

Financial Results for FY2023

May 13, 2024

NOK Corporation



A dense, repeating pattern of blue line-art icons on a white background. The icons represent various aspects of industry, technology, and innovation, including gears, lightbulbs, robots, cars, wind turbines, microscopes, and people. The pattern is composed of many small, identical units arranged in a grid-like fashion.

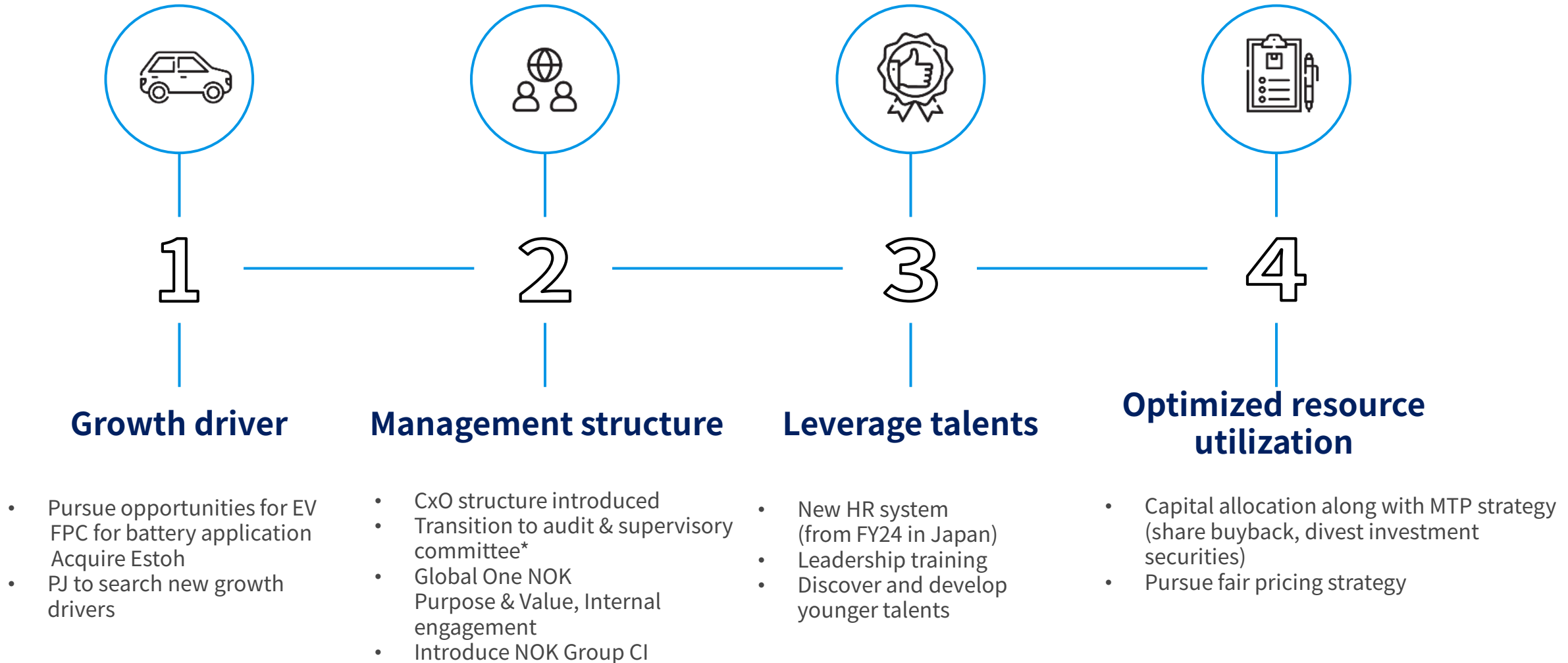
Summary of consolidated results for FY2023



- Sales and operating profit increased (sales +5.7%, OP +49.0%).
- Seal segment made a steady growth and electronic products segment steadily reduced loss although we could not turn profitable this year. Consolidated results were lower than the initial forecasts of MTP first year.
- Net income significantly increased due to non-operating income and gain from sale of investment securities.

	FY22	FY23	Changes
Net sales	710.0 bn yen	750.5 bn yen	+40.5 bn yen
Operating income	15.4 bn yen	22.9 bn yen	+7.5 bn yen
Net income	13.3 bn yen	31.6 bn yen	+18.3 bn yen
ROE	2.6 %	5.7 %	+3.1 pt

MTP strategic initiatives review in FY2023



Seal by region



- Automobile manufacturing volume recovered
- Moderate growth going forward



China

- Japanese automakers struggle in the market
- General industry machinery affected by slower economy

Opportunity:
Sales growth for local customers



ASEAN

Japanese automakers struggle in the market

Risk:
Chinese EV OEM into the market

Electronic products by application



Challenges in absorbing seasonal volatility in smartphone demands



Despite the recent slower-than forecast EV market development, transition to EV will continue

Opportunity:
OEMs have authority to determine battery supply chain



Gradual recovery in HDD demand for data center usage observed from FY23 end

Corporate



New growth drivers necessary for continuous growth



Securing and developing talents is critical for growth

Strategic initiatives with swift decision making to address the current business circumstances

Summary of FY2024 forecasts



**Forecasting sales and operating income to decline.
Make necessary investment for mid-/long-term growth.**

- Year-on-year decline in sales, (5.6)%, and OP, (4.9)%. Lower than MTP 2nd year assumption.
- Seal: Sales and OP to decline, including costs for future growth such as new business development and organizational structure transformation
- Electronic products: Expect turning into profitable

	FY23	FY24FCST	Changes	Ref) MTP 2 nd year assumption
Net sales	750.5 bn yen	708.3 bn yen	(42.2) bn yen	804.0 bn yen
Operating income	22.9 bn yen	21.8 bn yen	(1.1) bn yen	44.3 bn yen

MTP target

- Aim to achieve OP margin target, 6.8% for FY25, with sales growth and improved profitability

Grow sales and improve profitability to increase OP margin

Enhance business with local customers in China market (Automobile, General industry machinery)

- Reinforce sales team in China with Chief Commercial Officer
- New R&D facility
- Meet customer needs for shorter lead-time, specs, cost and so on through development and manufacturing in China

Improve lower profitability portfolio (Automobile)

- Cost transfer negotiation
- Pursue transactions with fair pricing for lower profitability portfolio

New business area incl. green energy, semiconductor etc (General industry machinery)

- Value-added products/materials leveraging NOK's technology to address needs in new areas

Solid business structure to absorb seasonal fluctuations in smartphone business

Volatile area

Address smartphone seasonality

- North America: Maintain current sales level and aim to levelling seasonal volatility
- Increased demand for Chinese high-end smartphones

Stable area

Expect solid profit foundation

- Continue current strategy to increase sales for automobile such as battery application
 - Order from VW for BMS application expected to contribute since FY26
- Maintain higher profitability for HDD application with high market share

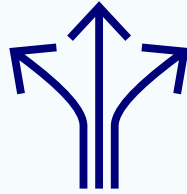
Transformation for profitability

- FY23 implemented: Expect financial benefit in FY24 from closure of a manufacturing site in Europe and reorganization in Taiwan
- Further transformation in FY24 under consideration

Technology affinity

Megatrend

Social issues



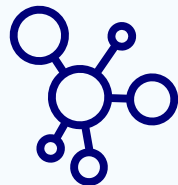
Increase of electrical components
due to the mobility revolution

Expand our connecting
technology



Increase of touch between
people and devices

Combine our elastic material
technology and sensors



Increase of the number of joints
due to an evolution of robots

Utilize our interface control
technology for mechanical
contacts

Enhance corporate value



Sustainable enhancement of corporate value by strategic initiatives of MTP with penetration of our growth story through timely/fair disclosure

Improve ROE 

Maximize profit	Improve profitability in each segment
	Create new growth drivers
Capital policy	Shareholder returns
	Divest investment securities Invest for growth

×

Reduce capital cost 

Transparency	Enhance IR/disclosure
	Integrated report
Business sustainability	Global management structure for growth
	Investment in talents

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FY23 consolidated results



	FY22	FY23	Changes	FY23 FCST	Achievements
Net sales	710.0	750.5	+5.7%	731.7	+2.6%
Operating income	15.4	22.9	+49.0%	19.5	+17.5%
OP Margin	2.2%	3.1%	+0.9pt	2.7%	+0.4pt
Ordinary income	26.6	40.3	+51.7%	33.9	+18.8%
Net income*	13.3	31.6	+137.2%	28.9	+9.3%
* Profit attributable to owners of parent					
Capital expenditures	47.8	45.2			
Depreciation	45.8	47.8			
Ave Fx rate (JPY/USD)	134.78	143.74			

FY23FCST disclosed on Nov 8, 2023
(Net income FCST was further revised on Mar 22, 2024)

FY23 Year-on-year Fx impacts
Net sales: +26.2 bn yen, OP:+0.5 bn yen

FY23 results by segment



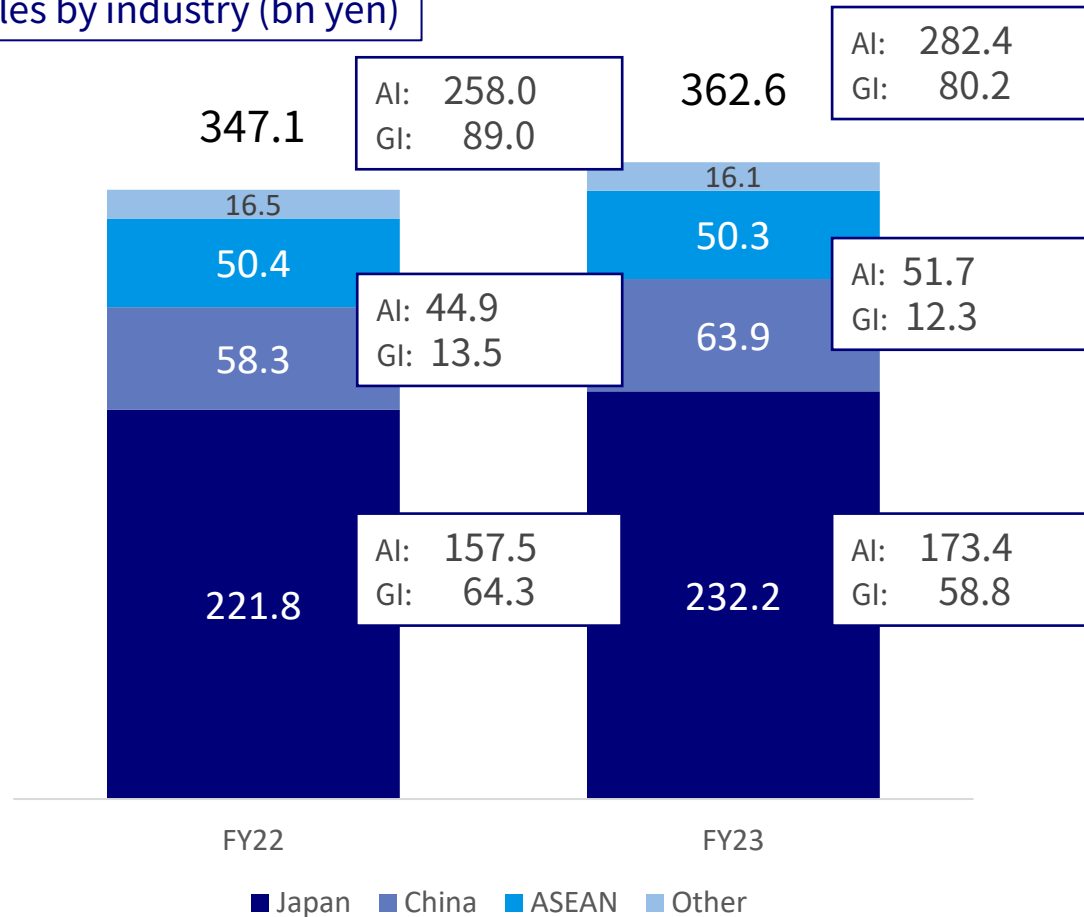
		FY22	FY23	Changes	FY23 FCST	Achievements
Seal	Net sales	347.1	362.6	+4.5%	366.7	(1.1)%
	Opearting income	17.9	23.3	+30.4%	22.6	+3.2%
	OP Margin	5.1%	6.4%	+1.3pt	6.1%	+0.3pt
Electronic products	Net sales	334.5	359.8	+7.6%	338.0	+6.5%
	Opearting income	(3.7)	(1.0)	-	(3.5)	-
	OP Margin	(1.1)%	(0.3)%	+0.8pt	(1.0)%	+0.8pt
Other	Net sales	28.4	28.1	(1.1)%	27.0	+3.9%
	Opearting income	1.2	0.6	(47.8)%	0.4	+56.5%
	OP Margin	4.1%	2.2%	(2.0)pt	1.5%	+0.7pt

Seal segment: FY23 sales



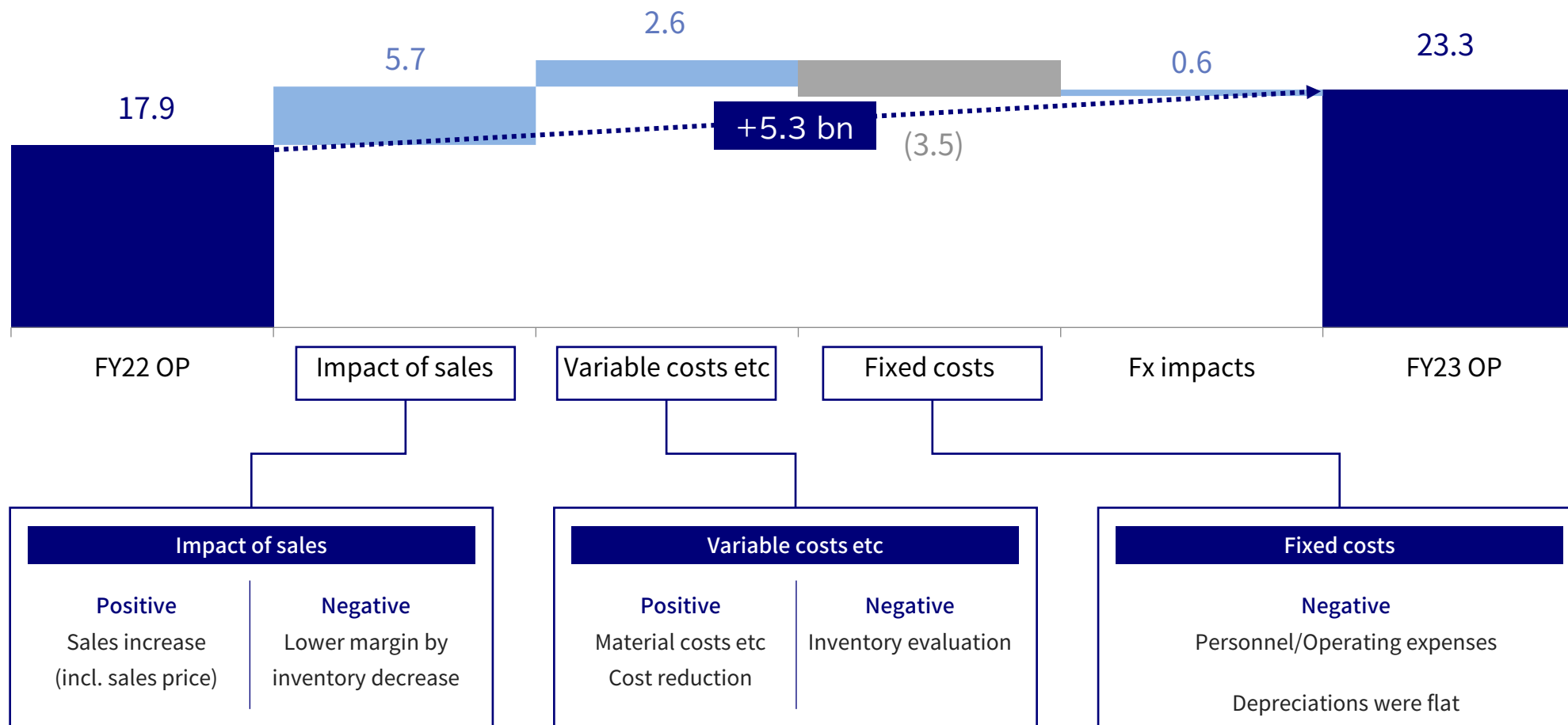
Sales by region (bn yen) *Region by seller's location

Sales by industry (bn yen)



- 15.5 billion yen increase year-on-year (+4.5%)
9.4 bn increase after excluding Fx impact (+6.1 bn)
- Price transfer 80%+ on an accumulated basis since Mar 2021
- Japan: Sales for AI increased along with car manufacturing volume increase. Sales for GI decreased due to lower demand in each category.
- China: Sales for AI increased with no COVID disruption throughout the year. Sales for GI decreased due to economy slowdown such as downturn in real estate area.
- ASEAN: Flat. For AI, strict car loan screening in Thailand was headwind.

Seal segment: FY23 OP analysis

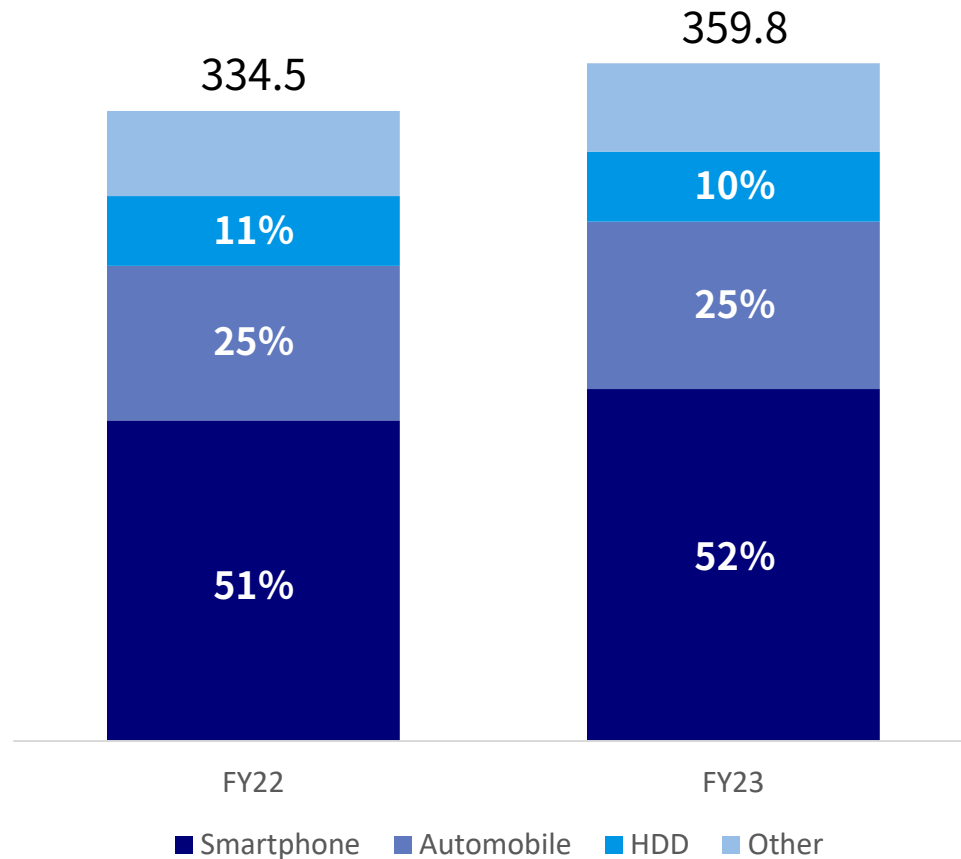


Electronic products segment: FY23 sales



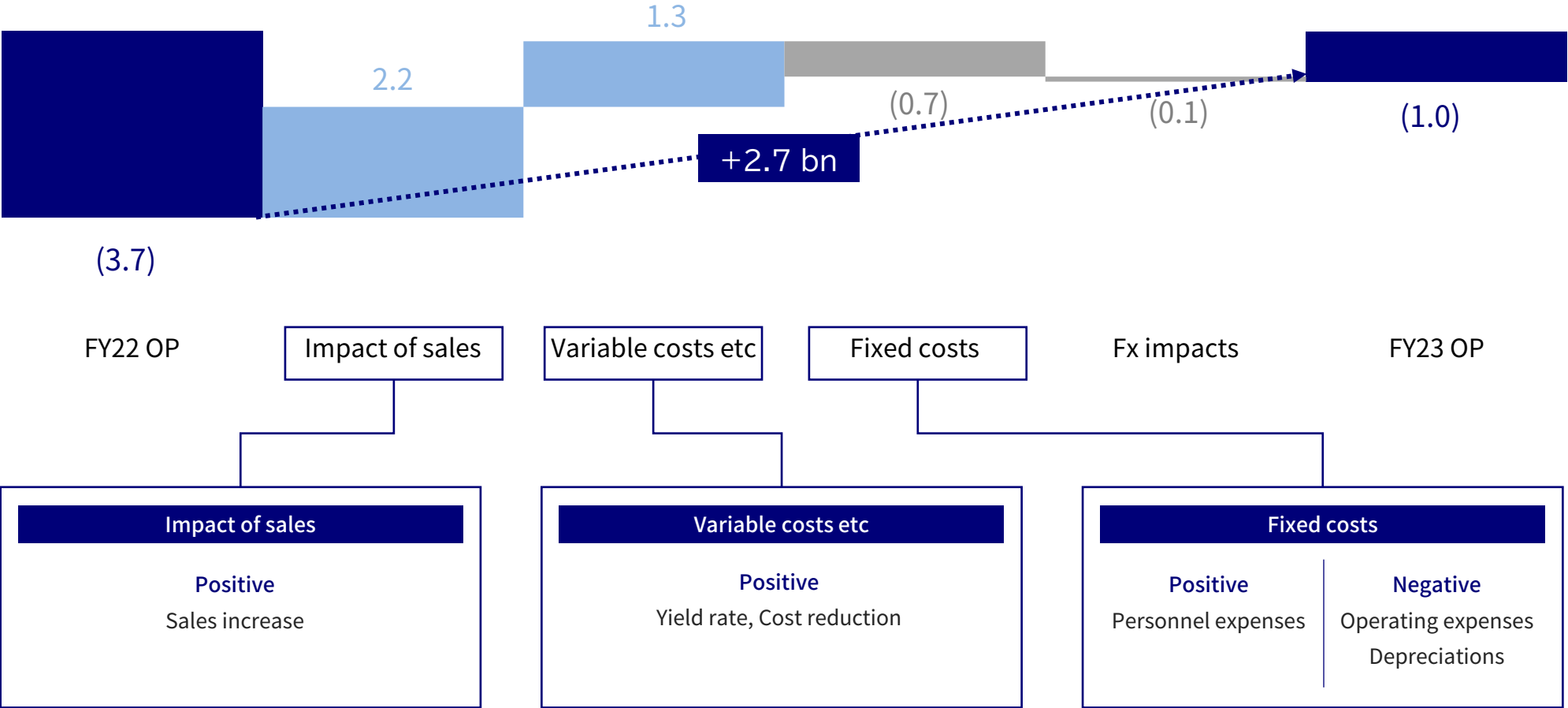
Sales compositions by application

Sales (bn yen)



- 25.3 billion yen increase year-on-year(+7.6%)
6.0 bn increase excluding Fx impact (+19.3 bn)
- Smartphone: Increased sales for North America and other customers such as in China.
- Automobile: Increased even on Fx adjusted basis, but sales for battery applications are lower than expectation.
- HDD: Almost flat on Fx adjusted basis. Gradual demand recovery for data center usage observed

Electronic products segment: FY23 OP analysis



FY24 financial forecasts



	FY24/1H	YoY changes	FY24 full year	YoY changes
Net sales	364.6	+2.9%	708.3	(5.6)%
Operating income	9.5	+95.3%	21.8	(4.9)%
OP Margin	2.6%	+1.2pt	3.1%	+0.0pt
Ordinary income	13.4	(18.2)%	30.0	(25.5)%
Net income*	8.0	(34.3)%	17.7	(44.0)%
*Profit attributable to owner of parent				
Capital expenditures	27.3		58.2	
Depreciation	22.9		46.5	
Average Fx rate (JPN/USD)	140		140	

FY24FCST Year-on-year Fx impacts
Net sales: (17.0)bn yen, OP (1.1)bn yen

FY24 forecasts by segment



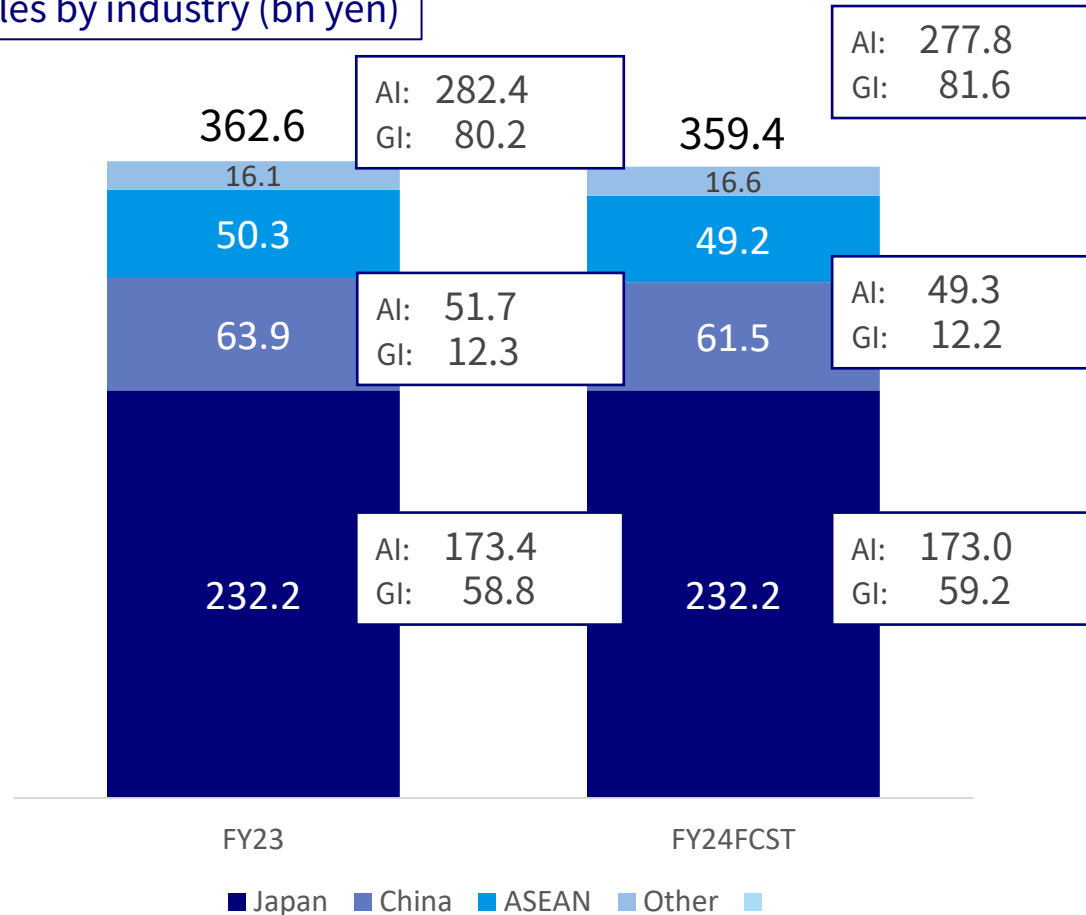
		FY24/1H	YoY changes	FY24 full year	YoY changes
Seal	Net sales	176.8	(1.5)%	359.4	(0.9)%
	Operating income	6.6	(20.7)%	19.0	(18.5)%
	OP Margin	3.7%	(0.9)pt	5.3%	(1.1)pt
Electronic Products	Net sales	173.6	+7.7%	320.4	(11.0)%
	Operating income	2.6	-	2.0	-
	OP Margin	1.5%	+3.7%	0.6%	+0.9%
Other	Net sales	14.2	+4.6%	28.5	+1.6%
	Operating income	0.3	+151.7%	0.8	+27.8%
	OP Margin	2.1%	+1.2pt	2.7%	+0.6pt

Seal segment: FY24 sales forecasts



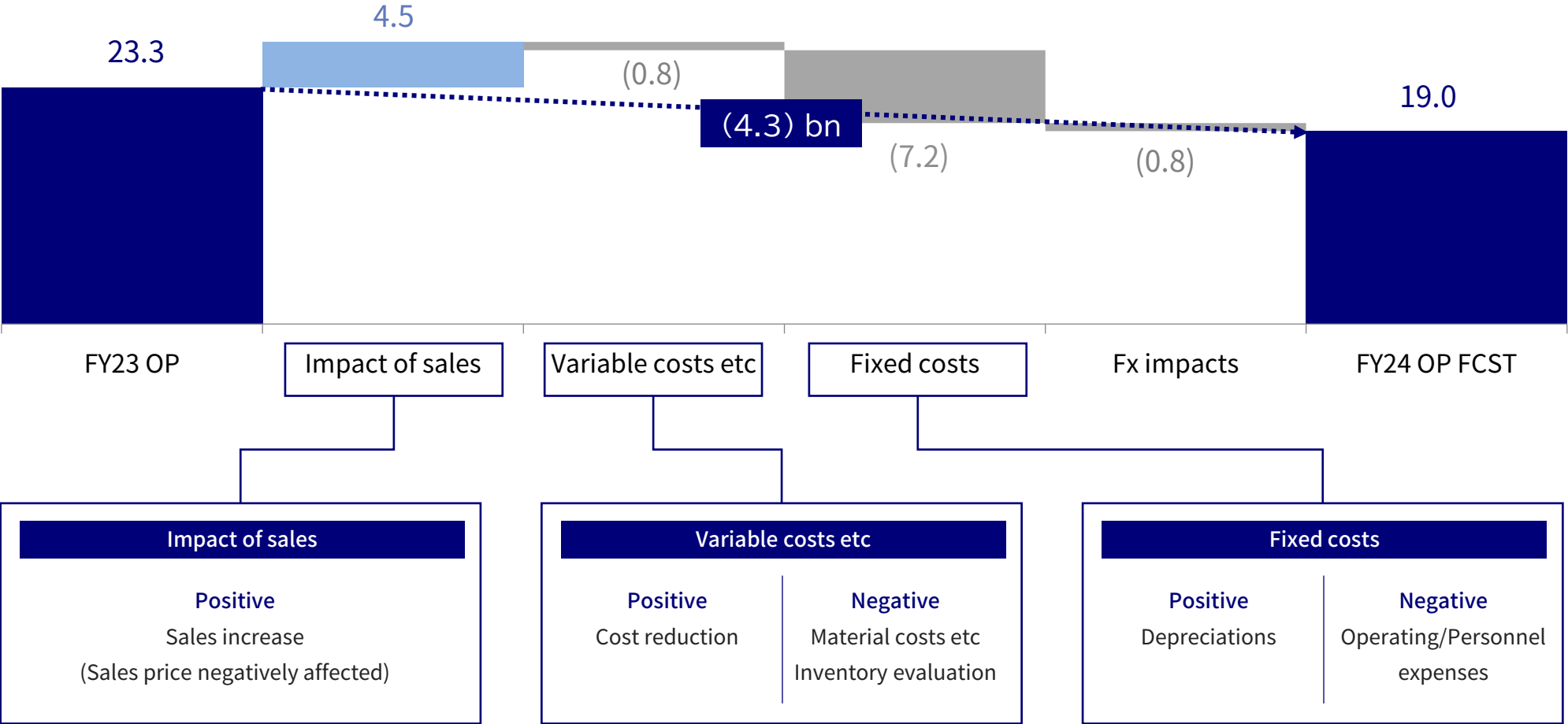
Sales by region (bn yen) *Region by seller's location

Sales by industry (bn yen)



- 3.2 billion yen (0.9%) decrease year-on-year. Fx adjusted sales increased (negative Fx impacts approx. (6.0)bn)
- Japan: Sales for both AI and GI anticipated almost flat year-on-year.
- China: For AI, sales decline anticipated. AI market will be negatively impacted by economic downturn except NEV. For GI, market recovery is not expected for the time being.
- ASEAN: Fx adjusted sales to increase despite a certain negative impact of BEV penetration by Chinese OEMs.

Seal segment: FY24 OP forecast analysis

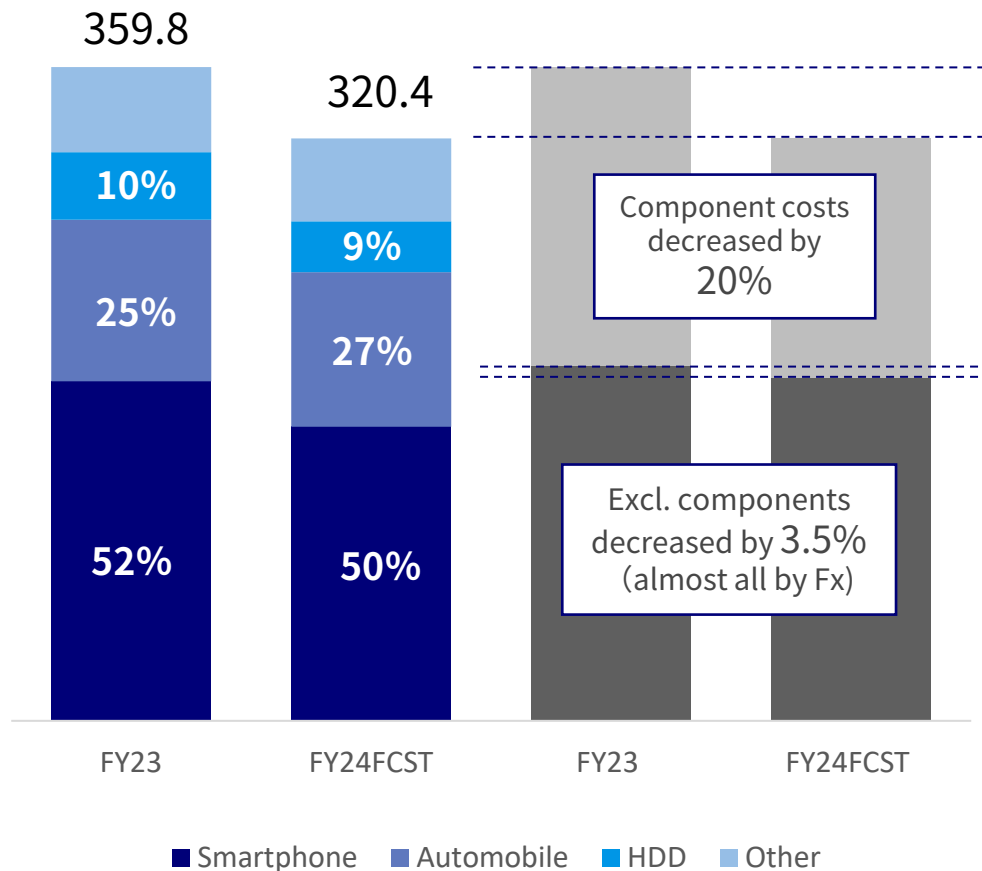


Electronic products segment: FY24 sales forecasts



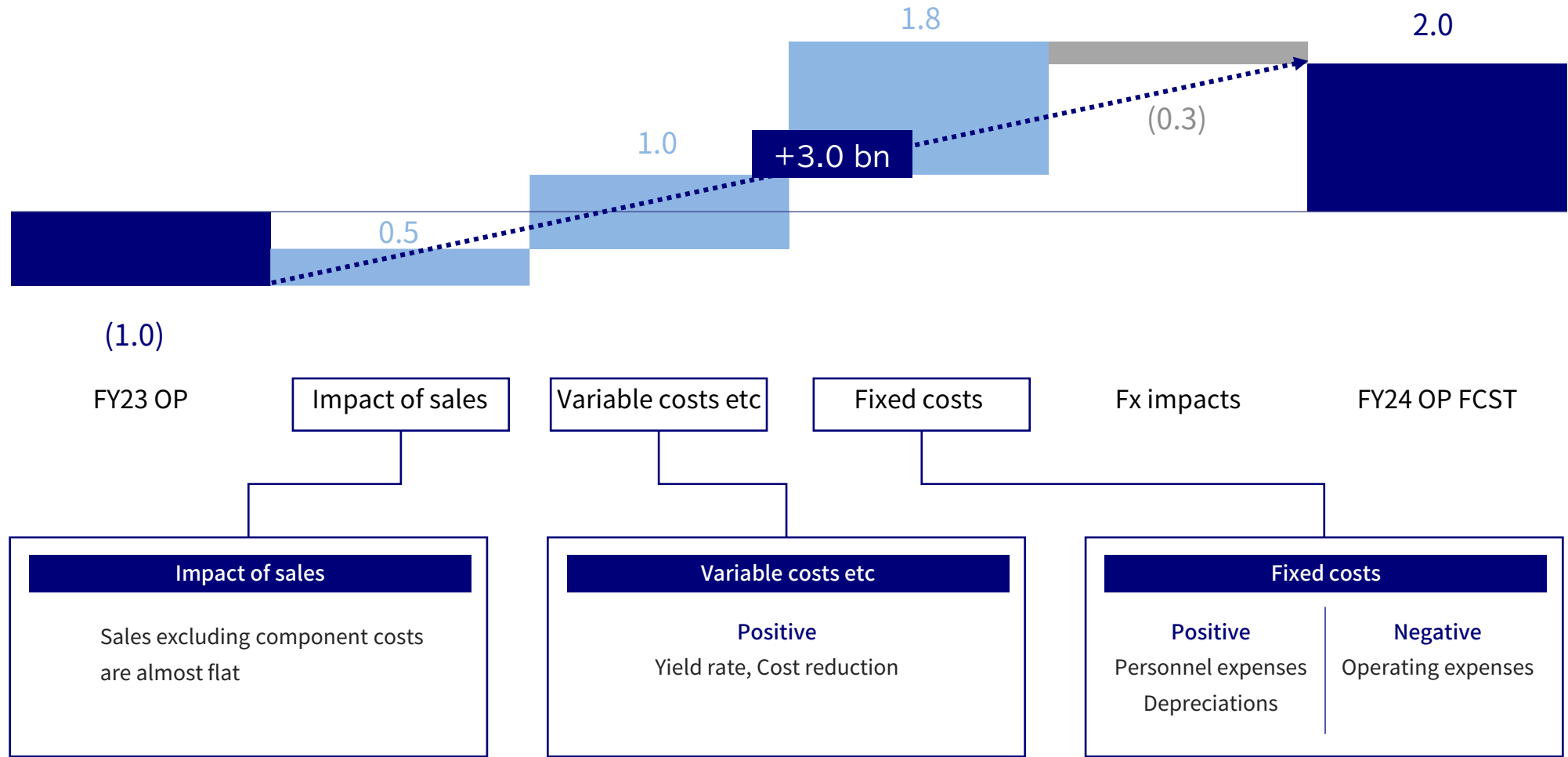
Sales compositions by application

Sales (bn yen)



- 39.4 billion yen (11.0%) decrease year-on-year. Adjusting Fx, most of decrease from component costs for smartphone and HDD applications. Sales adjusted those factors are forecasted almost flat.
- Smartphone: Maintain current sales level for North America customers. Component costs included in sales will decrease due to product mix.
- Automobile: Keep effort to increase sales as non-volatile area for battery and other applications.
- HDD: Although total market continues downturn trend, demand recovery for data center usage is expected. Component costs included in sales will decrease.

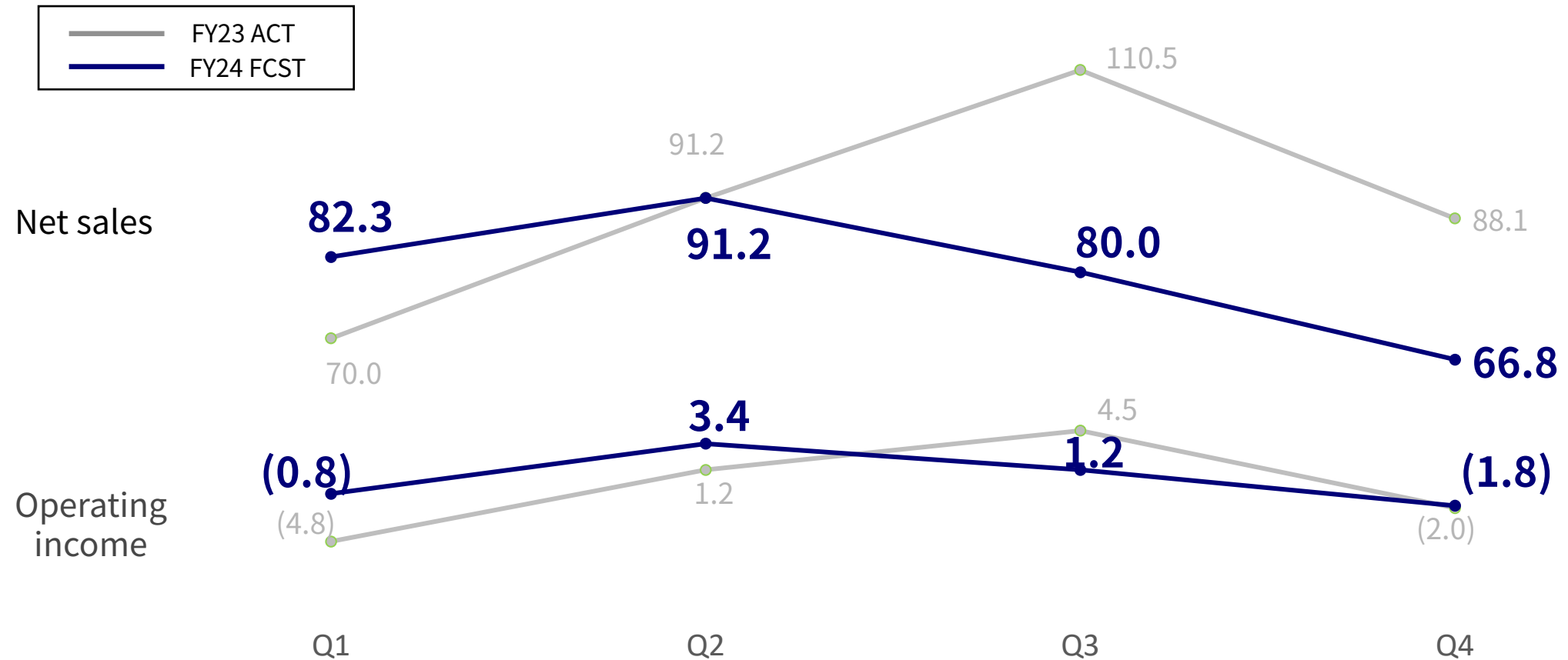
Electronic products segment: FY24 OP forecast analysis



Electronic products segment: Quarterly forecasts



In FY24, Q2 is expected as the highest quarter while Q3 was the highest in FY23.



Shareholder return: In line with MTP policy in FY24 and afterward (total return 67.5 bn yen+/3yrs)

- Dividend

	FY23(Plan)*	FY24 (FCST)
Dividend per share	87.5 yen	100 yen
DOE	3.5 %	—

*Subject to authorization in shareholders' meeting in June 2024

- Share buyback: Acquired 10 bn yen (5,435 thousand shares) in FY23

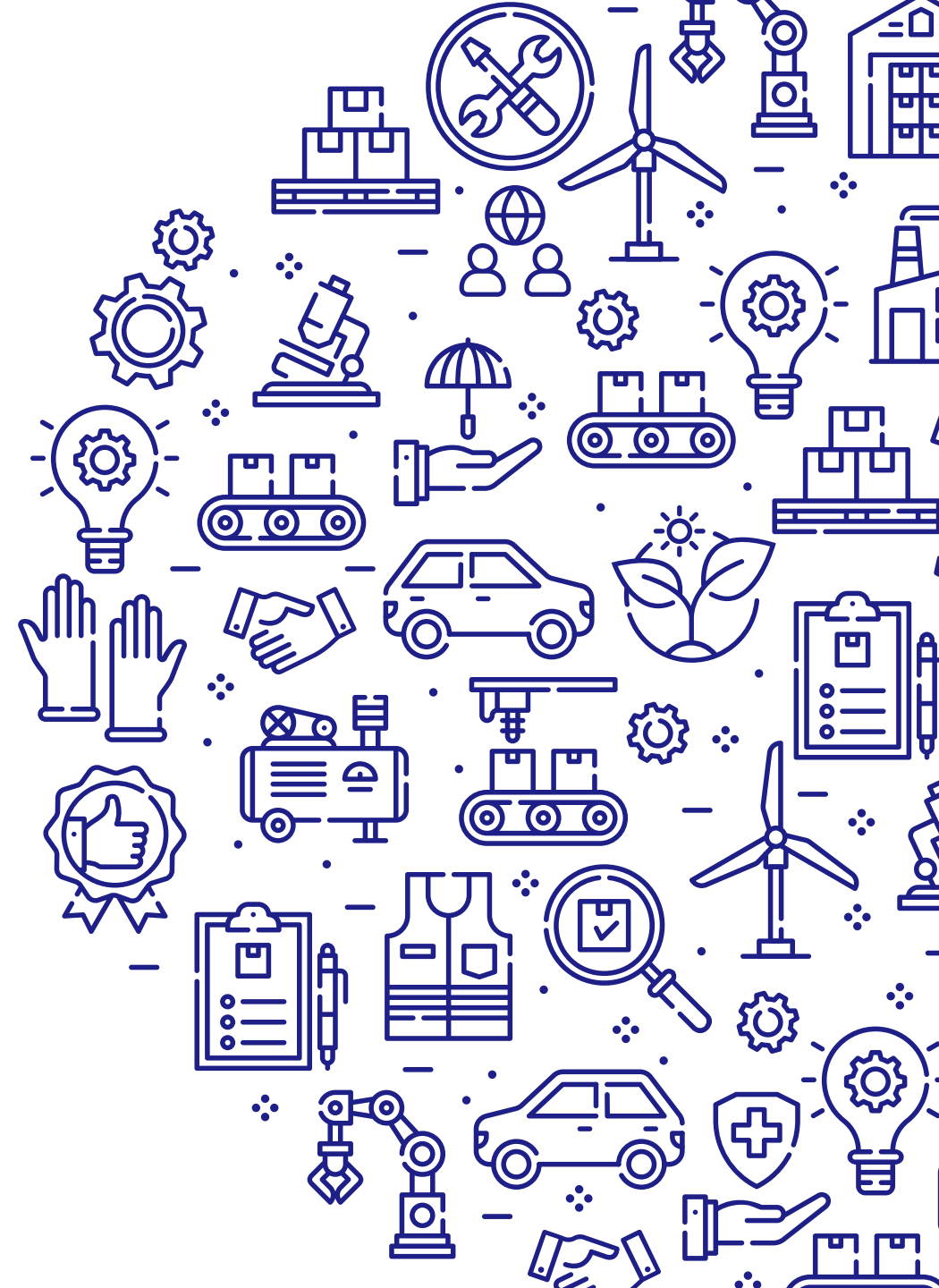
Divesture of investment securities: MTP target - divest 25% of investment securities held as of March 2023

- FY23

Divest 22 stocks (including part of stocks), record gain on sale of 29.2 bn, accounting for 16% of value as of March 2023.

- FY24: Continue to divest toward MTP target.

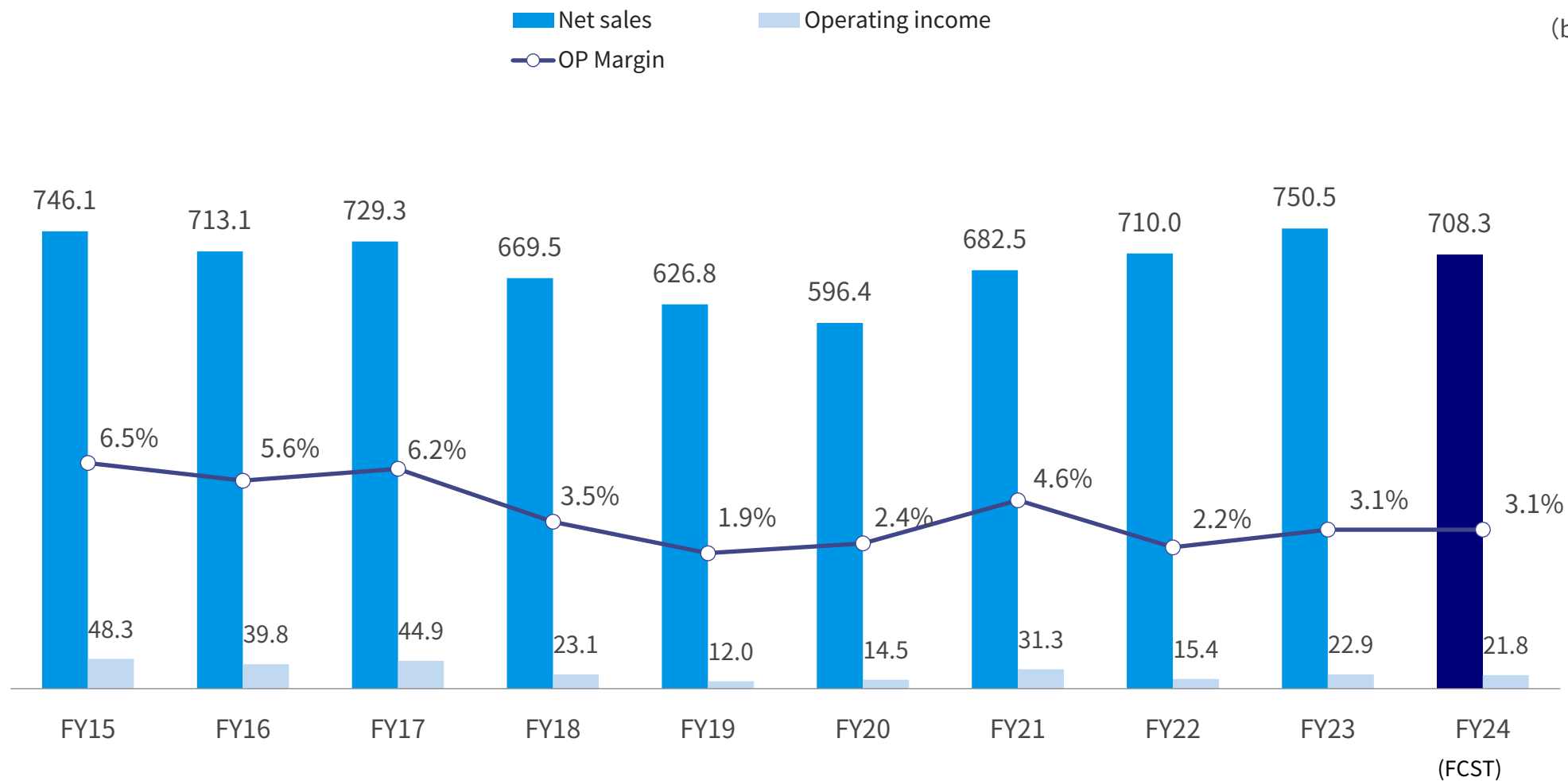
Appendix



◆ Average rate

	FY22	FY23	FY24 (assumption)
USD	134.78	143.74	140.00
RMB	19.65	20.08	19.13
NTD	4.45	4.59	4.33
THB	3.82	4.09	3.89

Historical Financial Results



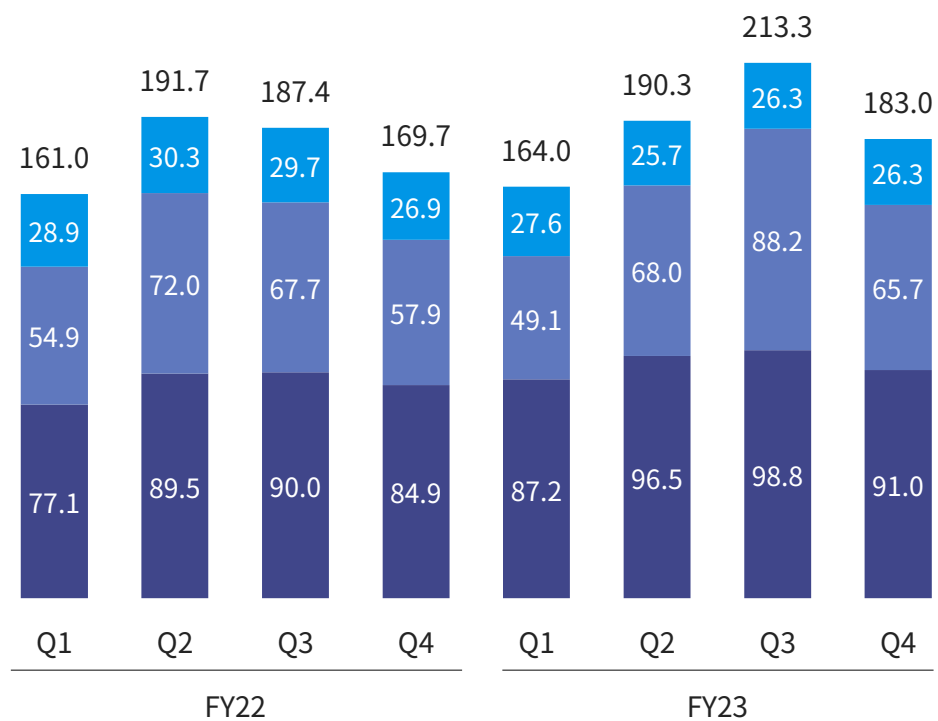
Consolidated sales by industry



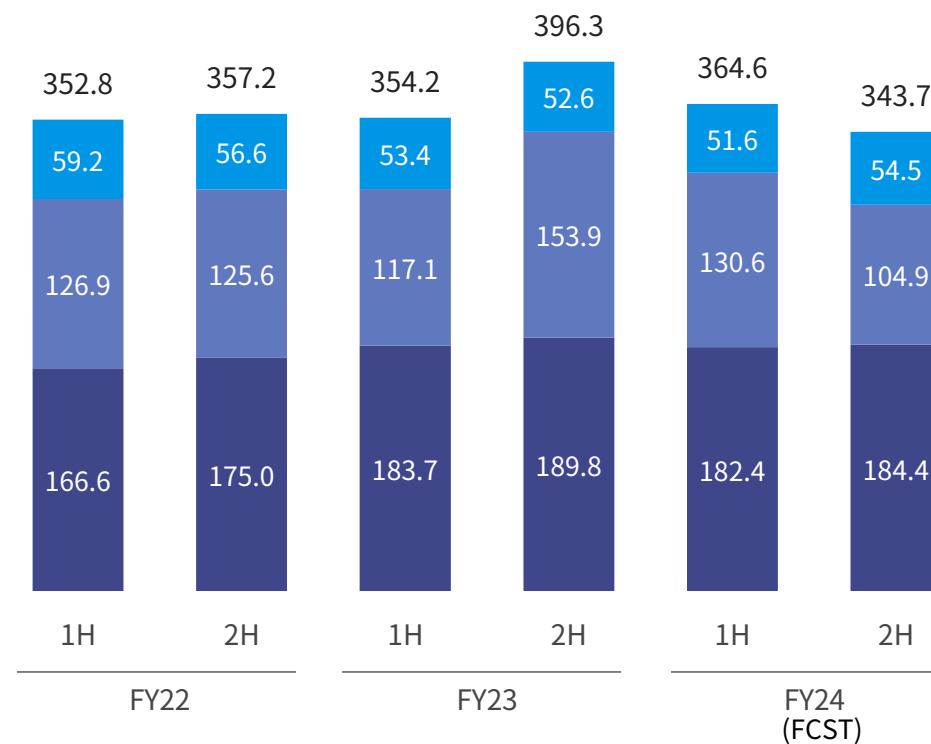
■ Automobile ■ Electronic ■ General industry

(bn yen)

Quarterly



Half year



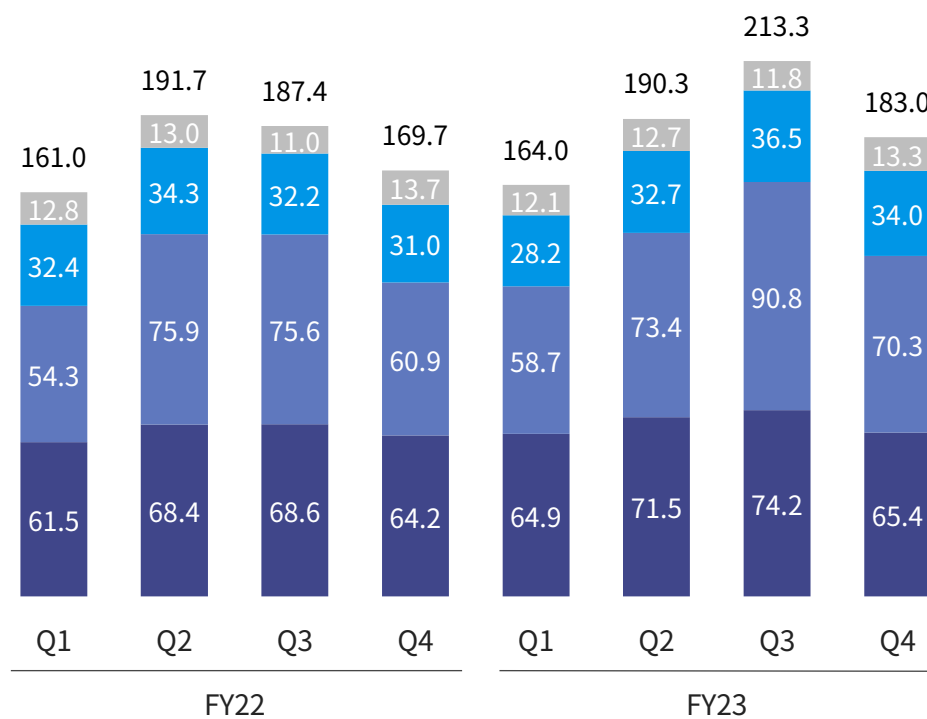
Consolidated sales by region



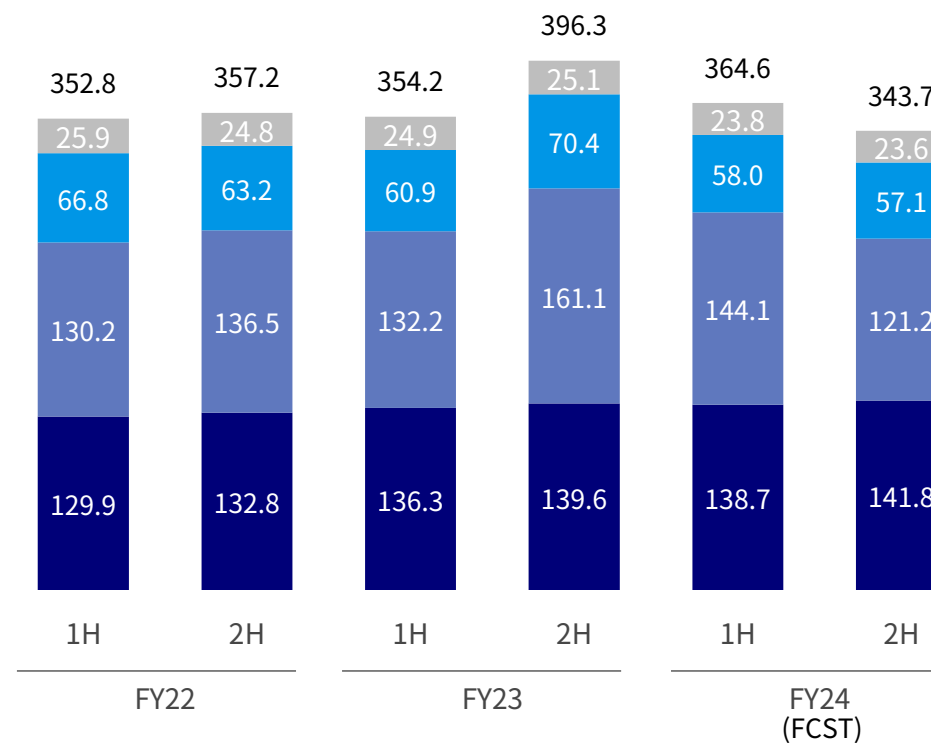
■ Japan ■ China ■ ASEAN ■ Other

(bn yen)

Quarterly



Half year



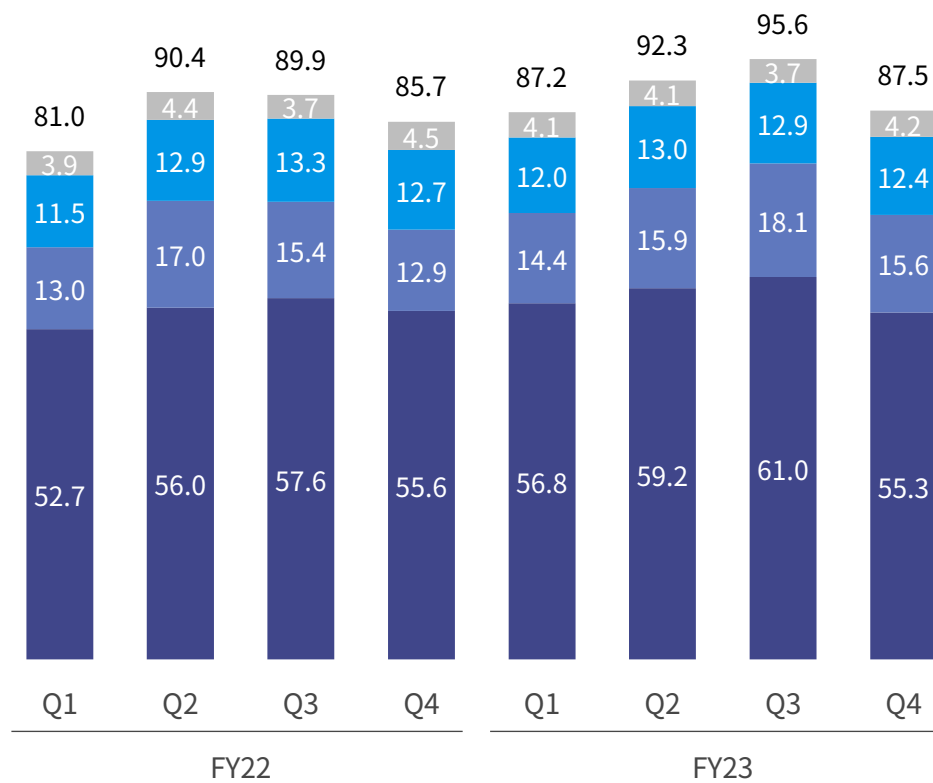
Seal segment: Sales by region



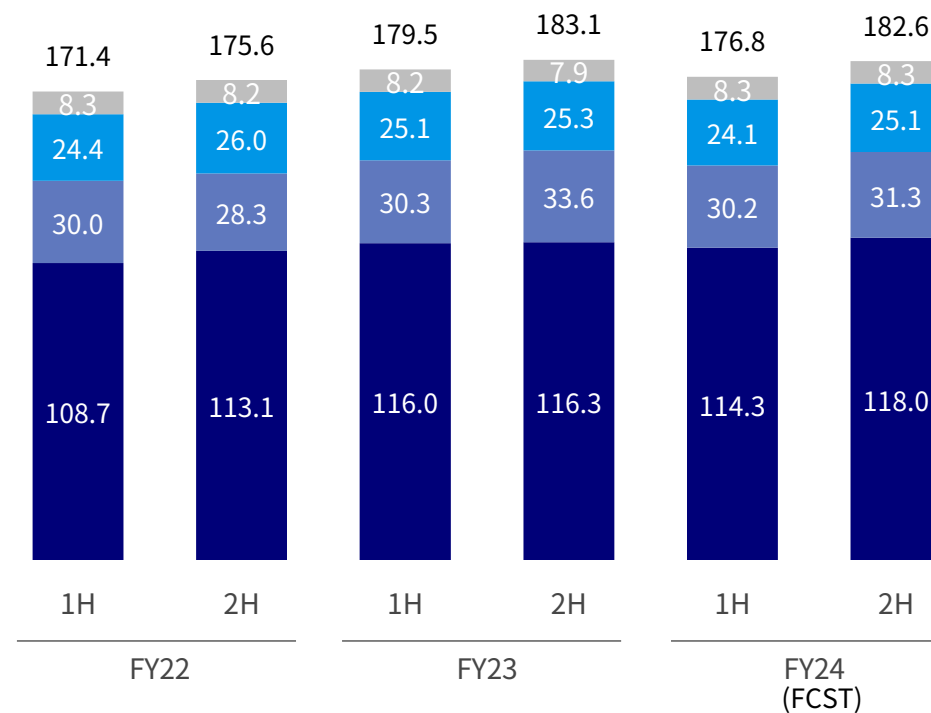
■ Japan ■ China ■ ASEAN ■ Other

(bn yen)

Quarterly



Half year



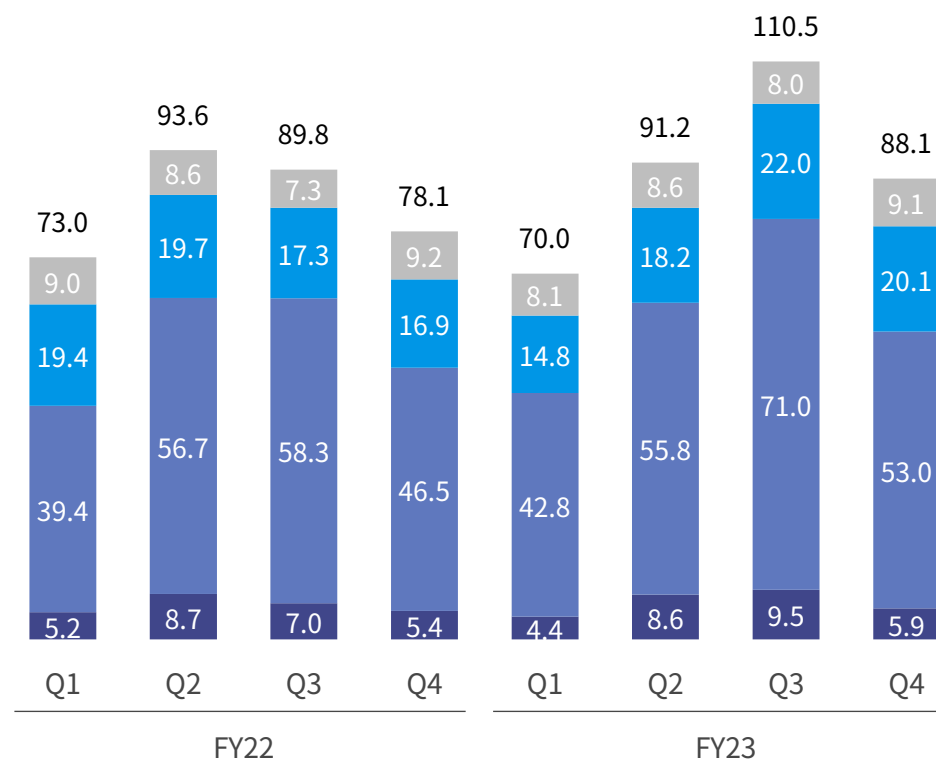
Electronic products segment: sales by region



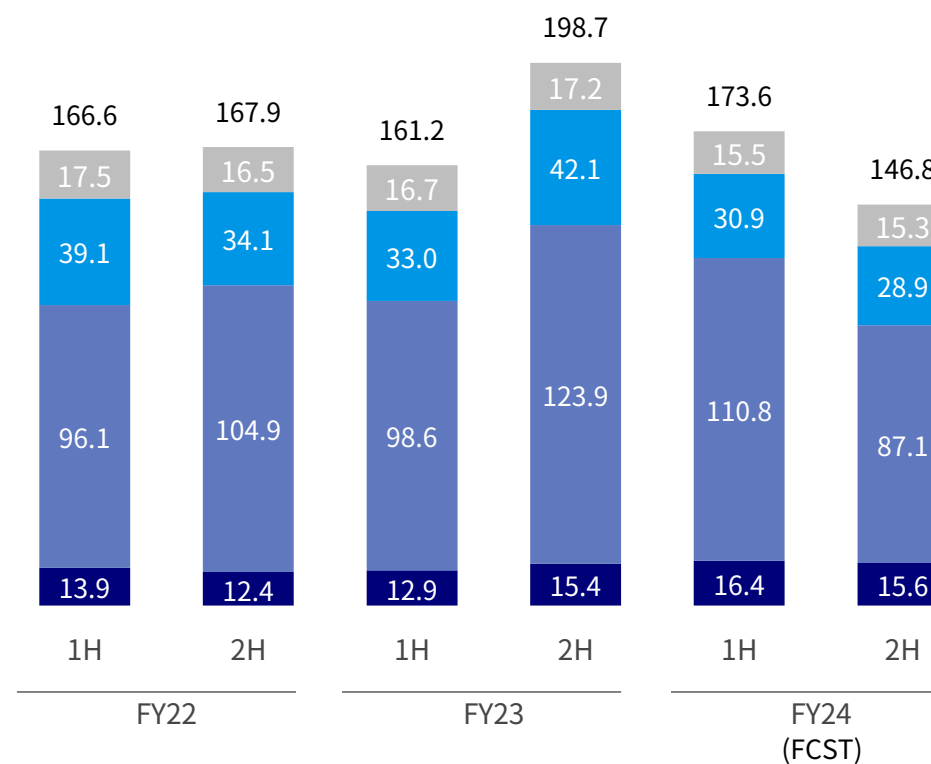
■ Japan ■ China ■ ASEAN ■ Other

(bn yen)

Quarterly



Half year



Capex/Depreciation by region

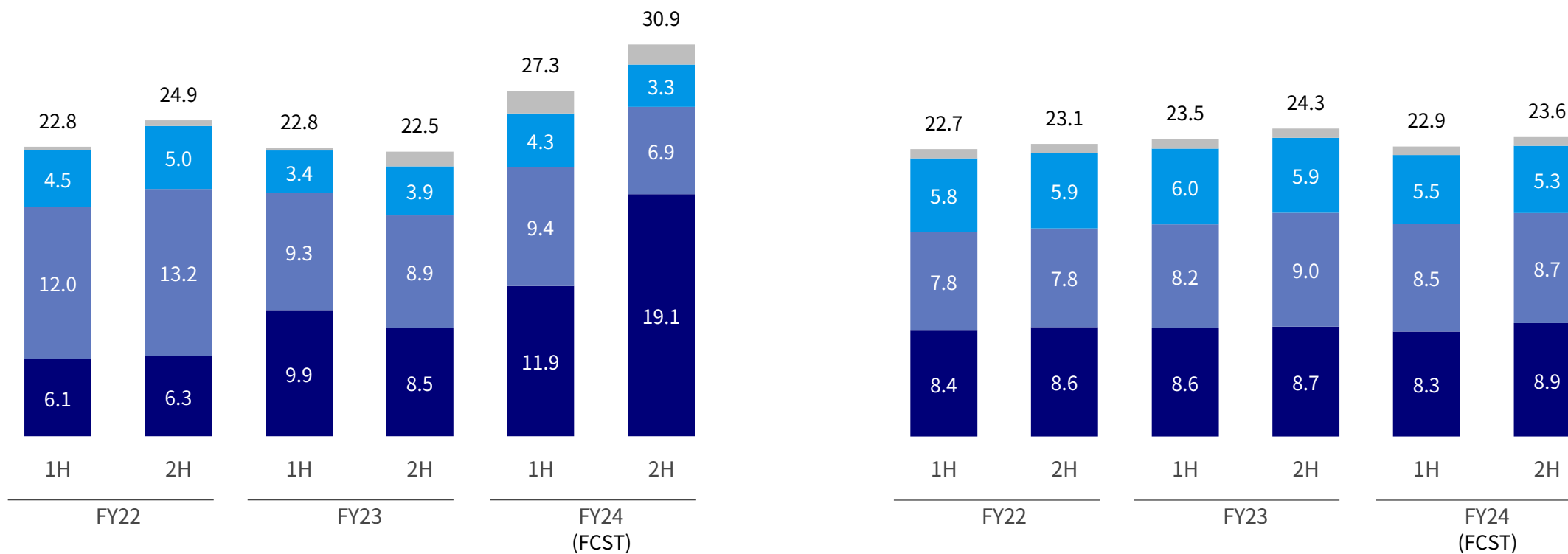


■ Japan ■ China ■ ASEAN ■ Other

(bn yen)

Capex

Depreciation



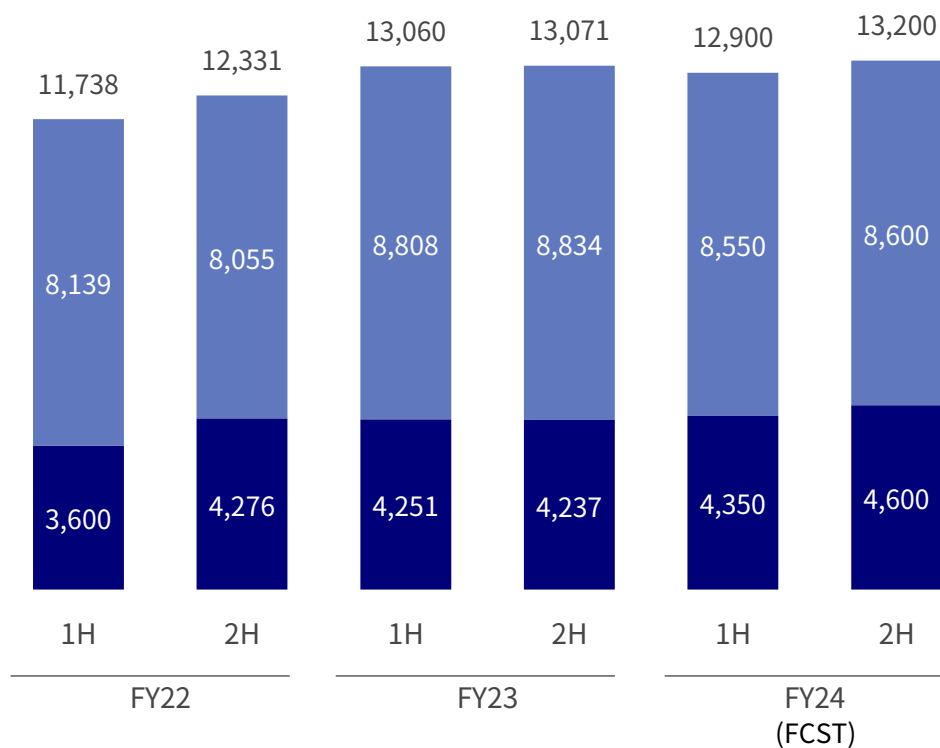
Capex includes acquisition of intangible assets

Production volume by industry



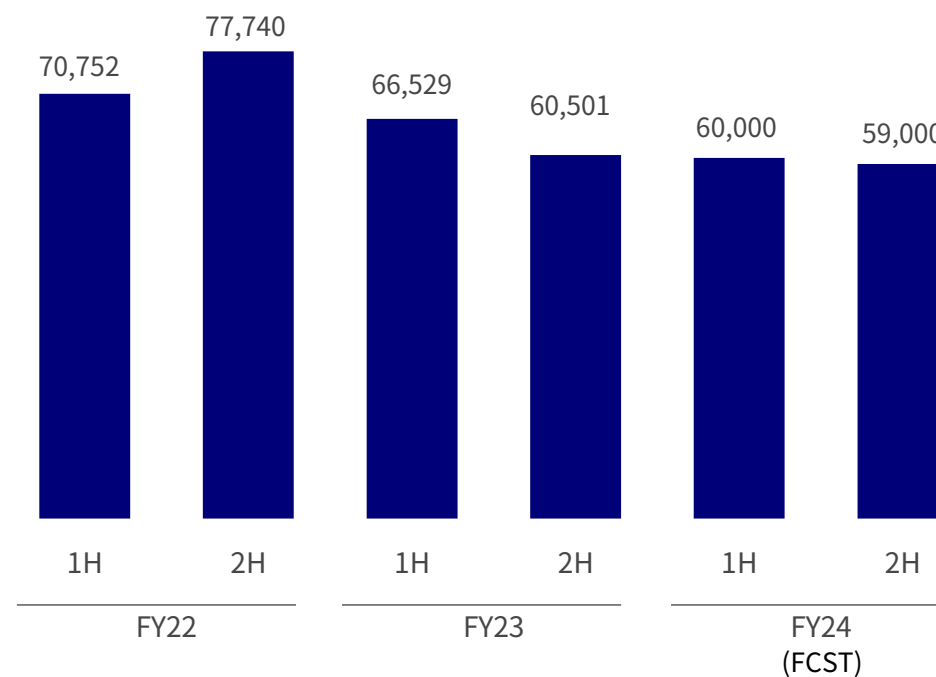
Automobile

■ Domestic ■ Overseas (thousand units)



Construction machinery

(units)



Source: Estimation by NOK

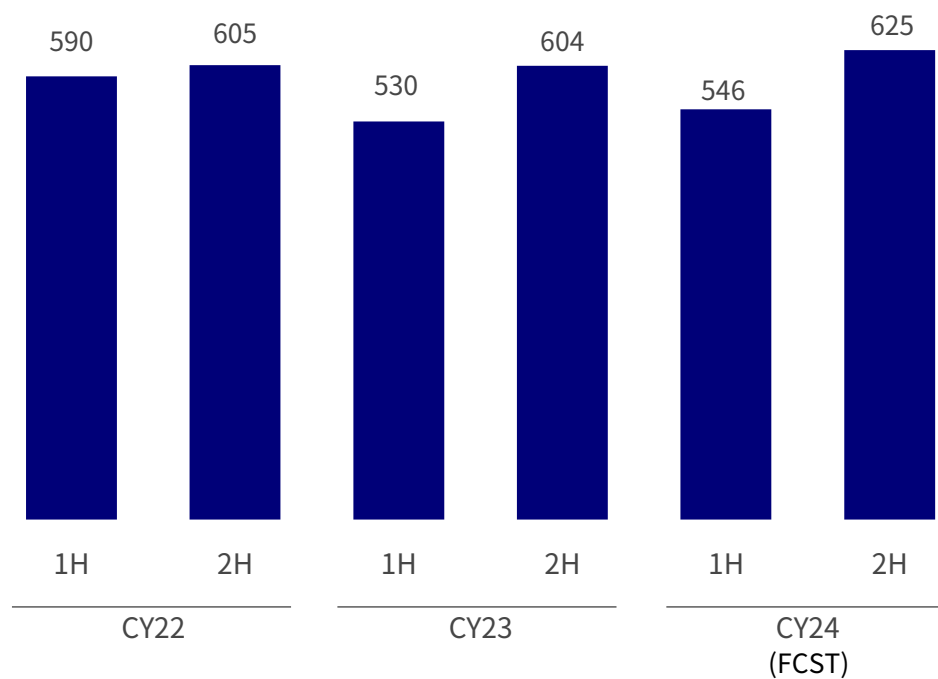
Overseas production is the number of knockdowns plus the number of completed vehicles produced overseas

Production volume by industry



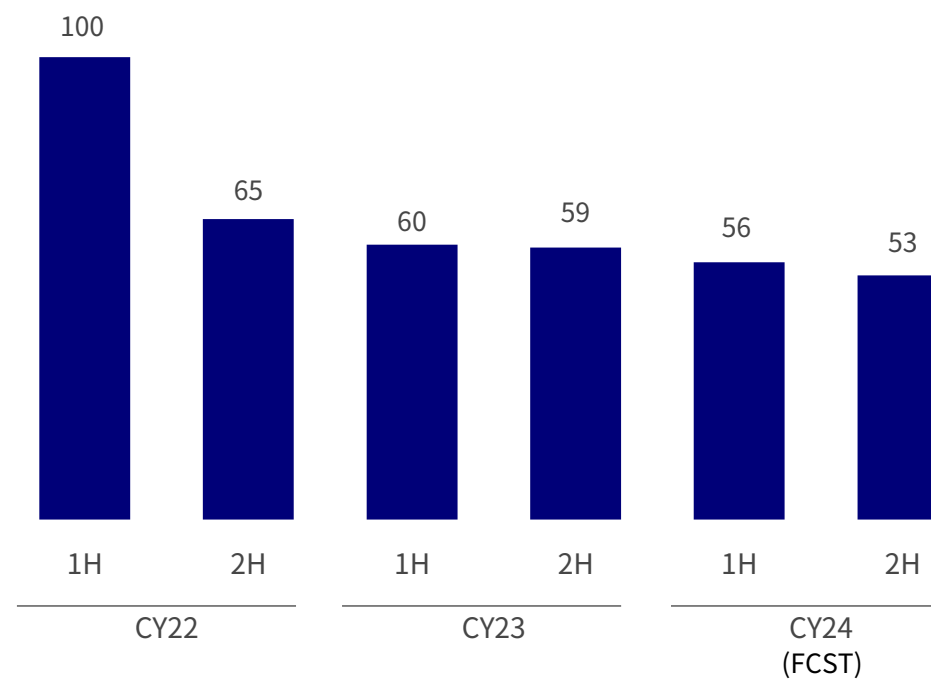
Smartphones

(million units)



HDDs

(million units)



Source: Estimation by NOK

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Segment Information: Fiscal 2023 Results and Fiscal 2024 Forecasts

13, May 2024
NOK Corporation

(Millions of yen)

Segment		FY2023 (Results)					FY2024 (Forecasts)						
		1H	2H	Full Year	Y on Y	% Change	1H	Y on Y	2H	Y on Y	Full Year	Y on Y	% Change
Seal Business	External sales	179,494	183,110	362,605	15,538	4.5%	176,800	(2,694)	182,600	(510)	359,400	(3,205)	(0.9%)
	Inter-seg sales	718	678	1,397	(541)		700	(18)	700	21	1,400	2	
	Net sales	180,213	183,789	364,003	14,996		177,500	(2,713)	183,300	(489)	360,800	(3,203)	
	Operating Income	8,317	14,996	23,314	5,429	30.4%	6,600	(1,717)	12,400	(2,596)	19,000	(4,314)	(18.5%)
	Profit Margin	4.6%	8.2%	6.4%	1.3pt		3.7%	(0.9pt)	6.8%	(1.4pt)	5.3%	(1.1pt)	
	Capital Investment	10,888	11,096	21,984	3,238		14,935	4,046	20,790	9,694	35,726	13,741	
	Depreciation	12,463	12,619	25,082	435		11,752	(711)	12,337	(282)	24,089	(993)	
	No. of Personnel	20,748	20,511	20,511	(23)		20,795	47	20,903	392	20,903	392	
Electronic Product Business	External sales	161,171	198,663	359,834	25,311	7.6%	173,600	12,428	146,800	(51,863)	320,400	(39,434)	(11.0%)
	Inter-seg sales	44	62	107	62		0	(44)	0	(62)	0	(107)	
	Net sales	161,215	198,726	359,942	25,374		173,600	12,384	146,800	(51,926)	320,400	(39,542)	
	Operating Income	(3,572)	2,548	(1,023)	2,689	-	2,600	6,172	(600)	(3,148)	2,000	3,023	-
	Profit Margin	(2.2%)	1.3%	(0.3%)	0.8pt		1.5%	3.7pt	-0.4%	(1.7pt)	0.6%	0.9pt	
	Capital Investment	10,533	10,087	20,621	(6,623)		10,557	23	8,419	(1,668)	18,977	(1,644)	
	Depreciation	10,458	11,017	21,476	1,395		10,534	75	10,639	(378)	21,173	(303)	
	No. of Personnel	15,448	15,579	15,579	154		15,029	(419)	14,871	(708)	14,871	(708)	
Other Business	External sales	13,572	14,489	28,062	(304)	(1.1%)	14,200	627	14,300	(189)	28,500	437	1.6%
	Inter-seg sales	332	394	727	152		300	(32)	300	(94)	600	(127)	
	Net sales	13,905	14,883	28,789	(151)		14,500	594	14,600	(283)	29,100	310	
	Operating Income	119	506	626	(574)	(47.8%)	300	180	500	(6)	800	173	27.8%
	Profit Margin	0.9%	3.4%	2.2%	(2.0pt)		2.1%	1.2pt	3.4%	0.0pt	2.7%	0.6pt	
	Capital Investment	1,347	1,272	2,620	851		1,759	411	1,699	427	3,458	838	
	Depreciation	551	660	1,212	178		594	42	657	(2)	1,252	39	
	No. of Personnel	1,982	2,007	2,007	53		2,108	126	2,213	206	2,213	206	
Elimination of Inter-seg sales		(1,095)	(1,136)	(2,232)	326		(1,000)	95	(1,000)	136	(2,000)	232	
Consolidated	External sales	354,239	396,262	750,502	40,545	5.7%	364,600	10,360	343,700	(52,562)	708,300	(42,202)	(5.6%)
	Inter-seg sales	0	0	0	0		0	0	0	0	0	0	
	Net sales	354,239	396,262	750,502	40,545		364,600	10,360	343,700	(52,562)	708,300	(42,202)	(5.6%)
	Operating Income	4,863	18,049	22,912	7,533	49.0%	9,500	4,636	12,300	(5,749)	21,800	(1,112)	(4.9%)
	Profit Margin	1.4%	4.6%	3.1%	0.9pt		2.6%	1.2pt	3.6%	(1.0pt)	3.1%	0.0pt	
	Capital Investment	22,770	22,455	45,226	(2,533)		27,252	4,482	30,909	8,453	58,162	12,935	
	Depreciation	23,473	24,297	47,771	2,009		22,880	(593)	23,633	(663)	46,514	(1,257)	
	No. of Personnel	38,178	38,097	38,097	184		37,932	(246)	37,987	(110)	37,987	(110)	

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

: Amounts less than one million yen are disregarded.