



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Three Months Ended June 30, 2023 (Japanese GAAP)

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 Dividend payable date (as planned): –
 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 2023 (April 1, 2023 to June 30, 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	%
3 mos. ended Jun. 30, 2023	163,957	1.8	(1,226)	-	6,445	30.4	2,297	11.9
3 mos. ended Jun. 30, 2022	161,031	2.7	(1,394)	-	4,941	(54.6)	2,053	(70.0)

Note: Comprehensive income: 31,617 million yen, 76.8 % (as of June 30, 2023); 17,887 million yen, 88.9% (as of June 30, 2022)

	Net income per share	Diluted net income per share
	Yen	Yen
3 mos. ended Jun. 30, 2023	13.56	-
3 mos. ended Jun. 30, 2022	11.87	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	Yen
Jun. 30, 2023	904,987	599,844	60.1	3,204.97
Mar. 31, 2023	862,750	577,346	60.6	3,082.93

Reference: Owner's equity: 543,484 million yen (as of June 30, 2023); 522,426 million yen (as of March 31, 2023)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY 2022	-	25.00	-	50.00	75.00
FY 2023	-				
FY 2023 (Forecast)		37.50	-	37.50	75.00

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

3. Consolidated Forecast 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	341,000	(3.3)	2,400	(60.8)	8,800	(46.9)	2,300	(77.4)	13.57
Full year	735,200	3.6	23,500	52.8	34,200	28.8	18,800	41.1	110.92

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

- (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

(4) 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)

Jun. 30, 2023	173,138,537 shares	Mar. 31, 2022	173,138,537 shares
Jun. 30, 2023	3,563,022 shares	Mar. 31, 2022	3,680,752 shares
3 mos. ended Jun. 30, 2023	169,490,511 shares	3 mos. ended Jun. 30, 2022	172,966,870 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 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. Qualitative Information on the Consolidated Operating Results for the Three Months Ended June 30, 2023

(1) Explanation of Financial Position and Operating Results

In the economic environment surrounding Japan during the first three months of the current consolidated fiscal year, restrictions on behavior related to COVID-19 were eased and the normalization of economic activities has progressed. However, the outlook remains uncertain due to the risk of an economic downturn caused by soaring prices for raw materials and energy, and inflation.

In the automobile industry, the effects of supply shortage of semiconductors and other components are gradually dissipating, and the number of vehicles produced has increased, mainly in Japan.

In the electronics industry, demand for smartphones declined due to the prolonged replacement cycle by end-users. As for hard disk drives, demand declined as the market was still recovering from the slump in the previous fiscal year.

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

In the seal business, automobile production, which had fallen due to the supply shortage of semiconductors and other components, recovered mainly in Japan. This led to increased sales. For general industrial machinery applications, sales declined in industries such as construction machinery, machine tools, and robots, due to the effect of the economic slowdown in China.

As a result, net sales totaled 87,231 million yen (up 7.7% year on year). Operating income amounted to 3,444 million yen (up 8.9% year on year) mainly due to increased sales.

In the electronic product business, sales for automobile applications, mainly for automotive batteries, increased due to the recovery from the lockdowns in China last year. On the other hand, sales for smartphones declined due to a prolonged replacement cycle, and sales for hard disk drives also declined due to delayed recovery in demand.

As a result, net sales totaled 69,965 million yen (down 4.2% year on year). Operating loss declined to 4,759 million yen (compared to an operating loss of 4,907 million yen in the same period of the previous fiscal year) due to a suppression of personnel expenses, despite the impact of a decline in sales.

In the other businesses, overseas sales of products for office equipment declined, and demand for special lubricants also declined.

As a result, net sales totaled 6,761 million yen (down 3.1% year on year). Operating income came to 97 million yen (down 72.0% year on year).

In summary, the Group posted the following operating results for the first three months of the current consolidated fiscal year: Net sales totaled 163,957 million yen (up 1.8% year on year); operating loss was 1,226 million yen (compared to an operating loss of 1,394 million yen in the same period of the previous fiscal year); ordinary income ended at 6,445 million yen (up 30.4% year on year), resulting in 2,297 million yen in profit attributable to owners of parent (up 11.9% year on year).

Total assets as of June 30, 2023 stood at 904,987 million yen, an increase of 42,236 million yen compared with March 31, 2023. This was mainly attributable to an increase in cash, deposits, and inventories, and an increase in investment securities due to an increase in the market value of shares held by the Company.

Total liabilities as of June 30, 2023 amounted to 305,143 million yen, an increase of 19,738 million yen compared with March 31, 2023. This was mainly due to an increase in accounts-payable trade and deferred tax liabilities, despite a decline in provision for bonuses.

Net assets totaled 599,844 million yen, an increase of 22,497 million yen compared with March 31, 2023. Consequently, the ratio of shareholders' equity to total assets stood at 60.1%. This mainly reflected an increase in the valuation difference on available-for-sale securities due to an increase in the market value of foreign currency translation adjustment and stock holdings as a result of exchange rate fluctuations, despite the payment of dividends.

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

As a result of a review of the consolidated financial forecasts for the first half of the financial year ending March 31, 2024, our forecasts for net sales, operating income, and ordinary income have been revised downward from the previously announced forecasts. Profit attributable to owners of parent has been revised upward from the previously announced forecasts. In regard to the full-year earnings forecasts, the earnings forecasts for the second half remains unchanged, and only the revised earnings forecasts for the first half has been reflected.

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

(million yen)

	FY 2022 (as of March 31, 2023)	1Q FY 2023 (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	104,690	109,991
Notes and accounts receivable-trade	141,172	143,980
Electronically recorded monetary claims	19,760	20,516
Inventories	119,597	125,517
Other	16,065	13,556
Allowance for doubtful accounts	(138)	(154)
Total current assets	401,146	413,408
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	95,055	96,665
Machinery, equipment and vehicles, net	107,778	111,568
Other, net	49,804	49,085
Total property, plant and equipment	252,638	257,320
Intangible assets	3,958	4,107
Investments and other assets		
Investment securities	163,316	184,768
Net defined benefit asset	4,574	4,717
Other	37,243	41,000
Allowance for doubtful accounts	(128)	(334)
Total investments and other assets	205,006	230,151
Total noncurrent assets	461,603	491,579
Total assets	862,750	904,987

(million yen)

	FY 2022 (as of March 31, 2023)	1Q FY 2023 (as of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	52,839	60,721
Short-term loans payable	54,329	55,609
Income taxes payable	2,317	2,053
Provision for bonuses	11,195	8,944
Other	62,638	67,487
Total current liabilities	183,319	194,816
Noncurrent liabilities		
Long-term loans payable	17,526	19,192
Deferred tax liabilities	13,075	19,339
Net defined benefit liabilities	63,046	63,306
Provision for share awards for directors (and other officers)	345	414
Other	8,090	8,073
Total noncurrent liabilities	102,084	110,326
Total liabilities	285,404	305,143
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,590	23,679
Retained earnings	368,823	362,473
Treasury stock	(4,741)	(4,584)
Total shareholders' equity	411,008	404,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,186	72,028
Foreign currency translation adjustment	46,440	60,767
Remeasurements of defined benefit plans	5,790	5,784
Total accumulated other comprehensive income	111,417	138,580
Non-controlling interests	54,920	56,359
Total net assets	577,346	599,844
Total liabilities and net assets	862,750	904,987

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
(Consolidated Quarterly Income Statement)
(Three Months Ended June 30, 2023)

(million yen)

	3 months ended June 30, 2022	3 months ended June 30, 2023
Net sales	161,031	163,957
Cost of sales	139,332	141,949
Gross profit	21,699	22,007
Selling, general and administrative expenses	23,094	23,234
Operating loss	(1,394)	(1,226)
Non-operating income		
Dividend income	1,367	1,536
Foreign exchange gains	3,578	4,137
Share of profit of entities accounted for using equity method	1,408	2,525
Other	692	1,170
Total non-operating income	7,047	9,370
Non-operating expenses		
Interest expenses	493	768
Loss on valuation of derivatives	-	703
Other	217	226
Total non-operating expenses	711	1,698
Ordinary income	4,941	6,445
Extraordinary income		
Gain on sales of noncurrent assets	1,196	20
Gain on sales of investment securities	1,596	-
Total extraordinary income	2,792	20
Extraordinary loss		
Loss on retirement of noncurrent assets	232	259
Other	5	36
Total extraordinary loss	238	296
Income before income taxes	7,495	6,168
Income taxes	4,502	3,014
Net income	2,992	3,154
Profit attributable to non-controlling interests	939	856
Profit attributable to owners of parent	2,053	2,297

(Consolidated Quarterly Comprehensive Income Statement)
(Three Months Ended June 30, 2023)

(million yen)

	3 months ended June 30, 2022	3 months ended June 30, 2023
Net income	2,992	3,154
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,411)	12,792
Foreign currency translation adjustment	16,232	13,084
Remeasurements of defined benefit plans, net of tax	208	(51)
Share of other comprehensive income of entities accounted for using equity method	1,863	2,637
Total other comprehensive income	14,894	28,462
Comprehensive income	17,887	31,617
(Detail)		
Comprehensive income attributable to owners of parent	15,027	29,460
Comprehensive income attributable to non-controlling interests	2,859	2,156

(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 third-quarter period under review by the estimated effective tax rate.

(Segment information)

I 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 income stated in the consolidated quarterly income statement.

II Three Months Ended June 30, 2023

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	87,231	69,965	6,761	163,957	–	163,957
Inter-segment sales/transfers	341	15	162	519	(519)	–
Total	87,572	69,980	6,924	164,476	(519)	163,957
Segment income (loss)	3,444	(4,759)	97	(1,217)	(8)	(1,226)

Notes: 1. The amount of (8) 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.

(Significant Events After the Reporting Period)

(Business Combination Through Acquisition)

The Company entered into a share transfer agreement on July 26, 2023 with the aim of acquiring all shares of ESTOH Co., Ltd. and making it a subsidiary of the Company.

(1) Overview of Business Combination

1. Name and business activities of acquired company

Name of acquired company: ESTOH Co., Ltd.

Business activities: Design and manufacturing of ultra-precision molds and manufacturing of ultra-precision injection molded products

2. Main reason for business combination

ESTOH Co., Ltd. (hereinafter, "ESTOH") has an integrated production system for precision plastic products spanning from design/manufacturing of precision molds to production of injection molded products. This system gives ESTOH strength in technology to create products that meet customer needs. In the field of electric vehicles (EV), ESTOH's plastic gasket products for lithium-ion batteries have been highly evaluated in the automotive battery market, which requires high quality, and have been adopted by major EV manufacturers. The Group considers next-generation vehicles (including EVs) to be an important growth area. We are working to expand sales and focus on product development in both our core businesses, the seal business and the electronic product business. By welcoming ESTOH into the Group and adding ESTOH's plastic products to product groups (seal products using rubber, flexible printed circuits (FPC) for automotive batteries, etc.) which are the Group's strengths, we aim to expand our EV-related product lineup and meet a wider range of needs. In our seal business and electronic product business, we will work to further strengthen our business base by developing new products that utilize ESTOH's precision plastic molding technology; for example, combining our main products and plastics.

3. Date of business combination

During 3Q FY 2023 (plan)

4. Legal form of business combination

Stock acquisition

5. Name of company after business combination

ESTOH Co., Ltd.

6. Ratio of voting rights to be acquired

100%

7. Basis for deciding on business combination

The transaction is based on the acquisition of shares by the Company through cash consideration.

(2) Acquisition cost of acquired company and breakdown by type of consideration

Not confirmed at the current point in time.

(3) Amount of goodwill incurred, cause of goodwill, depreciation method and depreciation period

Not confirmed at the current point in time.

(4) Amounts of assets and liabilities assumed on the business combination date and their main breakdown

Not confirmed at the current point in time.