



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Japanese GAAP)

August 2, 2024

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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 FY2024 (Q1/FY2024: April 1, 2024 to June 30, 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	%
Q1/FY2024	188,170	14.8	5,652	-	12,038	86.8	7,015	205.3
Q1/FY2023	163,957	1.8	(1,226)	-	6,445	30.4	2,297	11.9

Note: Comprehensive income: 18,906 million yen, (40.2) % (Q1/FY2024); 31,617 million yen, 76.8 % (Q1/FY2023)

	Net income per share	Diluted net income per share
	yen	yen
Q1/FY2024	42.62	-
Q1/FY2023	13.56	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	yen
End of Q1/FY2024	960,587	645,906	61.8	3,606.61
End of FY2023	952,379	639,001	61.5	3,561.00

Reference: Owner's equity: 593,941 million yen (end of Q1/FY2024); 586,055 million yen (end of FY2023)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY2023	-	37.50	-	50.00	87.50
FY2024	-				
FY2024 (Forecast)		50.00	-	50.00	100.00

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

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	387,600	9.4	14,200	192.0	20,300	23.9	12,500	2.6	75.94
Full year	744,700	(0.8)	28,000	22.2	38,100	(5.4)	23,200	(26.6)	140.95

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” in the attached document.

(3) Changes in accounting policies and accounting estimates, retrospective restatement

(1) Changes in accounting policies based on revisions of accounting standard : Yes

(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)

Q1/FY2024	173,138,537	FY2023	173,138,537
Q1/FY2024	8,457,111	FY2023	8,562,394
Q1/FY2024	164,602,283	Q1/FY2023	169,490,511

*Review of the Japanese-original version of the consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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” in the attached document.

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1. Qualitative Information on the Consolidated Operating Results for the Three Months Ended June 30, 2024

(1) Financial Position and Operating Results

For the first three months of the current consolidated fiscal year, the Group posted the following operating results: Net sales totaled 188.1 billion yen (up 14.8% year on year); operating income was 5.6 billion yen (compared to an operating loss of 1.2 billion yen in the same period of the previous fiscal year); ordinary income ended at 12.0 billion yen (up 86.8% year on year), resulting in 7.0 billion yen in profit attributable to owners of the parent (up 205.3% year on year). Net sales increased for both the seal business and the electronic product business. In the operating income stage, income increased for the seal business, and for the electronic product business, an operating income was recorded for the first three months of the current fiscal year while an operating loss was recorded in the same period of the previous fiscal year. Due to the increase in operating income, ordinary income and quarterly net income both increased.

The business overview for each business segment is as follows.

<Seal business>

Net sales amounted to 87.6 billion yen (up 0.5% year on year) and operating income was 4.4 billion yen (up 30.5% year on year).

For automobile applications, the production volume of Japanese automobiles, which is a key indicator of sales, decreased compared to the same period of the previous fiscal year. In addition to the decrease in production volume in Japan, in overseas regions, sales of Japanese automobiles were sluggish in the China market, where demand is growing for electric vehicles, and in the ASEAN region, the ongoing tightening of automobile loans in key market Thailand also impacted automobile demand. For general industrial machinery applications, sales were affected by economic stagnation, such as inflation in Europe and America and the real estate downturn in China, while capital investment and consumption were both sluggish, which led to a decrease in sales mainly for construction machinery applications. On the other hand, there was a positive effect due to the exchange rate, and net sales for the segment increased.

Additionally, through the promotion of price revision activities aimed at improving profitability and the improvement of variable costs, we managed to absorb the increase in expenses for future growth investments, resulting in an increase in operating income.

<Electronic product business>

Net sales amounted to 91.9 billion yen (up 31.4% year on year) and operating income was 0.4 billion yen (compared to an operating loss of 4.7 billion yen in the same period of the previous fiscal year).

Sales for smartphones for the first three months of the current fiscal year increased year on year as a result of initiatives to reduce seasonal fluctuations in sales. Regarding sales for automobiles, sales increased for automotive batteries in electric vehicles for global automobile manufacturers, however sales for other purposes decreased. Sales for hard disk drives increased as a recovery trend was observed in demand for data centers, which had been on a continued decline. In addition to these factors, there was also a positive effect due to the exchange rate, and net sales for the segment increased. Due to the increase in net sales, profit improved from an operating loss recorded in the same period of the previous fiscal year, and the Group was able to record a profit for the first three months of the current fiscal year. Note that this is the first time that the Group recorded a profit in the electronic product business segment in the first three months of the fiscal year since the first three months of FY2015.

<Other businesses>

Net sales amounted to 8.5 billion yen (up 26.6% year on year) and operating income was 0.7 billion yen (up 638.6% year on year).

Total assets as of June 30, 2024 stood at 960.5 billion yen, an increase of 8.2 billion yen compared with March 31, 2024. This was mainly attributable to an increase in notes and accounts receivable as well as an increase in property, plant and equipment including machinery, equipment and vehicles. Total liabilities as of June 30, 2024 amounted to 314.6 billion yen, an increase of 1.3 billion yen compared with March 31, 2024. This was mainly due to increases in short-term loans payable while decreases in income taxes payable and provision for bonuses. Net assets totaled 645.9 billion yen, an increase of 6.9 billion yen compared with March 31, 2024. Consequently, the ratio of shareholders' equity to total assets stood at 61.8%. This mainly reflected an increase in retained earnings due to foreign currency translation adjustment due to exchange rate fluctuations while there was a dividend payment.

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

Regarding the consolidated financial forecasts for the first six months of the fiscal year ending March 2025 as well as for the full year, in addition to revisions based on the business situation up to the first three months of the current fiscal year, due to changes in the exchange rate assumptions, the Group has revised the forecasts upward from the previous forecasts for net sales, operating income, ordinary income, and profit attributable to owners of the parent.

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

(million yen)

	FY2023 (as of March 31, 2024)	Q1/FY2024 (as of June 30, 2024)
Assets		
Current assets		
Cash and deposits	136,913	130,097
Notes and accounts receivable-trade	154,313	158,227
Electronically recorded monetary claims	22,552	22,905
Inventories	114,767	116,670
Other	12,616	11,960
Allowance for doubtful accounts	(185)	(174)
Total current assets	440,977	439,685
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,810	94,936
Machinery, equipment and vehicles, net	104,108	106,522
Other, net	52,834	56,532
Total property, plant and equipment	249,753	257,991
Intangible assets	14,874	14,910
Investments and other assets		
Investment securities	188,007	185,157
Net defined benefit asset	13,428	13,769
Other	45,483	49,218
Allowance for doubtful accounts	(145)	(145)
Total investments and other assets	246,774	247,999
Total noncurrent assets	511,401	520,901
Total assets	952,379	960,587

(million yen)

	FY2023 (as of March 31, 2024)	Q1/FY2024 (as of June 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	68,548	66,975
Short-term loans payable	56,593	63,857
Income taxes payable	13,441	2,664
Provision for bonuses	11,219	8,973
Other	63,420	70,549
Total current liabilities	213,222	213,019
Noncurrent liabilities		
Long-term loans payable	18,871	19,723
Deferred tax liabilities	24,332	24,250
Net defined benefit liabilities	46,945	47,582
Provision for share awards for directors (and other officers)	398	455
Other	9,607	9,648
Total noncurrent liabilities	100,155	101,661
Total liabilities	313,377	314,681
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	26,203	26,203
Retained earnings	385,291	383,930
Treasury stock	(14,014)	(13,873)
Total shareholders' equity	420,815	419,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,971	68,414
Foreign currency translation adjustment	68,779	81,960
Remeasurements of defined benefit plans	24,487	23,971
Total accumulated other comprehensive income	165,239	174,345
Non-controlling interests	52,946	51,964
Total net assets	639,001	645,906
Total liabilities and net assets	952,379	960,587

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
 (Consolidated Quarterly Income Statement)
 (Three Months Ended June 30, 2024)

(million yen)

	Q1/FY2023	Q1/FY2024
Net sales	163,957	188,170
Cost of sales	141,949	157,986
Gross profit	22,007	30,184
Selling, general and administrative expenses	23,234	24,531
Operating income	(1,226)	5,652
Non-operating income		
Dividend income	1,536	1,587
Foreign exchange gains	4,137	3,917
Share of profit of entities accounted for using equity method	2,525	2,910
Other	1,170	1,083
Total non-operating income	9,370	9,499
Non-operating expenses		
Interest expenses	768	857
Loss on valuation of derivatives	703	1,687
Other	226	569
Total non-operating expenses	1,698	3,114
Ordinary income	6,445	12,038
Extraordinary income		
Gain on sales of noncurrent assets	20	246
Other	—	6
Total extraordinary income	20	252
Extraordinary loss		
Loss on retirement of noncurrent assets	259	166
Other	36	11
Total extraordinary loss	296	178
Income before income taxes	6,168	12,112
Income taxes	3,014	4,136
Net income	3,154	7,976
Profit attributable to non-controlling interests	856	960
Profit attributable to owners of parent	2,297	7,015

(Consolidated Quarterly Comprehensive Income Statement)
(Three Months Ended June 30, 2024)

(million yen)

	Q1/FY2023	Q1/FY2024
Net income	3,154	7,976
Other comprehensive income		
Valuation difference on available-for-sale securities	12,792	(3,573)
Foreign currency translation adjustment	13,084	13,279
Remeasurements of defined benefit plans, net of tax	(51)	(565)
Share of other comprehensive income of entities accounted for using equity method	2,637	1,789
Total other comprehensive income	28,462	10,930
Comprehensive income	31,617	18,906
(Detail)		
Comprehensive income attributable to owners of parent	29,460	16,122
Comprehensive income attributable to non-controlling interests	2,156	2,783

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Notes on Changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), etc., have been applied from the beginning of the current fiscal year. Regarding the revisions to the categories in which current income taxes should be recorded (taxation on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

In addition, with regard to revisions related to the treatment in consolidated financial statements when gains or losses arising from the sale of subsidiary shares, etc., among consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the current fiscal year. These changes in accounting policies have been applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the same period of the previous fiscal year and the previous fiscal year have been prepared on a retroactive basis. These changes in accounting policies have no impact on the quarterly consolidated financial statements of the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(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 Q1/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	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	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 is adjusted for operating income stated in the consolidated quarterly income statement.

II Q1/FY2024

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	87,694	91,918	8,556	188,170	—	188,170
Inter-segment sales/transfers	408	4	178	592	(592)	—
Total	88,103	91,923	8,735	188,763	(592)	188,170
Segment income	4,495	433	717	5,646	6	5,652

Notes: 1. The amount of 6 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.

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

None.

(Notes Concerning the Going Concern Assumption)

None.

(Notes on Consolidated Quarterly Cashflow Statement)

The company did not create consolidated quarterly cashflow statements for the period under review. Depreciation amounts for the first three months under review (including amortization for intangible assets other than goodwill) and amortization of goodwill are as follows.

(million yen)

	Q1/FY2023	Q1/FY2024
Depreciation	11,601	11,612
Amortization of Goodwill	70	156