44,761]	[52,092]
Net assets at the end of the period attributable to common stock (million yen)	457,352	502,262
Number of shares at the end of the period (1,000 shares)	172,968	172,968

4. The basis of the computation of net income (loss) per share is as shown below:

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Profit (loss) attributable to owners of parent (million yen)	(1,361)	25,835
Amount not attributable to common stock (million yen)	—	—
Profit (loss) attributable to owners of parent attributable to common stock (million yen)	(1,361)	25,835
Average number of shares during the period (1,000 shares)	172,968	172,968

(Significant Subsequent Events)

None.