



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese GAAP)

May 13, 2024

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 Date of general shareholders' meeting (as planned): June 26, 2024
 Annual securities report filing date (as planned): June 26, 2024
 Dividend payable date (as planned): June 27, 2024
 Supplemental material of results: None
 Convening briefing of results: Yes

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

1. Consolidated Financial Results for Fiscal 2023 (FY2023: April 1, 2023 to March 31, 2024)

(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	%
FY2023	750,502	5.7	22,912	49.0	40,285	51.7	31,602	137.2
FY2022	709,956	4.0	15,378	(50.9)	26,557	(42.5)	13,320	(48.4)

Note: Comprehensive income: 92,732 million yen, 131.3% (FY2023); 40,097 million yen, (32.5)% (FY2022)

	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	%	%	%
FY2023	188.34	-	5.7	4.4	3.1
FY2022	77.55	-	2.6	3.1	2.2

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	yen
FY2023	952,379	639,001	61.5	3,561.00
FY2022	862,750	577,346	60.6	3,082.93

Reference: Owner's equity: 586,055 million yen (FY2023); 522,426 million yen (FY2022)

(3) Consolidated cash flows

	Operating cash flows	Investing cash flows	Financing cash flows	Cash and equivalents
	million yen	million yen	million yen	million yen
FY2023	89,153	(29,722)	(34,038)	136,256
FY2022	46,030	(35,159)	(21,441)	104,117

2. Dividends

	Dividend per share					Total dividend amount	Payout ratio	Dividends on net assets
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2022	-	25.00	-	50.00	75.00	12,979	96.7	2.5
FY2023	-	37.50	-	50.00	87.50	14,870	46.4	2.6
FY2024 (Forecast)	-	50.00	-	50.00	100.00		93.0	

3. Consolidated Forecast for FY2024 (April 1, 2024 to March 31, 2025)

(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	364,600	2.9	9,500	95.3	13,400	(18.2)	8,000	(34.3)	48.61
Full year	708,300	(5.6)	21,800	(4.9)	30,000	(25.5)	17,700	(44.0)	107.55

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

- (1) Changes in accounting policies based on revisions of accounting standard : None
- (2) Changes in accounting policies other than ones based on revisions of accounting standard : None
- (3) Changes in accounting estimates : None
- (4) Retrospective restatement : None

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

- (1) Number of issued and outstanding shares at the end of each period (including treasury stock)
- (2) Number of shares of treasury stock at the end of each period
- (3) Average number of shares (year to date)

FY2023	173,138,537	FY2022	173,138,537
FY2023	8,562,394	FY2022	3,680,752
FY2023	167,792,003	FY2022	171,759,567

(Reference) Overview of non-consolidated results

1. Non-consolidated Financial Results for Fiscal 2023 (FY2023: April 1, 2023 to March 31, 2024)

(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	%
FY2023	230,826	5.5	3,216	-	26,532	194.4	39,679	338.3
FY2022	218,710	(3.3)	(380)	-	9,010	(66.9)	9,052	(59.6)

	Net income per share	Diluted net income per share
	yen	yen
FY2023	236.35	-
FY2022	52.68	-

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	yen
FY2023	461,165	285,887	62.0	1,736.20
FY2022	408,551	258,093	63.2	1,522.20

Reference: Owner's equity: 285,887 million yen (FY2023); 258,093 million yen (FY2022)

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

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

Forward-looking statements such as forecasts 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 forecasts, etc. Actual financial results may differ significantly due to various factors. For assumptions, etc., used as the basis for the forecasts for financial results, please see "Explanation of Consolidated Financial Forecasts and Other Prospects for the Future" 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

In the environment surrounding the Company during the current consolidated fiscal year, restrictions on behavior related to COVID-19 were eased, and economic activities have become more normalized. However, the outlook remains uncertain due to factors including economic trends in countries such as the U.S., and China, trends with raw materials and energy prices, and geopolitical risks in the Middle East and Eastern Europe.

In the automobile industry, the supply shortage of semiconductors and other components is being alleviated, and the number of vehicles produced has increased globally. In China, which is the largest market for the automobile industry, demand for electric vehicles is increasing.

In the electronics industry, the trend of decreased demand for smartphones continued, although a slight recovery has been observed since the third quarter of the current consolidated fiscal year. Demand for hard disk drives also decreased due to the continued decline in market conditions.

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

In the seal business, sales for automobiles increased mainly in Japan due to an increase in production volume. For general industrial machinery applications, sales decreased mainly for construction machinery due to the prolonged global economic slowdown such as the real estate recession in China.

As a result, net sales totaled at 362,605 million yen (up 4.5% year on year). Operating income amounted to 23,314 million yen (up 30.4% year on year) due to increased net sales.

In the electronic product business, sales for smartphones increased year on year after the third quarter of the current consolidated fiscal year, sales for automobiles increased mainly for vehicle battery applications, and foreign exchange rates had a positive impact. As a result, net sales totaled at 359,834 million yen (up 7.6% year on year). Operating loss was reduced to 1,023 million yen (compared to an operating loss of 3,712 million yen in the same period of the previous fiscal year) due to increased net sales.

In the other businesses, sales decreased due to factors such as less demand for products for office equipment.

As a result, net sales totaled 28,062 million yen (down 1.1% year on year). Operating income came to 626 million yen (down 47.8% year on year).

In summary, the Group posted the following operating results: Net sales totaled 750,502 million yen (up 5.7% year on year); operating income was 22,912 million yen (up 49.0% year on year); ordinary income ended at 40,285 million yen (up 51.7% year on year), resulting in 31,602 million yen in profit attributable to owners of parent (up 137.2% year on year).

ii) Future Outlook

Uncertainties remain in regards to the business environment of the Group including economic trends in countries such as the U.S., and China, trends with raw materials and energy prices, and geopolitical risks in the Middle East and Eastern Europe. We also expect to see a rise in expenses for personnel and logistics, mainly in Japan. The follow are the forecasts for each business area based on this situation.

In the seal business, while vehicle production remained steady overall for Japanese manufacturers in the automotive field, a slowdown is expected with Japanese automakers in China where electronic vehicles are quickly becoming more common, and in Southeast Asian markets. For general industrial machinery applications, there is a decreased demand mainly for construction equipment as a result of the global economic downturn. Since we expect the environment surrounding our business as a whole to remain uncertain, we will continue efforts to increase profitability including to increase sales of products for new areas like electronic vehicles, and to increase sales with Chinese automakers, and to revise prices for achieving fair pricing. Furthermore, in addition to maintaining a 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 including the electrification of automobiles.

In the electronic product business, we anticipate the market to grow for automobiles even though electronic vehicles are not as popular as expected. Demand for smartphones is 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 gradual recovery in demand for data centers. We will continue to build a business structure that expands into business areas with relatively low demand fluctuation; for example, further expanding sales of products for 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 business fields, we will make efforts to increase productivity, heighten competitiveness in terms of quality and cost, and improve profitability for special lubricants and office machine products.

As we promote the efforts mentioned above to increase profits in each business field, we will make efforts related to environmental issues including decarbonization, where social demand is expected to increase in the future, invest in human resources as a foundation for sustainable growth and responding to DE&I, and make investments that ensure sustainable business.

Based on this business environment, the Group forecasts the following consolidated results for FY 2024: Net sales of 708.3 billion yen (down 5.6% year on year); operating income of 21.8 billion yen (down 4.9% year on year); ordinary income of 30.0 billion yen (down 25.5% year on year), and profit attributable to owners of parent of 17.7 billion yen (down 44.0% year on year).

The above forecasts include future projections 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, 2024 stood at 952,379 million yen, an increase of 89,628 million yen compare with March 31, 2023. This was mainly due to increases in cash and deposits and increase in investment securities caused by increased fair value despite the company's initiative to divest investment securities during the year.

Total liabilities as of March 31, 2024 amounted to 313,377 million yen, an increase of 27,973 million yen compared with March 31, 2023. This was mainly due to increases in accounts payable-trade, income tax payable and deferred tax liabilities while a decrease in defined benefit liabilities.

Net assets totaled 639,001 million yen, an increase of 61,655 million yen compared to the previous fiscal year end. Consequently, the ratio of shareholders' equity to total assets stood at 61.5%. This mainly reflected an increase in retained earnings, foreign currency translation adjustments and remeasurement of defined benefit plan due to raise in discount rate despite payout of dividends.

ii) Overview of Cash Flows

Cash and cash equivalents as of March 31, 2024 amounted to 136,256 million yen, an increase of 32,139 million compared to March 31, 2023. Cash flows during this fiscal year are summarized below.

[Operating cash flows] Net cash provided by operating activities 89,153 million (up 93.7% year-on-year). This increase was mainly due to depreciations, non-cash transactions, and pre-tax income.

[Investment cash flows] Net cash used in investment activities amounted 29,722 million yen (down 15.5% year-on-year) which was mainly due to cash out for acquisitions of tangible assets despite inflow from sale of investment securities.

[Financing activities] Net cash used in financing activities amounted to 34,038 million yen (up 58.8% year-on-year). This was mainly due to share buyback and dividend payout.

The trend of cash flow indicators is as follows:

	FY2019	FY2020	FY2021	FY2022	FY2023
Capital ratio (%)	55.9	57.0	58.6	60.6	61.5
Market capitalization to total assets (%)	28.3	32.3	23.1	28.7	36.2
Interest-bearing liabilities to cash flow (annualized)	1.3	2.3	1.6	2.0	1.1
Interest coverage ratio (multiple)	26.1	20.2	31.8	17.1	26.5

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 of the Choice of Accounting Standards

The NOK Group intends to prepare its consolidated financial statements based on the Japanese accounting standard for the time being in consideration of comparability between periods as well as comparability among companies.
We will carefully watch the situations both in Japan and abroad with regard to application of IFRS.

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

(million yen)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	104,690	136,913
Notes and accounts receivable-trade	141,172	154,313
Electronically recorded monetary claims	19,760	22,552
Merchandise and finished goods	49,428	46,983
Work in process	38,999	38,954
Raw materials and supplies	31,169	28,829
Other	16,605	12,616
Allowance for doubtful accounts	(138)	(185)
Total current assets	401,146	440,977
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	232,740	237,113
Accumulated depreciation	(137,685)	(144,303)
Buildings and structures, net	95,055	92,810
Machinery, equipment and vehicles	447,823	464,018
Accumulated depreciation	(340,044)	(359,910)
Machinery, equipment and vehicles, net	107,778	104,108
Tools, furniture and fixtures	111,461	118,766
Accumulated depreciation	(93,869)	(101,554)
Tools, furniture and fixtures, net	17,591	17,212
Land	19,609	20,319
Lease assets	4,292	5,204
Accumulated depreciation	(2,090)	(2,636)
Lease assets, net	2,201	2,567
Construction in progress	10,401	12,734
Total property, plant and equipment	252,638	249,753
Intangible assets		
Goodwill	141	10,512
Other	3,816	4,361
Total intangible assets	3,958	14,874
Investments and other assets		
Investment securities	163,316	188,007
Long-term loans receivable from employees	1,729	1,495
Deferred tax asset	4,965	6,000
Net defined benefit asset	4,574	13,428
Other	30,548	37,987
Allowance for doubtful accounts	(128)	(145)
Total investments and other assets	205,006	246,774
Total noncurrent assets	461,603	511,401
Total assets	862,750	952,379

(million yen)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	52,839	68,548
Short-term loans payable	54,329	56,593
Income taxes payable	2,317	13,441
Provision for bonuses	11,195	11,219
Deposits received from employees	16,315	16,099
Other	46,322	47,320
Total current liabilities	183,319	213,222
Noncurrent liabilities		
Long-term loans payable	17,526	18,871
Deferred tax liabilities	13,075	24,332
Net defined benefit liabilities	63,046	46,945
Provision for share awards for directors (and other officers)	345	398
Other	8,090	9,607
Total noncurrent liabilities	102,084	100,155
Total liabilities	285,404	313,377
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,590	26,203
Retained earnings	368,823	385,291
Treasury stock	(4,741)	(14,014)
Total shareholders' equity	411,008	420,815
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,186	71,971
Foreign currency translation adjustment	46,440	68,779
Remeasurements of defined benefit plans	5,790	24,487
Total accumulated other comprehensive income	111,417	165,239
Non-controlling interests	54,920	52,946
Total net assets	577,346	639,001
Total liabilities and net assets	862,750	952,379

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

(million yen)

	FY2022	FY2023
Net sales	709,956	750,502
Cost of sales	604,383	634,618
Gross profit	105,572	115,884
Selling, general and administrative expenses	90,193	92,971
Operating loss	15,378	22,912
Non-operating income		
Interest income	685	1,333
Dividend income	2,799	3,185
Foreign exchange gains	1,541	6,993
Share of profit of entities accounted for using equity method	6,144	9,127
Rent income	859	869
Other	3,114	2,717
Total non-operating income	15,145	24,225
Non-operating expenses		
Interest expenses	2,802	3,299
Loss on valuation of derivatives	-	2,591
Other	1,164	960
Total non-operating expenses	3,966	6,852
Ordinary income	26,557	40,285
Extraordinary income		
Gain on sales of noncurrent assets	1,490	440
Gain on sales of investment securities	4,001	29,225
Other	-	262
Total extraordinary income	5,491	29,927
Extraordinary loss		
Loss on retirement of noncurrent assets	1,818	2,799
Impairment loss	1,191	10,723
Business restructuring expenses	1,152	1,753
Other	146	245
Total extraordinary loss	4,309	15,521
Income before income taxes	27,739	54,691
Income taxes-current	10,229	20,045
Income taxes-deferred	385	(1,340)
Total Income taxes	10,615	18,704
Net income	17,124	35,987
Profit attributable to non-controlling interests	3,804	4,384
Profit attributable to owners of parent	13,320	31,602

(Consolidated Comprehensive Income Statement)

(million yen)

	FY2022	FY2023
Net income	17,124	35,987
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,520)	12,681
Foreign currency translation adjustment	11,749	21,014
Remeasurements of defined benefit plans, net of tax	10,278	17,789
Share of other comprehensive income of entities accounted for using equity method	2,464	5,259
Total other comprehensive income	22,972	56,745
Comprehensive income	40,097	92,732
(Breakdown)		
Comprehensive income attributable to owners of parent	35,054	85,423
Comprehensive income attributable to non-controlling interests	5,042	7,309

(3) Consolidated Statement of Changes in Equity

FY2022 (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

NOK Corporation (7240): Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

FY2023 (April 1, 2023 to March 31, 2024)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the Period	23,335	23,590	368,823	(4,741)	411,008
Changes of items during the period					
Dividends from surplus	—	—	(15,134)	—	(15,134)
Profit (loss) attributable to owners of parent	—	—	31,602	—	31,602
Purchase of treasury stock	—	—	—	(10,000)	(10,000)
Disposal of treasury stock	—	8	—	727	736
Change in ownership interest of parent due to transactions with non-controlling interests	—	2,603	—	—	2,603
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	2,612	16,467	(9,272)	9,807
Ending balance	23,335	26,203	385,291	(14,014)	420,815

	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	59,186	46,440	5,790	111,417	54,920	577,346
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	(15,134)
Profit (loss) attributable to owners of parent	—	—	—	—	—	31,602
Purchase of treasury stock	—	—	—	—	—	(10,000)
Disposal of treasury stock	—	—	—	—	—	736
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	2,603
Net changes of items other than shareholders' equity	12,785	22,339	18,696	53,821	(1,973)	51,847
Total changes of items during the period	12,785	22,339	18,696	53,821	(1,973)	61,655
Ending balance	71,971	68,779	24,487	165,239	52,946	639,001

(4) Consolidated Statement of Cash Flows

(million yen)

	FY 2022 (April 1, 2022 to March 31, 2023)	FY 2023 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Income before income taxes	27,739	54,691
Depreciation and amortization	45,758	47,771
Impairment loss	1,191	10,723
Increase (decrease) in provision for bonuses	6	(224)
Increase (decrease) in net defined benefit asset or liability	(2,464)	(6,837)
Increase (decrease) in provision for business restructuring	(609)	-
Interest and dividend income	(3,484)	(4,518)
Interest expenses	2,802	3,299
Foreign exchange losses (gains)	1,298	(2,694)
Share of (profit) loss of entities accounted for using equity method	(6,144)	(9,127)
Proceeds from sale of investment securities	(4,001)	(29,224)
Loss (gain) on sales and retirement of property, plant and equipment	333	2,366
Decrease (increase) in notes and accounts receivable-trade	14,256	(2,825)
Decrease (increase) in inventories	(4,657)	11,074
Increase (decrease) in notes and accounts payable-trade	(14,096)	5,966
Other, net	2,922	12,131
Subtotal	60,851	92,572
Interest and dividend income received	5,398	7,873
Interest expenses paid	(2,686)	(3,368)
Income taxes paid	(17,533)	(7,924)
Cash flows from operating activities	46,030	89,153
Cash flows from investing activities		
Decrease (increase) in time deposits	1,893	93
Purchase of investment securities	(236)	(31)
Proceeds from sale of investment securities	6,278	30,758
Purchase of property, plant and equipment	(44,775)	(45,742)
Proceeds from sales of property, plant and equipment	2,484	955
Purchase of intangible assets	(654)	(604)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(12,459)
Other, net	(150)	(2,691)
Cash flows from investing activities	(35,159)	(29,722)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(12,768)	(1,577)
Proceeds from long-term loans payable	15,640	9,916
Repayment of long-term loans payable	(6,208)	(10,046)
Repayment of lease obligations	(970)	(1,200)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(145)
Net decrease (increase) in treasury stock	(4,511)	(9,272)
Cash dividends paid	(10,376)	(15,126)
Dividends paid to non-controlling interests	(2,247)	(6,587)
Cash flows from financing activities	(21,441)	(34,038)
Effect of exchange rate change on cash and cash equivalents	3,426	6,746
Net increase (decrease) in cash and cash equivalents	(7,144)	32,139
Cash and cash equivalents at beginning of period	111,247	104,117
Increase in cash and cash equivalents resulting from merger of unconsolidated subsidiaries	14	-
Cash and cash equivalents at end of period	104,117	136,256

(5) Notes Concerning Consolidated Financial Statements

(Notes Concerning the Going Concern Assumption)

None

(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.

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

FY2022 (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.

FY2023 (April 1, 2023 to March 31, 2024)

(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	362,605	359,834	28,062	750,502	–	750,502
Inter-segment sales/transfers	1,397	107	727	2,232	(2,232)	–
Total	364,003	359,942	28,789	752,734	(2,232)	750,502
Segment income (loss)	23,314	(1,023)	626	22,917	(4)	22,912
Segment assets	453,043	278,482	54,446	785,972	166,406	952,379
Other items						
Depreciation and amortization	25,083	21,472	1,217	47,773	(2)	47,771
Increase in property, plant and equipment and intangible assets	21,984	20,621	2,620	45,226	–	45,226

Notes:

3. Adjustments are as shown below:

- (1) The amount of (4) million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
- (2) The amount of 166,406 million yen in adjustments of segment assets includes 178,875 million yen in corporate assets which are not allocated to individual reportable segments and (12,468) million yen in offset elimination of inter-segment claims and debts.
- (3) The amount of (2) million yen in adjustments of depreciation and amortization represents the result of the elimination of inter-segment transactions.

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

[Information regarding impairment loss on fixed assets by reportable segment]

FY2022 (April 1, 2022 to March 31, 2023)

(million yen)

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

FY2023 (April 1, 2023 to March 31, 2024)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Impairment loss	4,021	5,966	735	-	10,723

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

FY2022 (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

FY2023 (April 1, 2023 to March 31, 2024)

(million yen)

	Seal	Electronic product	Other	Company / Elimination	Total
Amortization during the period	-	143	156	-	300
Ending balance	-	-	10,512	-	10,512

[Information regarding gain on bargain purchase by reportable segment]

FY2022 (April 1, 2022 to March 31, 2023)

None

FY2023 (April 1, 2023 to March 31, 2024)

None

(Per Share Information)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Net assets per share	3,082.93 yen	3,561.00 yen
Net income (loss) per share	77.55 yen	188.34 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" (1,799 thousand shares for FY2022 and 1,716 thousand shares for FY2023).
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" (1,094 thousand shares for FY2022 and 1,754 thousand shares for FY2023).
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" (1,705 thousand shares for FY2022 and 1,244 thousand shares for FY2023).
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" (110 thousand shares for FY2022 and 1,483 thousand shares for FY2023).
6. The basis of the computation of net assets per share is as shown below:

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Total net assets (million yen)	577,346	639,001
Deductions from total net assets (million yen)	54,920	52,946
[Non-controlling interests]	[54,920]	[52,946]
Net assets at the end of the period attributable to common stock (million yen)	522,426	586,055
Number of shares at the end of the period (1,000 shares)	169,457	164,576

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

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Profit (loss) attributable to owners of parent (million yen)	13,320	31,602
Amount not attributable to common shareholders (million yen)	-	-
Profit (loss) attributable to owners of parent attributable to common stock (million yen)	13,320	31,602
Average number of shares during the period (1,000 shares)	171,759	167,792

(Significant Events After the Reporting Period)

None