



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Japanese GAAP)

February 2, 2024

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Quarterly securities report filing date (as planned): February 13, 2024

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 Nine Months of FY2023 (Q3/FY2023: April 1, 2023 to December 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	%
Q3/FY2023	567,547	5.1	17,591	16.7	30,308	26.8	21,129	56.2
Q3/FY2022	540,215	6.7	15,078	(35.1)	23,903	(30.0)	13,529	(28.3)

Note: Comprehensive income: 47,692 million yen, 168.5% (Q3/FY2023); 17,759 million yen, (47.2)% (Q3/FY2022)

	Net income per share	Diluted net income per share
	yen	yen
Q3/FY2023	125.15	-
Q3/FY2022	78.61	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	yen
End of Q3/FY2023	926,827	595,220	58.8	3,298.64
End of FY2022	862,750	577,346	60.6	3,082.93

Reference: Owner's equity: 544,950 million yen (end of Q3/FY2023); 522,426 million yen (end of FY2022)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY2022	-	25.00	-	50.00	75.00
FY2023	-	37.50			
FY2023 (Forecast)			-	37.50	75.00

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

3. Consolidated Forecast for FY2023 (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
Full year	731,700	3.1	19,500	26.8	33,900	27.6	22,100	65.9	131.80

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

*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)

End of Q3/FY2023	173,138,537	End of FY2022	173,138,537
End of Q3/FY2023	7,934,086	End of FY2022	3,680,752
Q3/FY2023	168,835,849	Q3/FY2022	172,103,200

*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 Nine Months Ended December 31, 2023

(1) Financial Position and Operating Results

In the economic environment surrounding Japan during the first nine 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 is becoming increasingly uncertain due to factors such as economic trends in the U.S., China and other countries, raw materials prices and energy costs, and geopolitical risks in the Middle East, etc.

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 new energy vehicles is increasing.

In the electronics industry, demand for smartphones continued to decrease, although there was a slight recovery in the third quarter of the fiscal year. Demand for hard disk drives also decreased due to the continued decline in market conditions.

Under these circumstances, the operating results 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 due to the significant impact of economic slowdown in China. As a result, net sales totaled at 275,141 million yen (up 5.3% year on year). Operating income amounted to 16,369 million yen (up 8.7% year on year) due to increased net sales.

In the electronic product business, sales for smartphones increased in the third quarter of the 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 271,691 million yen (up 5.9% year on year). Operating income amounted to 937 million yen (compared to an operating loss of 1,188 million yen in the same period of the previous fiscal year) due to increased net sales.

In the other businesses, sales decreased due to less demand for products for office equipment and for special lubricants. As a result, net sales totaled 20,713 million yen (down 7.4% year on year). Operating income came to 297 million yen (down 75.3% year on year).

In summary, the Group posted the following results for the first nine months of the current consolidated fiscal year: Net sales totaled 567,547 million yen (up 5.1% year on year); operating income was 17,591 million yen (up 16.7% year on year); ordinary income ended at 30,308 million yen (up 26.8% year on year), resulting in 21,129 million yen in profit attributable to owners of parent (up 56.2% year on year).

Total assets as of December 31, 2023 stood at 926,827 million yen, an increase of 64,077 million yen compared with March 31, 2023. This was mainly attributable to an increase in notes and accounts receivable as well as an increase in investment securities due to an increased market value of shares held by the Company. Total liabilities as of December 31, 2023 amounted to 331,607 million yen, an increase of 46,203 million yen compared with March 31, 2023. This was mainly due to increases in accounts payable-trade and short-term loans payable. Net assets totaled 595,220 million yen, an increase of 17,874 million yen compared with March 31, 2023. Consequently, the ratio of shareholders' equity to total assets stood at 58.8%. This mainly reflected an increase in retained earnings thanks to profit recorded in this period and foreign currency translation adjustment due to exchange rate fluctuations.

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

There have been no changes to the financial projections that were announced on November 8, 2023.

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

(million yen)

	FY2022 (as of March 31, 2023)	Q3/FY2023 (as of December 31, 2023)
Assets		
Current assets		
Cash and deposits	104,690	113,032
Notes and accounts receivable-trade	141,172	165,310
Electronically recorded monetary claims	19,760	24,092
Inventories	119,597	116,848
Other	16,065	10,626
Allowance for doubtful accounts	(138)	(133)
Total current assets	401,146	429,777
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	95,055	95,126
Machinery, equipment and vehicles, net	107,778	109,690
Other, net	49,804	50,970
Total property, plant and equipment	252,638	255,788
Intangible assets		
Goodwill	141	10,669
Other	3,816	4,037
Total intangible assets	3,958	14,707
Investments and other assets		
Investment securities	163,316	179,476
Net defined benefit asset	4,574	4,989
Other	37,243	42,432
Allowance for doubtful accounts	(128)	(343)
Total investments and other assets	205,006	226,555
Total noncurrent assets	461,603	497,050
Total assets	862,750	926,827

(million yen)

	FY2022 (as of March 31, 2023)	Q3/FY2023 (as of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	52,839	72,863
Short-term loans payable	54,329	72,903
Income taxes payable	2,317	3,534
Provision for bonuses	11,195	8,653
Other	62,638	66,427
Total current liabilities	183,319	224,381
Noncurrent liabilities		
Long-term loans payable	17,526	16,411
Deferred tax liabilities	13,075	18,000
Net defined benefit liabilities	63,046	63,385
Provision for share awards for directors (and other officers)	345	474
Other	8,090	8,954
Total noncurrent liabilities	102,084	107,225
Total liabilities	285,404	331,607
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	23,590	26,175
Retained earnings	368,823	374,818
Treasury stock	(4,741)	(12,727)
Total shareholders' equity	411,008	411,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,186	68,163
Foreign currency translation adjustment	46,440	59,201
Remeasurements of defined benefit plans	5,790	5,984
Total accumulated other comprehensive income	111,417	133,348
Non-controlling interests	54,920	50,269
Total net assets	577,346	595,220
Total liabilities and net assets	862,750	926,827

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
 (Consolidated Quarterly Income Statement)
 (Nine Months Ended December 31, 2023)

(million yen)

	Q3/FY2022	Q3/FY2023
Net sales	540,215	567,547
Cost of sales	456,910	479,811
Gross profit	83,304	87,735
Selling, general and administrative expenses	68,226	70,143
Operating income	15,078	17,591
Non-operating income		
Dividend income	2,677	3,035
Foreign exchange gains	724	2,291
Share of profit of entities accounted for using equity method	5,151	7,481
Other	3,115	3,881
Total non-operating income	11,669	16,689
Non-operating expenses		
Interest expenses	1,988	2,462
Other	855	1,509
Total non-operating expenses	2,844	3,972
Ordinary income	23,903	30,308
Extraordinary income		
Gain on sales of noncurrent assets	1,468	349
Gain on sales of investment securities	3,830	6,380
Other	—	262
Total extraordinary income	5,298	6,991
Extraordinary loss		
Loss on retirement of noncurrent assets	1,556	1,197
Business restructuring expenses	731	1,567
Other	50	251
Total extraordinary loss	2,338	3,016
Income before income taxes	26,863	34,284
Income taxes	10,283	10,023
Net income	16,580	24,260
Profit attributable to non-controlling interests	3,051	3,131
Profit attributable to owners of parent	13,529	21,129

(Consolidated Quarterly Comprehensive Income Statement)
(Nine Months Ended December 31, 2023)

(million yen)

	Q3/FY2022	Q3/FY2023
Net income	16,580	24,260
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,471)	8,909
Foreign currency translation adjustment	6,393	12,035
Remeasurements of defined benefit plans, net of tax	2,122	142
Share of other comprehensive income of entities accounted for using equity method	1,133	2,344
Total other comprehensive income	1,179	23,431
Comprehensive income	17,759	47,692
(Detail)		
Comprehensive income attributable to owners of parent	14,392	43,060
Comprehensive income attributable to non-controlling interests	3,367	4,631

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Notes Concerning the Going Concern Assumption)

None.

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

The company repurchased 4,745,700 shares of its own shares based on the resolution at a meeting of the Board of Directors held on November 8, 2023. As a result of increases/decreases including the repurchase, treasury shares held by the company increased by 7,985 million yen during 9 months from April 1, 2023 to December 31, 2023 to 12,727 million yen at the end of the period under review.

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

As for tax expenses, some consolidated subsidiaries estimated an effective tax rate in a reasonable manner applying tax effect accounting to income before income taxes for the consolidated fiscal year including the period under review, and multiplied the estimated effective tax rate by income before income taxes for the period under review.

(Segment Information)

I Q3/FY2022

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	261,371	256,466	22,377	540,215	—	540,215
Inter-segment sales/transfers	1,568	29	425	2,023	(2,023)	—
Total	262,939	256,495	22,803	542,239	(2,023)	540,215
Segment income	15,058	(1,188)	1,202	15,072	5	15,078

Notes: 1. The amount of 5 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.

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

II Q3/FY2023

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	275,141	271,691	20,713	567,547	—	567,547
Inter-segment sales/transfers	1,057	72	533	1,664	(1,664)	—
Total	276,199	271,764	21,246	569,211	(1,664)	567,547
Segment income	16,369	937	297	17,603	(12)	17,591

Notes: 1. The amount of (12) million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.

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

2. Information regarding impairment of fixed assets, goodwill etc. by reportable segment

(Significant Fluctuations in Goodwill)

In the other businesses segment, the amount of goodwill increased by 10,669 million yen as the company included Estoh into its scope of consolidation as a result of the acquisition of all the Estoh's shares during the third quarter of this fiscal year.

(Significant Events After the Reporting Period)

(Acquisition of the Company's own shares)

The Company has implemented repurchase of its own shares based on the resolution at a meeting of the Board of Directors held on November 8, 2023, the matters concerning the acquisition of its own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article of 165, paragraph (3) of the same Act.

The Company has completed its stock repurchase pursuant to the Board resolution as the aggregate acquisition cost have reached its upper limit on January 18, 2024.

1. Reason for acquisition of own shares
To improve capital efficiency and corporate value
2. Resolution of a Board of Director meeting concerning acquisition of own shares
 - (1) Class of shares to be acquired
Common shares
 - (2) Total number of shares to be acquired
7 million shares (maximum)
(4.04% of total number of issued shares (excluding treasury shares))
 - (3) Total amount of share acquisition costs
10 billion yen (maximum)
 - (4) Acquisition period
From November 9, 2023 to March 22, 2024
 - (5) Method of acquisition
 - (i) Purchase through off-auction own share repurchase trading system (ToSTNeT-3)
 - (ii) Market buying pursuant to the discretionary purchase agreement
3. Status of the repurchase at the last day of the previous month of this quarterly reporting
 - (1) Repurchased shares from November 9, 2023 to December 31, 2023 based on the Board resolution
Number of shares acquired: 4,745,700 shares
Acquisition cost: 8,631,905,700 yen
 - (2) Repurchased shares from January 1, 2024 to January 18, 2024 based on the Board resolution
Number of shares acquired: 689,300 shares
Acquisition cost: 1,367,920,300 yen
 - (3) Total repurchased shares based on the Board resolution
Number of shares acquired: 5,435,000 shares
Acquisition cost: 9,999,826,000 yen