



## NOK CORPORATION and Consolidated Subsidiaries

### Consolidated Financial Results for Fiscal Year Ended March 31, 2020 (Japanese GAAP)

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Supplemental material of annual results: None

Convening briefing of annual results: None

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

### 1. Consolidated Financial Results for Fiscal 2019 (April 1, 2019 to March 31, 2020)

#### (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	%
FY 2019	626,815	(6.4)	12,028	(48.0)	17,373	(44.2)	(2,218)	–
FY 2018	669,482	(8.2)	23,140	(48.5)	31,135	(44.7)	3,419	(90.3)

Note: Comprehensive income: (29,063) million yen, –% (as of March 31, 2020); (4,933) million yen, –% (as of March 31, 2019)

	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	%	%	%
FY 2019	(12.83)	–	(0.5)	2.3	1.9
FY 2018	19.77	–	0.8	3.9	3.5

Reference: Investment profit on equity method: 3,318 million yen (as of March 31, 2020); 4,033 million yen (as of March 31, 2019)

#### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
FY 2019	728,695	447,238	55.9	2,353.56
FY 2018	785,133	485,498	56.6	2,567.92

Reference: Owner's equity: 407,092 million yen (as of March 31, 2020); 444,177 million yen (as of March 31, 2019)

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	million yen	million yen	million yen	million yen
FY 2019	71,370	(50,425)	(17,497)	82,366
FY 2018	63,854	(79,259)	6,633	80,761

### 2. Dividends

	Dividend per share					Total dividend paid	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2018	–	25.00	–	25.00	50.00	8,652	252.9	1.9
FY 2019	–	25.00	–	12.50	37.50	6,489	–	1.5
FY 2020 (Forecast)	–	–	–	–	–	–	–	–

Note: Although the Company's dividend record date is specified in the Articles of Incorporation as the end dates of the second quarter and the fiscal year, the forecast dividend amount for the fiscal year ending March 31, 2021 has not been determined at present.

### 3. Consolidated Forecasts for Fiscal 2020 (April 1, 2020 to March 31, 2021)

It is not possible to disclose the consolidated forecasts for the fiscal year ending March 31, 2021 at the time of publication of these financial results due to the effects of the novel coronavirus outbreak. The said forecasts will be disclosed as soon as they become available.

\* 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

- i) Changes in accounting policies based on revisions of accounting standard: Yes
- ii) Changes in accounting policies other than ones based on revisions of accounting standard: None
- iii) Changes in accounting estimates: None
- iv) Retrospective restatement: None

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

- i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)
- ii) Number of treasury stock at the end of fiscal year
- iii) Average number of shares

FY 2019	173,138,537 shares	FY 2018	173,138,537 shares
FY 2019	169,654 shares	FY 2018	166,905 shares
FY 2019	172,970,987 shares	FY 2018	172,968,707 shares

Note: The Employee Stock Ownership Plan Trust (the “ESOP Trust”) account was abolished in April 2018. The Company’s stock owned by the ESOP Trust account is included in the number of treasury stock deducted from the calculation of the “Average number of shares” (– shares for the fiscal year ended March 31, 2020 and 3,066 shares for the fiscal year ended March 31, 2019).

\* This summary of consolidated financial results is not subject to audit by a certified public accountant or an audit firm.

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

Forward-looking statements such as projections 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 projections, etc. Financial results may differ significantly due to various factors.

For assumptions, etc. used as the basis for the projections of financial results, please see “1. Overview of Operating Results (1) Analysis of Operating Results” on page 2 of the attached document.

The year-end dividend forecast for the fiscal year ending March 31, 2021 has not yet been determined. The forecast dividend amount will be promptly disclosed as soon as it becomes available.

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## 1. Overview of Operating Results

### (1) Analysis of Operating Results

#### i. Fiscal 2019 operating results

During the consolidated fiscal year under review, the Japanese economy faced a rapid downturn with companies around the world shutting down their production activities due to the impact of the novel coronavirus outbreak, on top of sluggish exports owing to a slowdown of overseas economies and the effects of large typhoons. The coronavirus pandemic has been raising uncertainty in the global economy as a whole.

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

In the automobile industry, demand remained strong in Japan due to the limited impact of the consumption tax hike, while demand remained weak in the Chinese and North American markets.

In the electronic equipment industry, the production volume of smartphones, HDDs, and digital cameras declined.

In the office machinery industry, production volume was almost flat despite a growth in demand for color printers and copiers.

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

In the seal business, sales for automobile applications decreased primarily due to the continued weakness of the Chinese, Southeast Asian, and North American markets and the plant shutdowns on a global level because of the coronavirus outbreak in the fourth quarter, although demand in Japan remained robust in the first half of the fiscal year 2019. Sales to manufacturers of general industrial machinery decreased on the back of a drop in demand from manufacturers of construction machinery, machine tools, and robots.

As a result, net sales stood at 316,966 million yen (down 7.2% year on year). Operating income amounted to 24,290 million yen (down 32.9% year on year) primarily due to a decline in net sales and an increase in depreciation and amortization costs.

In the electronic product business, although demand from automotive manufacturers remained unchanged, sales decreased due to a decline in demand from manufacturers of smartphones and digital cameras.

As a result, net sales ended at 283,079 million yen (down 4.8% year on year). Operating loss totaled 12,600 million yen (compared to an operating loss of 14,151 million yen in the previous fiscal year) due to decreases in personnel expenses and depreciation and amortization costs, despite a drop in sales.

In the roll business, sales declined due to the impact of the novel coronavirus outbreak as well as a drop in demand for printer components and unfavorable exchange rate movements.

As a result, net sales stood at 17,807 million yen (down 11.3% year on year). Operating loss came to 751 million yen (compared to an operating loss of 129 million yen in the previous fiscal year) due to the effect of a decline in sales outweighing cost-cutting efforts.

In other businesses including special lubricants, net sales dropped to 8,962 million yen (down 13.5% year on year). Operating income stood at 996 million yen (down 17.2% year on year).

In summary, the Group posted the following results for the consolidated fiscal year under review: Net sales totaled 626,815 million yen (down 6.4% year on year); operating income was 12,028 million yen (down 48.0% year on year); and ordinary income amounted to 17,373 million yen (down 44.2% year on year), resulting in 2,218 million yen in loss attributable to owners of parent (compared to a profit attributable to owners of parent of 3,419 million yen in the previous fiscal year).

## ii. Projections for fiscal 2020

In the future operating environment surrounding the Group, the impact of the novel coronavirus outbreak is still increasing, not only causing an economic downturn in Japan, but also affecting the entire world economy. Economic recovery largely depends on the coronavirus outbreak being contained and it is extremely difficult to predict when that will happen.

The forecasts of the consolidated results for the second quarter and full year of the fiscal year ending March 31, 2021 are yet to be determined as it is not possible at this point to reasonably calculate the financial forecasts due to the effects of the novel coronavirus outbreak. The financial forecasts will be promptly disclosed as soon as they become available.

## (2) Analysis of Financial Position

## i. Assets, liabilities and net assets

Total assets as of March 31, 2020 stood at 728,695 million yen, a decrease of 56,438 million yen compared with March 31, 2019. This was mainly attributable to a decrease in property, plant and equipment due to a decline in capital expenditure and as a result of impairment, a decrease in investment securities due to a drop in the market value of shares held by the Company, and decreases in notes and accounts receivable-trade and inventories.

Total liabilities as of March 31, 2020 amounted to 281,457 million yen, a decrease of 18,177 million yen compared with March 31, 2019, mainly due to decreases in short-term loans payable and deferred tax liabilities, despite an increase in net defined benefit liabilities.

Net assets totaled 447,238 million yen, a decrease of 38,260 million yen compared with March 31, 2019, mainly reflecting a decrease in valuation difference on available-for-sale securities, and a decrease in retained earnings due to the recognition of a loss attributable to owners of parent and dividend payments. Consequently, the ratio of shareholders' equity to total assets stood at 55.9%.

## ii. Cash flows

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2020 amounted to 82,366 million yen. This represented an increase in cash of 1,604 million yen compared with March 31, 2019. Cash flows during fiscal 2019 are summarized below.

## [Cash flows from operating activities]

Net cash provided by operating activities totaled 71,370 million yen, up 11.8% year on year. This was mainly attributable to recording of income before income taxes, depreciation and amortization (non-cash items), and impairment loss (non-cash item).

## [Cash flows from investing activities]

Net cash used in investing activities, which mainly consisted of acquisition of property, plant and equipment, amounted to 50,425 million yen (down 36.4% year on year).

## [Cash flows from financing activities]

Net cash used in financing activities amounted to 17,497 million yen (compared to net cash provided by financing activities of 6,633 million yen in the previous fiscal year). This mainly reflected dividend payments, repayment of long-term loans payable and short-term loans payable).

The trend of cash flow indicators is as follows:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Capital ratio (%)	56.7	55.7	57.9	56.6	55.9
Market capitalization to total assets (%)	47.5	59.4	45.0	38.0	28.3
Interest-bearing liabilities to cash flow (annualized)	1.0	1.3	1.2	1.6	1.3
Interest coverage ratio (multiple)	38.0	33.2	29.6	23.6	26.1

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.
- (3) **Principal Policy on Dividends and Dividend Distribution for Fiscal 2019 and 2020**
- As to dividend payment to our shareholders, it is our basic policy to continue a certain stable level of dividend corresponding to the medium- to long-term business performance. Meanwhile, saving a reasonable portion for internal reserve is also critical in preparation for our future business development and reinforcement of financial position. We will, therefore, determine the dividend by taking all these factors into consideration.
- Taking into full consideration the aforementioned basic dividend distribution policy along with the level of net income for fiscal 2019, and the future funding situation, we propose to pay an annual dividend of 37.5 yen per share for fiscal 2019 (a 25-yen interim dividend plus a 12.5-yen term end dividend).
- The annual dividend for fiscal 2020 has not been determined due to the difficulty in rationally calculating the projections of financial results at present. The dividend forecasts will be promptly disclosed as soon as they become available.

## 2. Management Policy

### (1) Principal Management Policy

It is our basic philosophy that a firm is the common asset of its shareholders, employees, and society. At the same time, the goal of the NOK Group is to become an entity in which all of its stakeholders including customers, suppliers, and financial institutions can take pride. For such purposes, we concentrate our efforts to create a vigorous, highly profitable corporate group through “manufacturing and distributing unique and useful products with high technical capabilities throughout the world and at appropriate prices.” This is the main policy under which NOK conducts its business.

### (2) Medium- to Long-Term Management Strategies and Challenges

The Group will ensure that it prevents the further spread of the novel coronavirus, and has developed a three-year plan (FY 2020 to FY 2022) for its sustainable growth with an eye towards the future, focusing on increasing sales through the appropriate management of its expanding overseas operations and the development of new products, further improving quality, implementing Business Continuity Management (BCM) in preparation for natural disasters, increasing operational efficiency, promoting digitalization, and developing human resources who can carry out these operations. The Group will work together as one, towards achieving the plan’s goals.

Slogan [Key Corporate Objective]

“Flexible response to changes and Re-challenge to be a Sustainable Company”

Initiatives

- (1) Moving away from dependence on specific customers
  - Expansion of sales across businesses and creation of new businesses for a well-balanced mix of customers
- (2) Repositioning quality management to origin
- (3) Operating practical and effective BCM
- (4) Advancing digitalization that will lead to higher competitiveness and profitability
- (5) Implementing management spirit that respects human dignity
  - Fostering vibrant people and supporting flexible and diverse work styles

## 3. Basic Concept on the Choice of Accounting Standards

The NOK Group intends to prepare consolidated financial statements based on the Japanese standard for the time being in consideration of the possibility of period comparison of consolidated financial statements as well as the possibility of comparison between companies.

For reference, we intend to appropriately respond to the application of IFRS in view of situations both in Japan and abroad.

**4. Consolidated Financial Statements and Principal Notes**

## (1) Consolidated Balance Sheet

(million yen)

	FY 2018 (as of March 31, 2019)	FY 2019 (as of March 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	80,798	82,400
Notes and accounts receivable-trade	129,464	122,157
Electronically recorded monetary claims	15,704	14,254
Merchandise and finished goods	35,936	33,724
Work in process	29,430	27,709
Raw materials and supplies	21,348	19,380
Other	15,303	13,449
Allowance for doubtful accounts	(157)	(124)
Total current assets	327,828	312,952
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	199,833	210,452
Accumulated depreciation	(110,138)	(116,549)
Buildings and structures, net	89,695	93,903
Machinery, equipment and vehicles	388,597	390,090
Accumulated depreciation	(277,628)	(284,966)
Machinery, equipment and vehicles, net	110,968	105,123
Tools, furniture and fixtures	82,127	84,970
Accumulated depreciation	(62,616)	(66,947)
Tools, furniture and fixtures, net	19,510	18,022
Land	18,701	18,465
Lease assets	2,138	3,644
Accumulated depreciation	(1,935)	(2,562)
Lease assets, net	203	1,081
Construction in progress	23,416	14,479
Total property, plant and equipment	262,496	251,076
Intangible assets	4,760	4,181
Investments and other assets		
Investment securities	150,066	123,118
Long-term loans receivable from employees	3,078	2,667
Deferred tax assets	13,773	12,553
Net defined benefit asset	718	264
Other	22,583	22,051
Allowance for doubtful accounts	(174)	(170)
Total investments and other assets	190,047	160,484
Total noncurrent assets	457,304	415,742
Total assets	785,133	728,695



(million yen)

	FY 2018 (as of March 31, 2019)	FY 2019 (as of March 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	44,557	44,915
Short-term loans payable	66,972	59,617
Income taxes payable	3,549	2,121
Provision for bonuses	10,125	10,483
Deposits received from employees	16,226	16,465
Other	39,629	32,334
<b>Total current liabilities</b>	<b>181,061</b>	<b>165,938</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	19,563	17,441
Deferred tax liabilities	7,133	772
Net defined benefit liabilities	87,842	92,536
Other	4,033	4,768
<b>Total noncurrent liabilities</b>	<b>118,572</b>	<b>115,518</b>
<b>Total liabilities</b>	<b>299,634</b>	<b>281,457</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,335	23,335
Capital surplus	23,244	23,288
Retained earnings	362,604	351,622
Treasury stock	(226)	(230)
<b>Total shareholders' equity</b>	<b>408,959</b>	<b>398,016</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	47,694	34,230
Foreign currency translation adjustment	12,157	919
Remeasurements of defined benefit plans	(24,633)	(26,074)
<b>Total accumulated other comprehensive income</b>	<b>35,218</b>	<b>9,075</b>
<b>Non-controlling interests</b>	<b>41,321</b>	<b>40,146</b>
<b>Total net assets</b>	<b>485,498</b>	<b>447,238</b>
<b>Total liabilities and net assets</b>	<b>785,133</b>	<b>728,695</b>

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

(million yen)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Net sales	669,482	626,815
Cost of sales	560,045	529,828
Gross profit	109,437	96,987
Selling, general and administrative expenses	86,297	84,958
Operating income	23,140	12,028
Non-operating income		
Interest income	525	417
Dividend income	2,468	2,547
Foreign exchange gains	408	–
Share of profit of entities accounted for using equity method	4,033	3,318
Rent income	914	875
Subsidy income	1,186	3,268
Other	1,909	1,237
Total non-operating income	11,446	11,665
Non-operating expenses		
Interest expenses	2,798	2,788
Foreign exchange losses	–	2,312
Commission expenses	51	654
Other	601	564
Total non-operating expenses	3,450	6,320
Ordinary income	31,135	17,373
Extraordinary income		
Gain on sales of noncurrent assets	332	208
Gain on sales of investment securities	32	383
Other	4	–
Total extraordinary income	369	592
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,063	1,035
Impairment loss	14,749	7,581
Loss on valuation of investment securities	282	1,960
Other	499	508
Total extraordinary loss	18,594	11,085
Income before income taxes	12,909	6,880
Income taxes-current	11,814	7,786
Income taxes-deferred	(5,049)	795
Total income taxes	6,765	8,581
Net income (loss)	6,144	(1,701)
Profit attributable to non-controlling interests	2,725	517
Profit (loss) attributable to owners of parent	3,419	(2,218)

## (Consolidated Comprehensive Income Statement)

(million yen)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Net income (loss)	6,144	(1,701)
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,752)	(14,701)
Foreign currency translation adjustment	647	(9,621)
Remeasurements of defined benefit plans, net of tax	(1,195)	(1,119)
Share of other comprehensive income of entities accounted for using equity method	(777)	(1,920)
Total other comprehensive income	(11,077)	(27,362)
Comprehensive income	(4,933)	(29,063)
(Detail)		
Comprehensive income attributable to owners of parent	(7,346)	(28,361)
Comprehensive income attributable to non-controlling interests	2,412	(702)

(3) Consolidated Statement of Changes in Equity  
FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	23,335	22,837	367,822	(323)	413,672
Cumulative effects of changes in accounting policies					–
Restated balance	23,335	22,837	367,822	(323)	413,672
Changes of items during the period					
Dividends from surplus			(8,648)		(8,648)
Profit (loss) attributable to owners of parent			3,419		3,419
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				98	98
Purchase of treasury stock of consolidated subsidiaries		4			4
Increase (decrease) due to merger of consolidated subsidiaries		126			126
Change in treasury stock of parent arising from transactions with non-controlling shareholders		275			275
Increase in retained earnings arising from an increase in entities accounted for using the equity method			11		11
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	407	(5,217)	97	(4,713)
Ending balance	23,335	23,244	362,604	(226)	408,959

	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	57,490	11,909	(23,416)	45,983	40,238	499,894
Cumulative effects of changes in accounting policies						–
Restated balance	57,490	11,909	(23,416)	45,983	40,238	499,894
Changes of items during the period						
Dividends from surplus						(8,648)
Profit (loss) attributable to owners of parent						3,419
Purchase of treasury stock						(0)
Disposal of treasury stock						98
Purchase of treasury stock of consolidated subsidiaries						4
Increase (decrease) due to merger of consolidated subsidiaries						126
Change in treasury stock of parent arising from transactions with non-controlling shareholders						275
Increase in retained earnings arising from an increase in entities accounted for using the equity method						11
Net changes of items other than shareholders' equity	(9,795)	247	(1,217)	(10,765)	1,083	(9,682)
Total changes of items during the period	(9,795)	247	(1,217)	(10,765)	1,083	(14,395)
Ending balance	47,694	12,157	(24,633)	35,218	41,321	485,498

FY 2019 (April 1, 2019 to March 31, 2020)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	23,335	23,244	362,604	(226)	408,959
Cumulative effects of changes in accounting policies			(114)		(114)
Restated balance	23,335	23,244	362,489	(226)	408,844
Changes of items during the period					
Dividends from surplus			(8,648)		(8,648)
Profit (loss) attributable to owners of parent			(2,218)		(2,218)
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock					–
Purchase of treasury stock of consolidated subsidiaries					–
Increase (decrease) due to merger of consolidated subsidiaries		43			43
Change in treasury stock of parent arising from transactions with non-controlling shareholders		0			0
Increase in retained earnings arising from an increase in entities accounted for using the equity method					–
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	43	(10,867)	(4)	(10,827)
Ending balance	23,335	23,288	351,622	(230)	398,016

	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	47,694	12,157	(24,633)	35,218	41,321	485,498
Cumulative effects of changes in accounting policies						(114)
Restated balance	47,694	12,157	(24,633)	35,218	41,321	485,384
Changes of items during the period						
Dividends from surplus						(8,648)
Profit (loss) attributable to owners of parent						(2,218)
Purchase of treasury stock						(4)
Disposal of treasury stock						–
Purchase of treasury stock of consolidated subsidiaries						–
Increase (decrease) due to merger of consolidated subsidiaries						43
Change in treasury stock of parent arising from transactions with non-controlling shareholders						0
Increase in retained earnings arising from an increase in entities accounted for using the equity method						–
Net changes of items other than shareholders' equity	(13,464)	(11,237)	(1,440)	(26,142)	(1,175)	(27,318)
Total changes of items during the period	(13,464)	(11,237)	(1,440)	(26,142)	(1,175)	(38,145)
Ending balance	34,230	919	(26,074)	9,075	40,146	447,238

## (4) Consolidated Cash Flow Statement

(million yen)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes	12,909	6,880
Depreciation and amortization	46,829	43,312
Impairment loss	14,749	7,581
Increase (decrease) in provision for bonuses	(94)	365
Increase (decrease) in net defined benefit asset or liability	3,647	4,273
Interest and dividend income	(2,993)	(2,964)
Interest expenses	2,798	2,788
Foreign exchange losses (gains)	2,095	3,784
Share of (profit) loss of entities accounted for using equity method	(4,033)	(3,318)
Loss (gain) on sales and retirement of property, plant and equipment	2,745	820
Decrease (increase) in notes and accounts receivable-trade	5,770	7,391
Decrease (increase) in inventories	2,762	3,950
Increase (decrease) in notes and accounts payable-trade	(10,932)	(3,074)
Other, net	(876)	4,361
Subtotal	75,376	76,151
Interest and dividend income received	4,188	7,114
Interest expenses paid	(2,705)	(2,734)
Income taxes paid	(13,004)	(9,161)
Cash flows from operating activities	63,854	71,370
Cash flows from investing activities		
Decrease (increase) in time deposits	29	–
Purchase of investment securities	(9,819)	(161)
Purchase of property, plant and equipment	(68,527)	(51,145)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,692)	–
Proceeds from sales of property, plant and equipment	2,304	634
Purchase of intangible assets	(568)	(320)
Other, net	15	567
Cash flows from investing activities	(79,259)	(50,425)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,553	(4,915)
Proceeds from long-term loans payable	18,641	4,423
Repayment of long-term loans payable	(9,430)	(6,963)
Repayment of lease obligations	(144)	(488)
Net decrease (increase) in treasury stock	97	(4)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(110)	–
Cash dividends paid	(8,648)	(8,650)
Dividends paid to non-controlling interests	(1,313)	(898)
Other, net	(11)	–
Cash flows from financing activities	6,633	(17,497)
Effect of exchange rate change on cash and cash equivalents	(280)	(3,213)
Net increase (decrease) in cash and cash equivalents	(9,052)	233
Cash and cash equivalents at beginning of period	89,420	80,761
Increase in cash and cash equivalents from newly consolidated subsidiary	393	1,333
Increase in cash and cash equivalents from the merger of non-consolidated subsidiaries	–	37
Cash and cash equivalents at end of period	80,761	82,366

- (5) Notes Concerning Consolidated Financial Statements  
(Notes Concerning the Going Concern Assumption)  
None.

(Change in Accounting Policy)  
(Adoption of IFRS 16 “Leases”)

Some of the consolidated subsidiaries that adopt IFRS have adopted IFRS 16 since the beginning of the first quarter of the consolidated fiscal year under review. Due to this, the borrower has booked all leases under assets and liabilities on the consolidated balance sheet, as a rule. The impact of the adoption of said accounting standards on consolidated financial statements is minor.

## (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 businesses of the NOK Group consist of four reportable segments: the “seal business,” “electronic product business,” “roll business” and “other businesses.”

In the “seal business,” NOK is the main company of the Group to manufacture and sell seal products for 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. In the “roll business,” NOK and Synztec Co., Ltd. play a central role in the manufacture and sale of roll products, etc., mainly for the office machine industry. And in “other businesses,” NOK and NOK Klueber Co., Ltd. are the Group’s leaders in the manufacture and sale of 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

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated financial statements (Note 2)
	Seal	Electronic product	Roll	Other			
Net sales							
Net sales to external customers	341,680	297,374	20,071	10,356	669,482	–	669,482
Inter-segment sales/transfers	1,925	47	1	435	2,409	(2,409)	–
Total	343,605	297,421	20,072	10,792	671,892	(2,409)	669,482
Segment income (loss)	36,209	(14,151)	(129)	1,203	23,132	7	23,140
Segment assets	376,351	245,376	32,525	10,555	664,809	120,323	785,133
Other items							
Depreciation and amortization	21,169	24,449	986	235	46,840	–	46,840
Increase in property, plant and equipment and intangible assets	41,482	28,855	788	331	71,456	–	71,456

## Notes:

## 1. Adjustments are as shown below:

- (1) The amount of 7 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
- (2) The amount of 120,323 million yen in adjustments of segment assets includes 131,986 million yen in corporate assets which are not allocated to individual reportable segments and (11,662) million yen in offset elimination of inter-segment claims and debts.

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



FY 2019 (April 1, 2019 to March 31, 2020)

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated financial statements (Note 2)
	Seal	Electronic product	Roll	Other			
Net sales							
Net sales to external customers	316,966	283,079	17,807	8,962	626,815	–	626,815
Inter-segment sales/transfers	1,792	28	–	467	2,288	(2,288)	–
Total	318,759	283,107	17,807	9,429	629,104	(2,288)	626,815
Segment income (loss)	24,290	(12,600)	(751)	996	11,935	92	12,028
Segment assets	363,578	222,204	31,067	9,558	626,409	102,285	728,695
Other items							
Depreciation and amortization	23,691	18,538	892	234	43,356	(45)	43,312
Increase in property, plant and equipment and intangible assets	28,809	18,001	763	96	47,669	–	47,669

Notes:

1. Adjustments are as shown below:

- (1) The amount of 92 million yen in adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
- (2) The amount of 102,285 million yen in adjustments of segment assets includes 112,626 million yen in corporate assets which are not allocated to individual reportable segments and (10,341) million yen in offset elimination of inter-segment claims and debts.
- (3) The amount of (45) 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.

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

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

	Seal	Electronic product	Roll	Other	Company / Elimination	Total
Impairment loss	–	14,634	115	–	–	14,749

FY 2019 (April 1, 2019 to March 31, 2020)

(million yen)

	Seal	Electronic product	Roll	Other	Company / Elimination	Total
Impairment loss	1,282	6,291	7	–	–	7,581

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

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

	Seal	Electronic product	Roll	Other	Company / Elimination	Total
Amortization during the period	69	205	–	–	–	274
Ending balance	51	1,034	–	–	–	1,086

FY 2019 (April 1, 2019 to March 31, 2020)

(million yen)

	Seal	Electronic product	Roll	Other	Company / Elimination	Total
Amortization during the period	51	228	–	–	–	279
Ending balance	–	781	–	–	–	781

## (Per Share Information)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Net assets per share	2,567.92 yen	2,353.56 yen
Net income (loss) per share	19.77 yen	(12.83) yen

- Notes: 1. Diluted net income per share is not shown as there are no residual securities.  
2. Shares of the Company held by the Employee Stock Ownership Plan Trust (ESOP Trust) account are included in the treasury stock deducted from the average number of shares upon the calculation of "Net income per share."  
(3 thousand shares in FY2018; – thousand shares in FY2019)  
3. The basis of the computation of net assets per share is as shown below:

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Total net assets (million yen)	485,498	447,238
Deductions from total net assets (million yen)	41,321	40,146
(Non-controlling interests)	[41,321]	[40,146]
Net assets at the end of the period attributable to common stock (million yen)	444,177	407,092
Number of shares at the end of the period (1,000 shares)	172,971	172,968

4. The basis of the computation of net income per share is as shown below:

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Profit (loss) attributable to owners of parent (million yen)	3,419	(2,218)
Amount not attributable to common stock (million yen)	–	–
Profit (loss) attributable to owners of parent attributable to common stock (million yen)	3,419	(2,218)
Average number of shares during the period (1,000 shares)	172,968	172,970

5. Shares of the Company held by the Employee Stock Ownership Plan Trust (ESOP Trust) account have been deducted from the "Average number of shares during the period."

## (Significant Subsequent Events)

None.