



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Semi-Annual Financial Results Ended September 30, 2024 (Japanese GAAP)

November 7, 2024

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 Semi-annual securities report filing date (as planned): November 13, 2024
 Dividend payable date (as planned): December 3, 2024
 Supplemental material of semi-annual results: None
 Convening briefing of semi-annual results: Yes

(Fractions are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months of FY2024 (Q2/FY2024: April 1, 2024 to September 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	%
Q2/FY2024	393,666	11.1	19,084	292.4	21,117	28.8	13,604	11.7
Q2/FY2023	354,239	0.4	4,863	(20.5)	16,389	(1.0)	12,181	19.6

Note: Comprehensive income: (2,365) million yen, - % (Q2/FY2024); 46,601 million yen, 72.8 % (Q2/FY2023)

	Net income per share	Diluted net income per share
	yen	yen
Q2/FY2024	82.61	-
Q2/FY2023	71.84	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Book-value Per Share
	million yen	million yen	%	yen
End of Q2/FY2024	922,966	621,394	62.3	3,488.13
End of FY2023	952,379	639,001	61.5	3,561.00

Reference: Owner's equity: 574,955 million yen (end of Q2/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	-	50.00			
FY2024 (Forecast)			-	50.00	100.00

Note: Revision 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
Full year	745,500	(0.7)	31,900	39.2	38,700	(3.9)	22,800	(27.9)	138.45

Note: Revision 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 semi-annual financial statements: Yes

(Note) For details, please refer to “(3) Notes Concerning Consolidated Semi-annual 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)

Q2/FY2024	173,138,537	FY2023	173,138,537
Q2/FY2024	8,306,372	FY2023	8,562,394
Q2/FY2024	164,678,707	Q2/FY2023	169,571,836

*Consolidated semi-annual financial results reports are exempt from review o by certified public accountants or an 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” in the attached document.

○Table of Contents of Attached Document

1. Qualitative Information on the Consolidated Semi-annual Operating Results Ended September 30, 2024.....	2
(1) Financial Position and Operating Results.....	2
(2) Consolidated Financial Forecasts and Other Prospects for the Future.....	2
2. Consolidated Semi-annual Financial Statements and Principal Notes.....	3
(1) Consolidated Semi-annual Balance Sheet	3
(2) Consolidated Semi-annual Income Statement and Consolidated Semi-annual Comprehensive Income Statement	5
Consolidated Semi-annual Income Statement	5
Consolidated Semi-annual Comprehensive Income Statement	6
(3) Notes Concerning Consolidated Semi-annual Financial Statements.....	7
(Notes on Changes in accounting policies)	7
(Accounting Treatments Specific to the Preparation of Consolidated Semi-annual Financial Statements).....	7
(Segment Information)	8
(Notes on Significant Changes in the Amount of Shareholders' Equity)	8
(Notes Concerning the Going Concern Assumption).....	8

1. Qualitative Information on the Consolidated Operating Results for the Six Months Ended September 30, 2024

(1) Financial Position and Operating Results

For the first half of the current fiscal year, the Group posted the following operating results: Net sales totaled 393.6 billion yen (up 11.1% year on year); operating income was 19.0 billion yen (up 292.4% year on year); ordinary income ended at 21.1 billion yen (up 28.8% year on year), resulting in 13.6 billion yen in profit attributable to owners of the parent (up 11.7% year on year).

Compared to the same period of the previous fiscal year, sales for the seal business trended sideways while sales for the electronic product business increased. At the operating income stage, operating income increased for both the seal business and the electronic product business. Regarding ordinary income and net income, year-on-year increases were relatively smaller compared with that for operating income due to recording foreign exchange gains and a gain on sales of investment securities in the same period of the previous fiscal year, despite recording foreign exchange losses in this period.

The business overview for each business segment is as follows.

<Seal business>

Net sales amounted to 179.1 billion yen (down 0.2% year on year) and operating income was 11.2 billion yen (up 34.9% 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, such as the ongoing tightening of automobile loans in key market Thailand also impacted automobile demand. For general industrial machinery applications, sales were impacted by sluggish consumption and capital investment mainly due to inflation in Europe and America and the real estate downturn in China, which lead to a slump in demand. Net sales for the segment only decreased slightly due to the positive effect of the exchange rate.

On the other hand, operating income increased due to an improvement in variable costs such as raw material prices in addition to the promotion of price revision activities such as passing on selling prices.

<Electronic product business>

Net sales amounted to 197.5 billion yen (up 22.5% year on year) and operating income was 6.5 million yen (compared to an operating loss of 3.5 billion yen in the same period of the previous fiscal year).

For smartphones, the timing of peak demand, which was in the third quarter of the previous fiscal year, occurred in the second quarter of the fiscal year, so sales increased year on year. 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 mainly due to a recovery 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 greatly improved from an operating loss recorded in the same period of the previous fiscal year.

<Other businesses>

Net sales amounted to 17.0 billion yen (up 25.5% year on year) and operating income greatly increased from 0.1 billion yen in the previous fiscal year to 1.3 billion yen.

Total assets as of September 30, 2024 stood at 922.9 billion yen, a decrease of 29.4 billion yen compared with March 31, 2024. This was mainly attributable to a decrease in investment securities because of revaluation based on the value as of the reporting date. Total liabilities as of September 30, 2024 amounted to 301.5 billion yen, a decrease of 11.8 billion yen compared with March 31, 2024. This was mainly due to decreases in income taxes payable and deferred tax liabilities. Net assets totaled 621.3 billion yen, a decrease of 17.6 billion yen compared with March 31, 2024. Consequently, the ratio of shareholders' equity to total assets stood at 62.3%. This mainly reflected a dividend payment and revaluation of investment securities as of the reporting date.

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

Regarding the full-year results forecasts for the fiscal year ending March 31, 2025, due to a review based on the business situation in the first half of the fiscal year, the forecasts for net sales, operating income, and ordinary income have been revised upward. Profit attributable to owners of the parent for the period has been slightly revised downward from the previously announced forecasts.

2. Consolidated Semi-annual Financial Statements and Principal Notes**(1) Consolidated Semi-annual Balance Sheet**

(million yen)

	FY2023 (as of March 31, 2024)	Q2/FY2024 (as of September 30, 2024)
Assets		
Current assets		
Cash and deposits	136,913	139,305
Notes and accounts receivable-trade	154,313	159,435
Electronically recorded monetary claims	22,552	20,934
Inventories	114,767	109,616
Other	12,616	11,891
Allowance for doubtful accounts	(185)	(161)
Total current assets	440,977	441,021
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,810	90,513
Machinery, equipment and vehicles, net	104,108	100,488
Other, net	52,834	57,006
Total property, plant and equipment	249,753	248,009
Intangible assets	14,874	14,460
Investments and other assets		
Investment securities	188,007	166,777
Net defined benefit asset	13,428	14,129
Other	45,483	38,711
Allowance for doubtful accounts	(145)	(141)
Total investments and other assets	246,774	219,475
Total noncurrent assets	511,401	481,945
Total assets	952,379	922,966

(million yen)

	FY2023 (as of March 31, 2024)	Q2/FY2024 (as of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	68,548	66,853
Short-term loans payable	56,593	58,199
Income taxes payable	13,441	2,549
Provision for bonuses	11,219	14,946
Other	63,420	64,115
Total current liabilities	213,222	206,664
Noncurrent liabilities		
Long-term loans payable	18,871	19,447
Deferred tax liabilities	24,332	18,624
Net defined benefit liabilities	46,945	47,353
Provision for share awards for directors (and other officers)	398	522
Other	9,607	8,960
Total noncurrent liabilities	100,155	94,908
Total liabilities	313,377	301,572
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	26,203	27,343
Retained earnings	385,291	390,518
Treasury stock	(14,014)	(13,676)
Total shareholders' equity	420,815	427,522
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,971	58,124
Foreign currency translation adjustment	68,779	65,419
Remeasurements of defined benefit plans	24,487	23,888
Total accumulated other comprehensive income	165,239	147,433
Non-controlling interests	52,946	46,438
Total net assets	639,001	621,394
Total liabilities and net assets	952,379	922,966

(2) Consolidated Semi-annual Income Statement and Consolidated Semi-annual Comprehensive Income Statement
(Consolidated Semi-annual Income Statement)
(Six Months Ended September 30, 2024)

(million yen)

	Q2/FY2023	Q2/FY2024
Net sales	354,239	393,666
Cost of sales	303,164	325,381
Gross profit	51,075	68,285
Selling, general and administrative expenses	46,212	49,200
Operating income	4,863	19,084
Non-operating income		
Dividend income	1,602	1,668
Foreign exchange gains	6,123	-
Share of profit of entities accounted for using equity method	4,873	5,163
Other	2,565	3,649
Total non-operating income	15,165	10,481
Non-operating expenses		
Interest expenses	1,584	1,689
Foreign exchange losses	-	5,736
Loss on valuation of derivatives	1,325	-
Other	728	1,023
Total non-operating expenses	3,638	8,449
Ordinary income	16,389	21,117
Extraordinary income		
Gain on sales of noncurrent assets	34	277
Gain on sales of investment securities	6,044	457
Other	-	6
Total extraordinary income	6,078	741
Extraordinary loss		
Loss on retirement of noncurrent assets	548	350
Other	606	44
Total extraordinary loss	1,154	394
Income before income taxes	21,313	21,464
Income taxes	7,105	5,928
Net income	14,208	15,535
Profit attributable to non-controlling interests	2,027	1,930
Profit attributable to owners of parent	12,181	13,604

(Consolidated Semi-annual Comprehensive Income Statement)
(Six Months Ended September 30, 2024)

(million yen)

	Q2/FY2023	Q2/FY2024
Net income	14,208	15,535
Other comprehensive income		
Valuation difference on available-for-sale securities	11,888	(13,831)
Foreign currency translation adjustment	17,377	(1,728)
Remeasurements of defined benefit plans, net of tax	44	(617)
Share of other comprehensive income of entities accounted for using equity method	3,081	(1,724)
Total other comprehensive income	32,392	(17,901)
Comprehensive income	46,601	(2,365)
(Detail)		
Comprehensive income attributable to owners of parent	42,536	(4,201)
Comprehensive income attributable to non-controlling interests	4,065	1,835

(3) Notes Concerning Consolidated Semi-annual 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 semi-annual 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 semi-annual 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 semi-annual consolidated financial statements of the same semi-annual of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Accounting Treatments Specific to the Preparation of Consolidated Semi-annual 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 Q2/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 semi- annual income statement (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	179,494	161,171	13,572	354,239	–	354,239
Inter-segment sales/transfers	718	44	332	1,095	(1,095)	–
Total	180,213	161,215	13,905	355,335	(1,095)	354,239
Segment income	8,317	(3,572)	119	4,864	(1)	4,863

Notes: 1. The amount of (1) 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 semi-annual income statement.

II Q2/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 semi- annual income statement (Note 2)
	Seal	Electronic product	Other			
Net sales						
Net sales to external customers	179,134	197,504	17,027	393,666	–	393,666
Inter-segment sales/transfers	804	10	364	1,179	(1,179)	–
Total	179,939	197,514	17,392	394,846	(1,179)	393,666
Segment income	11,224	6,506	1,347	19,077	6	19,084

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 semi-annual income statement.

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

None.

(Notes Concerning the Going Concern Assumption)

None.