



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Japanese GAAP)

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Company name: NOK Corporation
 Securities code: 7240
 Representative: Masao Tsuru
 Representative Director, CEO
 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 quarterly results: None
 Convening briefing of quarterly results: None

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

1. Consolidated Financial Results for the First Three Months of Fiscal 2022 (April 1, 2022 to June 30, 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	%
3 mos. ended June 30, 2022	161,031	2.7	(1,394)	–	4,941	(54.6)	2,053	(70.0)
3 mos. ended June 30, 2021	156,735	38.5	6,882	–	10,875	–	6,846	–

Note: Comprehensive income: 17,887 million yen, 88.9% (as of June 30, 2022); 9,471 million yen, 250.7% (as of June 30, 2021)

	Net income per share	Diluted net income per share
	yen	yen
3 mos. ended June 30, 2022	11.87	–
3 mos. ended June 30, 2021	39.58	–

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
June 30, 2022	868,175	565,262	58.9	2,955.68
March 31, 2022	857,324	554,355	58.6	2,903.78

Reference: Owner's equity: 511,232 million yen (as of June 30, 2022); 502,262 million yen (as of March 31, 2022)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY 2021	–	25.00	–	35.00	60.00
FY 2022	–	–	–	–	–
FY 2022 (Forecast)	–	25.00	–	25.00	50.00

Note: Correction of dividend forecast from the most recent dividend forecast: None

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	351,800	8.5	4,300	(71.1)	12,200	(44.1)	7,000	(46.2)	40.47
Full year	740,800	8.5	22,300	(28.8)	34,200	(25.9)	19,500	(24.5)	112.74

Note: Correction of financial forecast from the most recent financial forecast: Yes

* Notes

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

(2) Applying of specific accounting of the consolidated quarterly financial statements: Yes

Note: For details, please refer to “(3) Notes Concerning Consolidated Quarterly Financial Statements” on page 7 of the attached document.

(3) 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

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

i) Number of issued and outstanding shares at the end of each period (including treasury stock)	June 30, 2022	173,138,537 shares	Mar. 31, 2022	173,138,537 shares
ii) Number of shares of treasury stock at the end of each period	June 30, 2022	172,491 shares	Mar. 31, 2022	169,991 shares
iii) Average number of shares (year to date)	3 mos. ended June 30, 2022	172,966,870 shares	3 mos. ended June 30, 2021	172,968,606 shares

* This summary of quarterly financial results is not subject to quarterly review procedures of a certified public accountant or 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. Actual financial results may differ significantly due to various factors.

For assumptions, etc., used as the basis for the projections for financial results, please see “Explanation of Consolidated Financial Projections and Other Prospects for the Future” on page 2 of the attached document.

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1. Qualitative Information on the Consolidated Operating Results for the Three Months Ended June 30, 2022

(1) Explanation of Financial Position and Operating Results

During the first three months of the current consolidated fiscal year, the future outlook of the Japanese economy became increasingly unpredictable due to downside risks to the economy such as soaring raw material and energy prices, fluctuations in financial markets, and the protraction of the conflict between Russia and Ukraine, on top of the impact of China's lockdowns as a result of the spread of COVID-19 and the constraints on automobile production caused by the supply shortage of semiconductors and other components.

In the automobile industry, production declined both in Japan and overseas owing to the effect of China's lockdowns and the shortage of semiconductors and other components.

In the electronic equipment industry, demand for smartphones and HDDs decreased due to the impact of China's lockdowns and the shortage of semiconductors and other components.

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

In the seal business, sales for automobile applications decreased due largely to production cuts, despite an increase in sales as a result of foreign exchange rate movements as well as passing on soaring raw material prices to selling prices. Sales to manufacturers of general industrial machinery declined reflecting the effect of China's lockdowns among other factors, despite brisk domestic demand from manufacturers of construction machinery, machine tools, and robots.

As a result, net sales stood at 81,005 million yen (down 3.6% year on year). Operating income amounted to 3,161 million yen (down 68.1% year on year) due to soaring material prices and a rise in expenses in addition to the effect of decreased sales.

In the electronic product business, sales to manufacturers of high-end smartphones and automobiles increased on the back of the significant positive effect of foreign exchange rate movements on sales, despite a decline in demand due to China's lockdowns and the impact of the semiconductor shortage among other factors.

As a result, net sales totaled 73,047 million yen (up 10.1% year on year). Operating loss came to 4,907 million yen (compared to an operating loss of 3,369 million yen in the same period of the previous fiscal year) due to a decrease in actual sales excluding the effect of foreign exchange rate movements and an increase in expenses.

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 on sales, despite a decline in demand for special lubricants.

As a result, net sales totaled 6,978 million yen (up 9.8% year on year). Operating income came to 347 million yen (up 4.1% year on year).

In summary, the Group posted the following results for the first three months of the current consolidated fiscal year: Net sales totaled 161,031 million yen (up 2.7% year on year); operating loss was 1,394 million yen (compared to an operating income of 6,882 million yen in the same period of the previous fiscal year); ordinary income ended at 4,941 million yen (down 54.6% year on year), resulting in 2,053 million yen in profit attributable to owners of parent (down 70.0% year on year).

Total assets as of June 30, 2022 stood at 868,175 million yen, an increase of 10,851 million yen compared with March 31, 2022. This was mainly attributable to increases in property, plant and equipment and inventories, despite decreases in cash and deposits and notes and accounts receivable-trade.

Total liabilities as of June 30, 2022 amounted to 302,913 million yen, a decrease of 56 million yen compared with March 31, 2022. This was mainly due to a decrease in accounts payable-trade, despite an increase in short-term loans payable.

Net assets totaled 565,262 million yen, an increase of 10,907 million yen compared with March 31, 2022. Consequently, the ratio of shareholders' equity to total assets stood at 58.9%. This mainly reflected an increase in foreign currency translation adjustment due to exchange rate fluctuations, despite the payment of dividends.

(2) Explanation of Consolidated Financial Projections and Other Prospects for the Future

As a result of a review of the consolidated financial projections for the first half of the fiscal year ending March 2023, our projection for net sales, operating income, ordinary income and profit attributable to owners of parent have been revised downward from the previously announced projections.

With regard to the consolidated earnings forecast for the fiscal year ending March 2023, the Company has left the earnings forecast for the second half unchanged and has only reflected the revised amount of the earnings forecast for the first half.

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

(million yen)

	FY 2021 (as of March 31, 2022)	1Q FY 2022 (as of June 30, 2022)
Assets		
Current assets		
Cash and deposits	113,085	108,772
Notes and accounts receivable-trade	151,015	147,745
Electronically recorded monetary claims	18,489	18,926
Inventories	111,261	119,396
Other	13,323	14,840
Allowance for doubtful accounts	(132)	(137)
Total current assets	407,043	409,544
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	88,204	88,789
Machinery, equipment and vehicles, net	102,894	109,461
Other, net	58,103	59,182
Total property, plant and equipment	249,203	257,433
Intangible assets	3,971	4,090
Investments and other assets		
Investment securities	163,644	160,228
Net defined benefit asset	1,869	1,941
Other	31,733	35,075
Allowance for doubtful accounts	(142)	(138)
Total investments and other assets	197,105	197,107
Total noncurrent assets	450,280	458,631
Total assets	857,324	868,175

(million yen)

	FY 2021 (as of March 31, 2022)	1Q FY 2022 (as of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	62,568	55,941
Short-term loans payable	60,545	67,112
Income taxes payable	6,924	2,580
Provision for bonuses	11,148	9,265
Other	61,150	63,117
Total current liabilities	202,337	198,017
Noncurrent liabilities		
Long-term loans payable	10,398	12,335
Deferred tax liabilities	9,404	10,127
Net defined benefit liabilities	73,355	73,461
Provision for business restructuring	579	604
Other	6,893	8,367
Total noncurrent liabilities	100,632	104,895
Total liabilities	302,969	302,913
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,591	23,591
Retained earnings	365,880	361,880
Treasury stock	(230)	(233)
Total shareholders' equity	412,577	408,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,663	57,258
Foreign currency translation adjustment	34,263	50,399
Remeasurements of defined benefit plans	(5,243)	(4,999)
Total accumulated other comprehensive income	89,684	102,658
Non-controlling interests	52,092	54,029
Total net assets	554,355	565,262
Total liabilities and net assets	857,324	868,175

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
 (Consolidated Quarterly Income Statement)
 (Three Months Ended June 30, 2022)

(million yen)

	3 months ended June 30, 2021	3 months ended June 30, 2022
Net sales	156,735	161,031
Cost of sales	128,960	139,332
Gross profit	27,774	21,699
Selling, general and administrative expenses	20,892	23,094
Operating income (loss)	6,882	(1,394)
Non-operating income		
Dividend income	1,159	1,367
Foreign exchange gains	804	3,578
Share of profit of entities accounted for using equity method	1,856	1,408
Other	774	692
Total non-operating income	4,596	7,047
Non-operating expenses		
Interest expenses	452	493
Other	150	217
Total non-operating expenses	602	711
Ordinary income	10,875	4,941
Extraordinary income		
Gain on sales of noncurrent assets	70	1,196
Gain on sales of investment securities	—	1,596
Other	0	—
Total extraordinary income	70	2,792
Extraordinary loss		
Loss on retirement of noncurrent assets	124	232
Other	0	5
Total extraordinary loss	124	238
Income before income taxes	10,822	7,495
Income taxes	2,758	4,502
Net income	8,063	2,992
Profit attributable to non-controlling interests	1,217	939
Profit attributable to owners of parent	6,846	2,053

(Consolidated Quarterly Comprehensive Income Statement)
(Three Months Ended June 30, 2022)

(million yen)

	3 months ended June 30, 2021	3 months ended June 30, 2022
Net income	8,063	2,992
Other comprehensive income		
Valuation difference on available-for-sale securities	733	(3,411)
Foreign currency translation adjustment	(140)	16,232
Remeasurements of defined benefit plans, net of tax	619	208
Share of other comprehensive income of entities accounted for using equity method	196	1,863
Total other comprehensive income	1,408	14,894
Comprehensive income	9,471	17,887
(Detail)		
Comprehensive income attributable to owners of parent	8,091	15,027
Comprehensive income attributable to non-controlling interests	1,379	2,859

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Notes Concerning the Going Concern Assumption)

None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Accounting Treatments Specific to the Preparation of Consolidated Quarterly Financial Statements)

As for tax expenses, some consolidated subsidiaries calculate the amount by reasonably estimating an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year including the first-quarter period under review, and multiplying income before income taxes for the first-quarter period under review by the estimated effective tax rate.

(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) has been applied since the beginning of the first quarter 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. This change had no impact on the Company's quarterly consolidated financial statements.

(Segment Information)

I Three Months Ended June 30, 2021

1. Information regarding net sales and income (loss) by reportable segment

(million yen)

	Reportable segments			Total	Adjustments (Note 1)	Amount included in the consolidated quarterly income statement (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	84,032	66,347	6,354	156,735	–	156,735
Inter-segment sales/transfers	575	6	123	706	(706)	–
Total	84,608	66,353	6,478	157,441	(706)	156,735
Segment income (loss)	9,913	(3,369)	333	6,877	4	6,882

Notes: 1. The amount of 4 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.

2. Segment income (loss) is adjusted for operating income stated in the consolidated quarterly income statement.

II Three Months Ended June 30, 2022

1. Information regarding net sales and income (loss) by reportable segment

(million yen)

	Reportable segments			Total	Adjustments (Note 1)	Amount included in the consolidated quarterly income statement (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	81,005	73,047	6,978	161,031	–	161,031
Inter-segment sales/transfers	566	3	128	698	(698)	–
Total	81,572	73,050	7,107	161,729	(698)	161,031
Segment income (loss)	3,161	(4,907)	347	(1,399)	4	(1,394)

Notes: 1. The amount of 4 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.

2. Segment income (loss) is adjusted for operating loss stated in the consolidated quarterly income statement.