

NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for Fiscal Year Ended March 31, 2023 (Japanese GAAP)

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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 2022 (April 1, 2022 to March 31, 2023)

(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 2022	709,956	4.0	15,378	(50.9)	26,557	(42.5)	13,320	(48.4)
FY 2021	682,507	14.4	31,337	116.6	46,168	151.8	25,835	—

Note: Comprehensive income: 40,097 million yen, (32.5)% (as of March 31, 2023); 59,367 million yen, 0.8% (as of March 31, 2022)

	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 2022	77.55	—	2.6	3.1	2.2
FY 2021	149.37	—	5.4	5.6	4.6

Reference: Investment profit on equity method: 6,144 million yen (as of March 31, 2023); 3,472 million yen (as of March 31, 2022)

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
FY 2022	862,750	577,346	60.6	3,082.93
FY 2021	857,324	554,355	58.6	2,903.78

Reference: Owner's equity: 522,426 million yen (as of March 31, 2023); 502,262 million yen (as of March 31, 2022)

(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 2022	46,030	(35,159)	(21,441)	104,117
FY 2021	54,999	(37,972)	(32,070)	111,247

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 2021	—	25.00	—	35.00	60.00	10,383	40.2	2.2
FY 2022	—	25.00	—	50.00	75.00	12,979	96.7	2.5
FY 2023 (Forecast)	—	37.50	—	37.50	75.00		70.1	

3. Consolidated Forecasts for Fiscal 2023 (April 1, 2023 to March 31, 2024)

(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	353,800	0.3	5,100	(16.6)	9,000	(45.7)	1,900	(81.3)	10.92
Full year	748,000	5.4	26,200	70.4	34,300	29.2	18,400	38.1	106.95

* 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 2022	173,138,537 shares	FY 2021	173,138,537 shares
FY 2022	3,680,752 shares	FY 2021	169,991 shares
FY 2022	171,759,567 shares	FY 2021	172,968,565 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated financial results for Fiscal 2022 (April 1, 2022 to March 31, 2023)

(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 2022	218,710	(3.3)	(380)	—	9,010	(66.9)	9,052	(59.6)
FY 2021	226,275	12.5	13,342	174.9	27,232	192.9	22,433	235.6

	Net income per share	Diluted net income per share
	yen	Yen
FY 2022	52.68	—
FY 2021	129.63	—

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
FY 2022	408,551	258,093	63.2	1,522.20
FY 2021	418,507	265,416	63.4	1,533.68

Reference: Owner's equity: 258,093 million yen (as of March 31, 2023); 265,416 million yen (as of March 31, 2022)

* 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 Operating Results in the Current Period

During the current consolidated fiscal year, the Japanese economy saws signs of gradual recovery, despite a temporary contraction in economic activity due to the impact of lockdown in China as a result of the spread of COVID-19 and the supply shortage of semiconductors and other components. However, the outlook remains uncertain due to soaring raw materials prices and energy prices, geopolitical risks such as the Russia-Ukraine conflict, and the continued supply shortage of semiconductors and other components in some regions.

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

In the automobile industry, while production declined both in Japan and overseas owing to the effect of lockdown in China and the supply shortage of semiconductors and other components, it is currently on a moderate recovery trend. However, the outlook remains uncertain due to the ongoing impact of the supply shortage of semiconductors and other components.

In the electronics industry, demand for smartphones declined due to the two COVID-19 lockdowns in China. Demand for HDDs also decreased.

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

In the seal business, sales for automobile applications increased as a result of foreign exchange rate movements as well as passing on soaring raw material prices and energy prices to selling prices, despite the negative effect of lockdown in China and the supply shortage of semiconductors and other components. Looking at demand for general industrial machinery applications, demand from manufacturers of machine tools in Japan remained firm while demand mainly from manufacturers of construction machinery was negatively affected by lockdown in China. Meanwhile, sales to manufacturers of general industrial machinery increased as a result of foreign exchange rate movements as well as passing on soaring raw material prices and energy prices to selling prices. However, overall, sales excluding the positive impacts of foreign exchange rates and selling price transfers declined.

As a result, net sales stood at 347,066 million yen (up 3.2% year on year). Operating income amounted to 17,885 million yen (down 49.6% year on year) mainly due to soaring raw material prices and energy prices that exceeded price pass-through.

In the electronic product business, demand for automobile applications increased despite the negative impact of lockdown in China, the Russia-Ukraine conflict and the supply shortage of semiconductors and other components. Demand for smartphones decreased due to the impact of new lockdowns in some Chinese cities. Demand for HDDs also decreased. Although the reported sales rose throughout the entire period, sales decreased excluding the significant favorable effect of foreign exchange rate movements.

As a result, net sales stood at 334,523 million yen (up 4.2% year on year). Operating loss came to 3,712 million yen (compared to an operating loss of 5,040 million yen in the previous fiscal year) due to the effect of a decrease in personnel expenses and foreign exchange rate movements.

In other businesses, sales increased reflecting a recovery in demand related to office equipment as well as the positive effect of foreign exchange rate movements, despite a decline in demand for special lubricants in conjunction with decreased demand for automobiles.

As a result, net sales totaled 28,366 million yen (up 11.8% year on year). Operating income came to 1,200 million yen (up 34.3% year on year).

In summary, the Group posted the following operating results: Net sales totaled 709,956 million yen (up 4.0% year on year); operating income was 15,378 million yen (down 50.9% year on year); ordinary income ended at 26,557 million yen (down 42.5% year on year), resulting in 13,320 million yen in profit attributable to owners of parent (down 48.4% year on year).

ii) Future Outlook

Regarding the future business environment surrounding the Group, economic activity is trending toward recovery from restrictions on movement due to COVID-19. However, the outlook remains uncertain due to factors such as soaring raw materials prices and energy prices, geopolitical risks including the Russia-Ukraine conflict, and the continued supply shortage of semiconductors and other components in some regions.

In the seal segment, as the supply shortages of components such as semiconductors gradually eases, we expect a gradual recovery in domestic and overseas production and an increase in sales. We also expect sales for general industrial machinery to increase due to factors such as lockdowns in China being lifted and solid demand mainly for construction machinery and agricultural machinery. On the other hand, we expect the external environment to remain highly uncertain due to factors such as rising raw materials and energy prices, and the impact of geopolitical risks. We will continually take action to address these concerns. Furthermore, in addition to maintain higher level of stable quality and stable product supply, we will strive to develop new businesses and new products for responding to medium- to long-term changes in the business environment; for example, the electrification of automobiles.

In the electronic product business, we expect demand for automobiles to recover due to the same factors as the seal business; i.e., recovery from lockdowns in China and resolution of supply shortages for semiconductors and other components. Additionally, we expect sales to increase due to the acceleration of electrification in Japan and overseas. Sales for smartphones are expected to remain flat due to the prolonged replacement cycle by end-users. Although the market for hard disk drives is shrinking, we expect a recovery in demand for data centers. We will continue to build a business structure that is resilient to fluctuations by expanding into business areas with low demand fluctuation; for example, further expanding sales of products for electric vehicles. We will also promote production in optimal locations based on the concept of local production for local consumption in response to growing demand for electric vehicles around the world.

In other businesses, although sales of special lubricants have temporarily declined due to factors such as reduced automobile production, we expect a gradual recovery. In regard to products for office machines, we are faced with the challenge of responding to decreased demand caused by sluggish growth in the office machine market. We will continue efforts to increase productivity, heighten competitiveness in terms of quality and cost, and improve profitability.

For the reasons discussed above, the Group forecast the following consolidated results for FY 2023: Net sales of 748,000 million yen (up 5.4% year on year); operating income of 26,200 million yen (up 70.4% year on year); ordinary income of 34,300 million yen (up 29.2% year on year), and profit attributable to owners of parent of 18,400 million yen in profit attributable to owners of parent (up 38.1% 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) Overview of Assets, Liabilities, and Net Assets

Total assets as of March 31, 2023 stood at 862,750 million yen, an increase of 5,426 million yen compared with March 31, 2022. This was mainly attributable to increases in inventories, property, plant and equipment, and net defined benefit asset, despite decreases in cash and deposits and notes and accounts receivable-trade.

Total liabilities as of March 31, 2023 amounted to 285,404 million yen, a decrease of 17,564 million yen compared with March 31, 2022. This was mainly due to decreases in accounts payable-trade, income taxes payable, and net defined benefit liabilities, despite increases in deferred tax liabilities.

Net assets totaled 577,346 million yen, an increase of 22,991 million yen compared with March 31, 2022. Consequently, the ratio of shareholders' equity to total assets stood at 60.6%. This mainly reflected an increase in retained earnings as a result of the recognition of profit attributable to owners of parent for the period, among other factors, an increase in foreign currency translation adjustment due to exchange rate fluctuations, and an increase in remeasurements of defined benefit plans due to an increase in the discount rate, despite the payment of dividends.

ii) Overview of Cash Flows

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2023 amounted to 104,117 million yen. This represented a decrease of 7,130 million yen compared with March 31, 2022. Cash flows during fiscal 2022 are summarized below.

[Cash flows from operating activities]

Net cash provided by operating activities totaled 46,030 million yen, down 16.3% year on year. This was mainly due to the recognition of depreciation and income before income taxes, which are non-cash transactions, despite an increase in operating capital.

[Cash flows from investing activities]

Net cash used in investing activities amounted to 35,159 million yen, down 7.4% 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, despite the sale of

stock holdings.

[Cash flows from financing activities]

Net cash used in financing activities amounted to 21,441 million yen, down 33.1% year on year. This was mainly due to acquisition of treasury stock and payment for dividends.

The trend of cash flow indicators is as follows:

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Capital ratio (%)	56.6	55.9	57.0	58.6	60.6
Market capitalization to total assets (%)	38.0	28.3	32.3	23.1	28.7
Interest-bearing liabilities to cash flow (annualized)	1.6	1.3	2.3	1.6	2.0
Interest coverage ratio (multiple)	23.6	26.1	20.2	31.8	17.1

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 2021 (as of March 31, 2022)	FY 2022 (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	113,085	104,690
Notes and accounts receivable-trade	151,015	141,172
Electronically recorded monetary claims	18,489	19,760
Merchandise and finished goods	45,650	49,428
Work in process	40,506	38,999
Raw materials and supplies	25,104	31,169
Other	13,323	16,065
Allowance for doubtful accounts	(132)	(138)
Total current assets	407,043	401,146
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	218,361	232,740
Accumulated depreciation	(130,156)	(137,685)
Buildings and structures, net	88,204	95,055
Machinery, equipment and vehicles	430,469	447,823
Accumulated depreciation	(327,574)	(340,044)
Machinery, equipment and vehicles, net	102,894	107,778
Tools, furniture and fixtures	100,668	111,461
Accumulated depreciation	(83,064)	(93,869)
Tools, furniture and fixtures, net	17,603	17,591
Land	19,586	19,609
Lease assets	4,835	4,292
Accumulated depreciation	(3,403)	(2,090)
Lease assets, net	1,431	2,201
Construction in progress	19,481	10,401
Total property, plant and equipment	249,203	252,638
Intangible assets	3,971	3,958
Investments and other assets		
Investment securities	163,644	163,316
Long-term loans receivable from employees	1,990	1,729
Deferred tax assets	4,508	4,965
Net defined benefit asset	1,869	4,574
Other	25,234	30,548
Allowance for doubtful accounts	(142)	(128)
Total investments and other assets	197,105	205,006
Total noncurrent assets	450,280	461,603
Total assets	857,324	862,750

(million yen)

	FY 2021 (as of March 31, 2022)	FY 2022 (as of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	62,568	52,839
Short-term loans payable	60,545	54,329
Income taxes payable	6,924	2,317
Provision for bonuses	11,148	11,195
Deposits received from employees	16,318	16,315
Other	44,831	46,322
Total current liabilities	202,337	183,319
Noncurrent liabilities		
Long-term loans payable	10,398	17,526
Deferred tax liabilities	9,404	13,075
Net defined benefit liabilities	73,355	63,046
Provision for business restructuring	579	-
Provision for share awards for directors (and other officers)	-	345
Other	6,893	8,090
Total noncurrent liabilities	100,632	102,084
Total liabilities	302,969	285,404
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,591	23,590
Retained earnings	365,880	368,823
Treasury stock	(230)	(4,741)
Total shareholders' equity	412,577	411,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,663	59,186
Foreign currency translation adjustment	34,263	46,440
Remeasurements of defined benefit plans	(5,243)	5,790
Total accumulated other comprehensive income	89,684	111,417
Non-controlling interests	52,092	54,920
Total net assets	554,355	577,346
Total liabilities and net assets	857,324	862,750

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

(million yen)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Net sales	682,507	709,956
Cost of sales	567,186	604,383
Gross profit	115,321	105,572
Selling, general and administrative expenses	83,984	90,193
Operating income	31,337	15,378
Non-operating income		
Interest income	235	685
Dividend income	2,454	2,799
Foreign exchange gains	7,073	1,541
Share of profit of entities accounted for using equity method	3,472	6,144
Rent income	875	859
Other	3,031	3,114
Total non-operating income	17,141	15,145
Non-operating expenses		
Interest expenses	1,721	2,802
Other	588	1,164
Total non-operating expenses	2,310	3,966
Ordinary income	46,168	26,557
Extraordinary income		
Gain on sales of noncurrent assets	249	1,490
Gain on sales of investment securities	1,567	4,001
Total extraordinary income	1,816	5,491
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	957	1,818
Impairment loss	833	1,191
Business restructuring expenses	636	1,152
Other	280	146
Total extraordinary loss	2,707	4,309
Income before income taxes	45,278	27,739
Income taxes-current	14,383	10,229
Income taxes-deferred	116	385
Total income taxes	14,499	10,615
Net income	30,778	17,124
Profit attributable to non-controlling interests	4,943	3,804
Profit (loss) attributable to owners of parent	25,835	13,320

(Consolidated Comprehensive Income Statement)

(million yen)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Net income	30,778	17,124
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,255)	(1,520)
Foreign currency translation adjustment	20,402	11,749
Remeasurements of defined benefit plans, net of tax	6,778	10,278
Share of other comprehensive income of entities accounted for using equity method	2,663	2,464
Total other comprehensive income	28,588	22,972
Comprehensive income	59,367	40,097
(Detail)		
Comprehensive income attributable to owners of parent	51,092	35,054
Comprehensive income attributable to non-controlling interests	8,275	5,042

(3) Consolidated Statement of Changes in Equity
FY 2021 (April 1, 2021 to March 32, 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	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
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

FY 2022 (April 1, 2022 to March 31, 2023)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	23,335	23,591	365,880	(230)	412,577
Changes of items during the period					
Dividends from surplus	—	—	(10,377)	—	(10,377)
Profit (loss) attributable to owners of parent	—	—	13,320	—	13,320
Purchase of treasury stock	—	—	—	(4,526)	(4,526)
Disposal of treasury stock	—	—	—	15	15
Change in ownership interest of parent due to transactions with non-controlling interests	—	(1)	—	—	(1)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	(1)	2,942	(4,511)	(1,569)
Ending balance	23,335	23,590	368,823	(4,741)	411,008

	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	60,663	34,263	(5,243)	89,684	52,092	554,355
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	(10,377)
Profit (loss) attributable to owners of parent	—	—	—	—	—	13,320
Purchase of treasury stock	—	—	—	—	—	(4,526)
Disposal of treasury stock	—	—	—	—	—	15
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	(1)
Net changes of items other than shareholders' equity	(1,477)	12,176	11,034	21,733	2,827	24,560
Total changes of items during the period	(1,477)	12,176	11,034	21,733	2,827	22,991
Ending balance	59,186	46,440	5,790	111,417	54,920	577,346

(4) Consolidated Statement of Cash Flows

(million yen)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Income before income taxes	45,278	27,739
Depreciation and amortization	42,591	45,758
Impairment loss	833	1,191
Increase (decrease) in provision for bonuses	344	6
Increase (decrease) in net defined benefit asset or liability	480	(2,464)
Increase (decrease) in provision for business restructuring	548	(609)
Interest and dividend income	(2,689)	(3,484)
Interest expenses	1,721	2,802
Foreign exchange losses (gains)	(4,241)	1,298
Share of (profit) loss of entities accounted for using equity method	(3,472)	(6,144)
Proceeds from sale of investment securities	(1,493)	(4,001)
Loss (gain) on sales and retirement of property, plant and equipment	727	333
Decrease (increase) in notes and accounts receivable-trade	(2,638)	14,256
Decrease (increase) in inventories	(21,143)	(4,657)
Increase (decrease) in notes and accounts payable-trade	4,111	(14,096)
Other, net	2,766	2,922
Subtotal	63,726	60,851
Interest and dividend income received	4,334	5,398
Interest expenses paid	(1,728)	(2,686)
Income taxes paid	(11,333)	(17,533)
Cash flows from operating activities	54,999	46,030
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,621)	1,893
Purchase of investment securities	(30)	(236)
Proceeds from sale of investment securities	2,947	6,278
Purchase of property, plant and equipment	(39,186)	(44,775)
Proceeds from sales of property, plant and equipment	902	2,484
Purchase of intangible assets	(190)	(654)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4)	-
Other, net	(788)	(150)
Cash flows from investing activities	(37,972)	(35,159)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20,539)	(12,768)
Proceeds from long-term loans payable	2,130	15,640
Repayment of long-term loans payable	(5,630)	(6,208)
Repayment of lease obligations	(895)	(970)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(135)	-
Net decrease (increase) in treasury stock	(0)	(4,511)
Cash dividends paid	(6,486)	(10,376)
Dividends paid to non-controlling interests	(513)	(2,247)
Cash flows from financing activities	(32,070)	(21,441)
Effect of exchange rate change on cash and cash equivalents	5,905	3,426
Net increase (decrease) in cash and cash equivalents	(9,137)	(7,144)
Cash and cash equivalents at beginning of period	120,385	111,247
Increase in cash and cash equivalents resulting from merger of unconsolidated subsidiaries	-	14
Cash and cash equivalents at end of period	111,247	104,117

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

(Change in Accounting Policy)

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) (hereinafter, "Implementation Guidance on Accounting Standard for Fair Value Measurement") has been applied since the beginning of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has decided to apply the new accounting policy set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively. 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.

The Group has three reportable 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 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.

FY 2022 (April 1, 2022 to March 31, 2023)

(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	347,066	334,523	28,366	709,956	—	709,956
Inter-segment sales/transfers	1,939	44	574	2,558	(2,558)	—
Total	349,006	334,567	28,940	712,514	(2,558)	709,956
Segment income (loss)	17,885	(3,712)	1,200	15,372	6	15,378
Segment assets	427,877	262,792	39,812	730,483	132,267	862,750
Other items						
Depreciation and amortization	24,644	20,079	1,038	45,762	(4)	45,758
Increase in property, plant and equipment and intangible assets	18,746	27,244	1,768	47,759	—	47,759

Notes:

1. Adjustments are as shown below:
 - (1) The amount of 6 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
 - (2) The amount of 132,267 million yen in adjustments of segment assets includes 145,895 million yen in corporate assets which are not allocated to individual reportable segments and (13,628) 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 2021 (April 1, 2021 to March 31, 2022)

(million yen)

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

FY 2022 (April 1, 2022 to March 31, 2023)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Impairment loss	733	458	—	—	1,191

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

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

FY 2022 (April 1, 2022 to March 31, 2023)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Amortization during the period	—	286	—	—	286
Ending balance	—	141	—	—	141

[Information regarding gain on bargain purchase by reportable segment]

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

None.

FY 2022 (April 1, 2022 to March 31, 2023)

None.

(Per Share Information)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Net assets per share	2,903.78 yen	3,082.93 yen
Net income (loss) per share	149.37 yen	77.55 yen

- Notes:
1. Diluted net income per share is not shown as there are no residual securities.
 2. The Company's shares held by the Board Incentive Plan for directors' remuneration are included in treasury stock deducted from the total number of issued and outstanding shares at fiscal year end for the calculation of "Net assets per share" (- thousand shares for FY 2021 and 1,799 thousand shares for FY 2022).
 3. The Company's shares held by the Board Incentive Plan for directors' remuneration are included in treasury stock, which is deducted from the average number of shares during the period for the calculation of "Net income per share" (- thousand shares for FY 2021 and 1,094 thousand shares for FY 2022).
 4. The Company's shares held by the Employee Stock Ownership Plan (J-ESOP) are included in treasury stock deducted from the total number of issued and outstanding shares at fiscal year end for the calculation of "Net assets per share" (- thousand shares for FY 2021 and 1,705 thousand shares for FY 2022).
 5. The Company's shares held by the Employee Stock Ownership Plan (J-ESOP) are included in treasury stock, which is deducted from the average number of shares during the period for the calculation of "Net income per share" (- thousand shares for FY 2021 and 110 thousand shares for FY 2022).
 6. The basis of the computation of net assets per share is as shown below:

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Total net assets (million yen)	554,355	577,346
Deductions from total net assets (million yen)	52,092	54,920
(Non-controlling interests)	[52,092]	[54,920]
Net assets at the end of the period attributable to common stock (million yen)	502,262	522,426
Number of shares at the end of the period (1,000 shares)	172,968	169,457

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

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Profit (loss) attributable to owners of parent (million yen)	25,835	13,320
Amount not attributable to common shareholders (million yen)	—	—
Profit (loss) attributable to owners of parent attributable to common stock (million yen)	25,835	13,320
Average number of shares during the period (1,000 shares)	172,968	171,759

(Significant Events After the Reporting Period)

None.