

(Translation)
Physical copies of electronically provided information sent to
shareholders who request them



Business Report for the 118th Term

From April 1, 2023 to March 31, 2024

NOK CORPORATION

(Securities Code No. 7240)

To Our Shareholders



Representative Director,
Chief Executive Officer **Masao Tsuru**

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The following are not included in the physical copies of electronically provided information sent to shareholders who request them, under laws and regulations and the Articles of Incorporation of the Company.

- (i) "System for Ensuring Properness of Operations" in Business Report
- (ii) "Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- (iii) "Statement of Changes in Net Assets" and "Notes to Financial Statements" in the Financial Statements

We would like to express our sincere thanks for your loyal patronage. The NOK Group has promoted product development based on our accumulated basic research, and also "Essential Core Manufacturing — The manufacture of pivotal products that shape society," where our high quality and large-scale stable production is a strength. In addition to supporting the safety and comfort that are the foundation of an affluent society and delivering economic benefits to our stakeholders, we are also moving forward so that we can be a company that people take pride in.

We would appreciate it if you could confirm the business report on the operations and results for the 118th term of the NOK Group (April 1, 2023 to March 31, 2024).

This term is the first fiscal year of the three-year Medium-Term Management Plan which ends in fiscal 2025. In this Medium-Term Management Plan, we are engaged in a basic policy of constructing a foundation for transformation in order to achieve continual growth and improvement in corporate value. Through this plan, we will carry out four transformations: "Create new drivers of growth," "Develop a business operation structure for global growth," "Construct a foundation for utilizing diverse human capital," and "Optimum use of management resources."

In April 2023, we formulated Our Purpose—which expresses the reason for the Company's existence in society, and Our Values—values that serve as principles and guidelines for employee conduct, by reconsidering our existing Management Policies in light of the current social environment. In April 2024, we also formulated a unified new corporate identity for the NOK Group in order to share a common sense of values as "Global One NOK" and promote global growth.

In the consolidated business results for the fiscal year ended March 31, 2024, net sales were 750,502 million yen (up 5.7% from the previous fiscal year). In profit and loss, operating income was 22,912 million yen (up 49.0% from the previous fiscal year), ordinary income was 40,285 million yen (up 51.7% from the previous fiscal year), and profit attributable to owners of parent was 31,602 million yen (up 137.2% from the previous fiscal year).

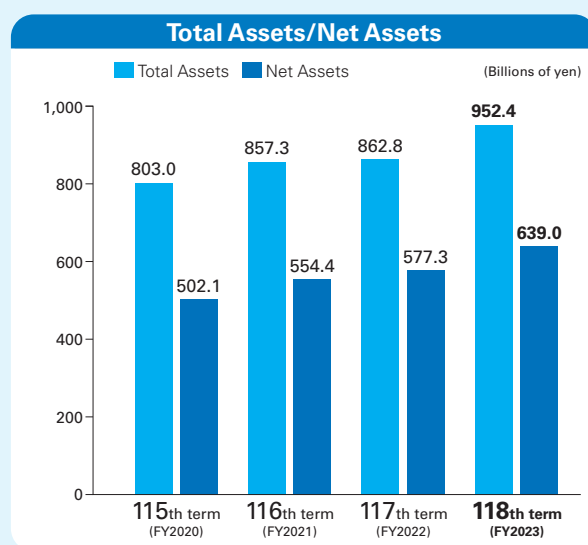
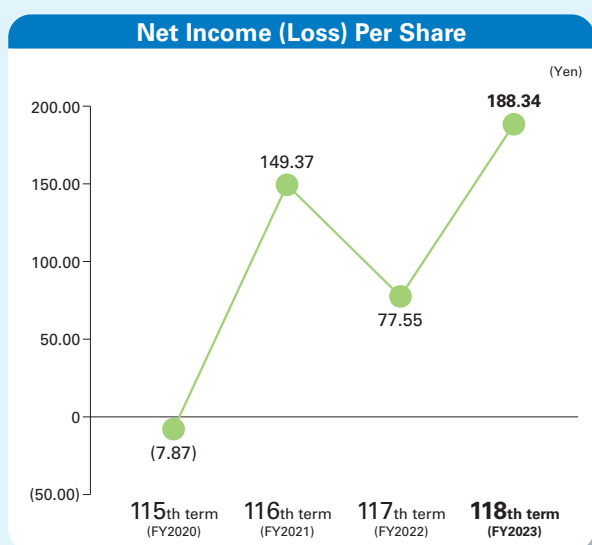
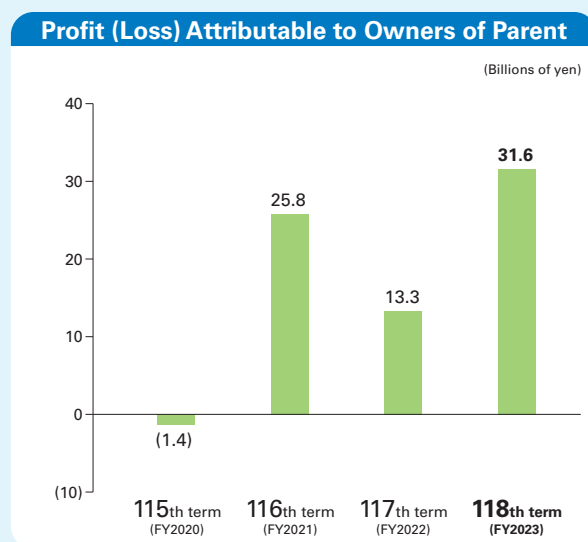
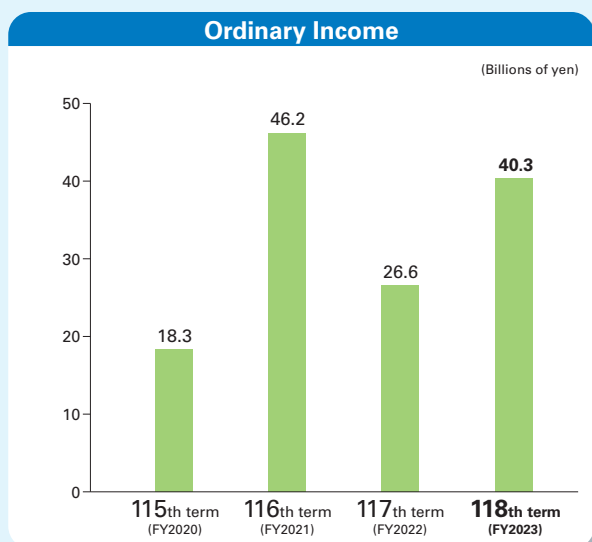
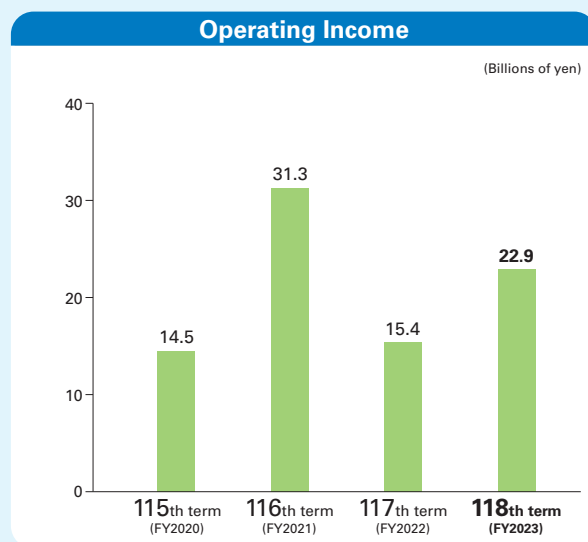
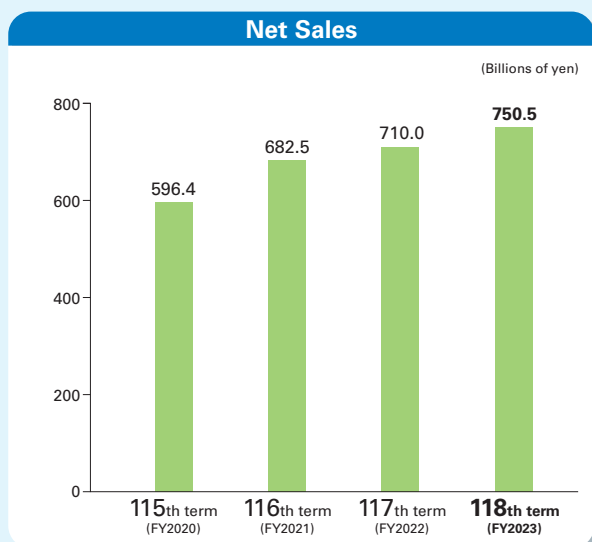
Revenue and income were higher than the previous fiscal year, however due to reasons including a failure to achieve profitability in the electronic product business (which was a goal from the beginning of the fiscal year), we will continue enacting measures aimed at strengthening earnings capability and will work to carry out the Medium-Term Management Plan.

For details, please refer to the "Business Report" mentioned below.

We would like to ask a favor of each shareholder to have a deep understanding of the business environment surrounding the NOK Group, management direction and our determination. We also ask you for your further support and cooperation.

June 2024

Financial Highlights (Consolidated)



Note: Amounts described in Financial Highlights (Consolidated) are rounded off to the nearest described point.

1. Current Status of the NOK Group

(1) Business Overview

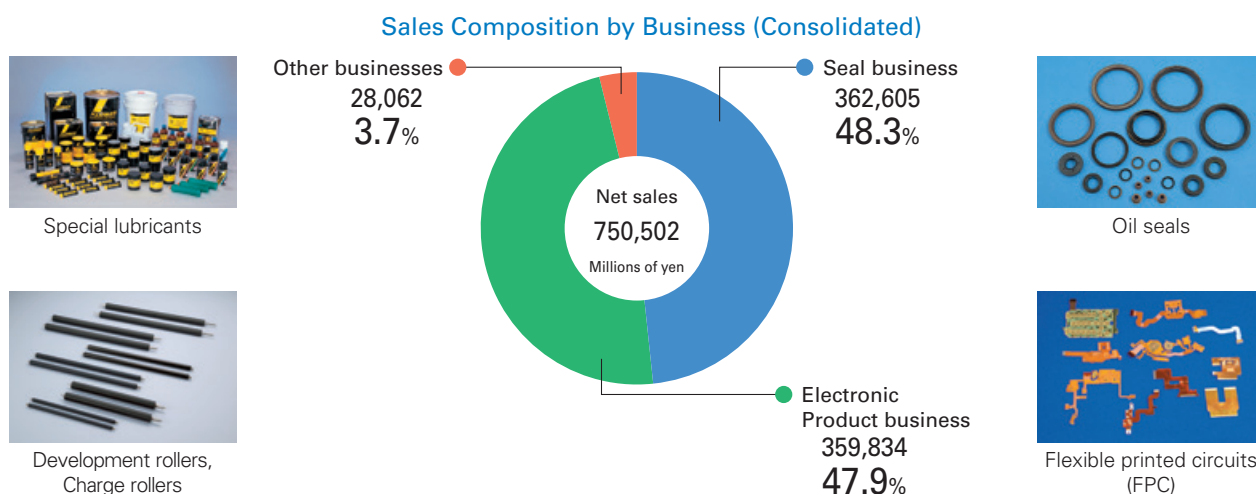
(i) Business conditions and results

In the environment surrounding the Company during the current fiscal year, restrictions on behavior related to COVID-19 were eased, and economic activities have become more normalized. However, the outlook remains uncertain due to factors including economic trends in countries such as the U.S., and China, trends with raw materials and energy prices, and geopolitical risks in the Middle East and Eastern Europe.

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 electric vehicles is increasing.

In the electronics industry, the trend of decreased demand for smartphones continued, although a slight recovery has been observed from the second half of the year. Demand for hard disk drives also decreased due to the continued decline in market conditions.

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



■ Results of the Business Activities by Business Segment

Seal business

Sales for automobiles increased mainly in Japan due to an increase in production volume. For general industrial machinery applications, sales decreased mainly for construction machinery due to the prolonged effects of global economic slowdown such as the real estate recession in China.

As a result, net sales totaled 362,605 million yen (up 4.5% from the previous fiscal year). Operating income amounted to 23,314 million yen (up 30.4% from the previous fiscal year) due to increased net sales.

Electronic Product business

Sales for smartphones increased year on year from the second half of the year, sales for automobiles increased mainly for vehicle battery applications, and foreign exchange rates had a positive impact.

As a result, net sales totaled 359,834 million yen (up 7.6% from the previous fiscal year). Operating loss was reduced to 1,023 million yen (compared to an operating loss of 3,712 million yen in the previous fiscal year) due to increased net sales.

Other businesses

Sales decreased due to factors such as less demand for products for office equipment.

As a result, net sales totaled 28,062 million yen (down 1.1% from the previous fiscal year). Operating income came to 626 million yen (down 47.8% from the previous fiscal year).

In summary, the NOK Group posted the following operating results: Net sales totaled 750,502 million yen (up 5.7% from the previous fiscal year); operating income was 22,912 million yen (up 49.0% from the previous fiscal year); ordinary income ended at 40,285 million yen (up 51.7% from the previous fiscal year), resulting in 31,602 million yen in profit attributable to owners of parent (up 137.2% from the previous fiscal year).

(ii) Capital investment and fund procurement

The NOK Group made capital investments of 45,226 million yen in total (down 5.3% from the previous fiscal year) mainly for increasing production capacities in Japan, China and Southeast Asian countries.

These investments were financed by our own funds.

(2) Issues to be Addressed by the NOK Group

Uncertainties remain in regards to the business environment of the NOK Group including economic trends in countries such as the U.S., and China, trends with raw materials and energy prices, and geopolitical risks in the Middle East and Eastern Europe. We also expect to see a rise in expenses for personnel and logistics, mainly in Japan. The following are the forecasts for each business area based on this situation.

In the seal business, while vehicle production remained steady overall for Japanese manufacturers in the automotive field, a slowdown is expected with Japanese automobile manufacturers in China where electronic vehicles are quickly becoming more common, and in Southeast Asian markets.

For general industrial machinery applications, there is a decreased demand mainly for construction equipment as a result of the global economic downturn. Since we expect the environment surrounding our business as a whole to remain uncertain, we will continue efforts to increase profitability including increasing sales of products for new areas like electronic vehicles, increasing sales with Chinese automobile manufacturers, and revising prices for achieving fair pricing. Furthermore, in addition to maintaining a higher level of stable quality and stable product supply, we will strive to develop new businesses and new products for responding to medium- to long-term changes in the business environment including the electrification of automobiles.

In the electronic product business, we anticipate the market to grow for automobiles even though electronic vehicles are not as popular as expected. Demand for smartphones is expected to remain flat due to the prolonged replacement cycle by end-users. Although the market for hard disk drives is shrinking, we expect a gradual recovery in demand for data centers. We will continue to build a business structure that expands into business areas with relatively low demand fluctuation; for example, further expanding sales of products for vehicles. We will also promote production in optimal locations based on the concept of local production for local consumption in response to growing demand for electric vehicles around the world.

In other business fields, we will make efforts to increase productivity, heighten competitiveness in terms of quality and cost, and improve profitability for special lubricants and office machine products.

As we promote the efforts mentioned above to increase profits in each business field, we will make efforts related to environmental issues including decarbonization, where social demand is expected to increase in the future, invest in human resources as a foundation for sustainable growth and responding to DE&I, and make investments that ensure sustainable business.

As we expect the business environment to continue undergoing large changes at a pace faster than ever, we will work to innovate ourselves and construct a business infrastructure that can achieve continual growth and rising corporate value over the medium and long term. In the three-year Medium-Term Management Plan which ends in fiscal 2025 (April 1, 2023 to March 31, 2026), we are working for the construction of a foundation for transformation that is a key item for basic policy.

An overview of the Medium-Term Management Plan is as shown below.

Basic Policy

Our basic policy is to construct a foundation for transformation, and we will continue to engage in constant transformation as we work to achieve our plan.

Four Key Initiatives

1. Create new drivers of growth

Function-specific development and sales expansion for electric vehicle (EV) products, green energy product development and sales expansion, sales expansion for products for semiconductor equipment

2. Develop a business operation structure for global growth

Consider transitioning to a company with an Audit & Supervisory Committee, enhance the diversity of the Board of Directors, expand and expedite data utilization, implement steady efforts on ESG items

3. Construct a foundation for utilizing diverse human capital

Introduce a new personnel system, invest in human resources development, implement DE&I initiatives

4. Optimum use of management resources

Ensuring thorough acceptance of orders at reasonable prices, executing capital policy (1. acquisition of treasury stock, 2. dividends based on DOE (dividend on equity ratio) of 2.5% or more, and 3. selling of cross-shareholdings)

(3) Financial and Operational Results

(i) Trends in consolidated assets and business results of the NOK Group

(Millions of yen, except for per share figures)

Classification	115th term (FY2020)	116th term (FY2021)	117th term (FY2022)	118th term (FY2023)
Net Sales	596,369	682,507	709,956	750,502
Operating Income	14,467	31,337	15,378	22,912
Ordinary Income	18,339	46,168	26,557	40,285
Profit (Loss) Attributable to Owners of Parent	(1,361)	25,835	13,320	31,602
Net Income (Loss) Per Share (Yen)	(7.87)	149.37	77.55	188.34
Total Assets	803,000	857,324	862,750	952,379
Net Assets	502,114	554,355	577,346	639,001

- In the 115th term (FY2020), net sales decreased due to sluggish economic activities, etc. under the impact of the novel coronavirus outbreak, which has continued from the previous term, despite a certain level of recovery in demand in the second half of the term. Regarding profits, although operating income and ordinary income increased due to the effects of a reduction in personnel and other expenses as well as a decrease in depreciation and amortization costs, etc., loss for this term resulted from recognition of business restructuring expenses of subsidiaries.
- In the 116th term (FY2021), net sales increased, reflecting a recovery in demand despite the supply shortage of semiconductors and other components, coupled with the resurgence of the novel coronavirus in Southeast Asia. Despite surging raw material prices and higher personnel and other expenses, profits increased as a result of increased sales.
- In the 117th term (FY2022), net sales increased as a result of transferring costs to prices, despite the negative impacts of the lockdown in China and the supply shortage of semiconductors and other components. Operating income was down due to factors including surging prices of raw materials and energy.
- As for the business performance in the 118th term (FY2023), please refer to the aforementioned (1) Business Overview.

Information for reference: About cross-shareholdings

The amount of the Company's cross-shareholdings (investment securities) listed on the balance sheet at the end of this fiscal year was 123.086 billion yen, which represents 19.3% of the aforementioned consolidated net asset value of the NOK Group.

As a result of the overall rise in stock market prices, the percentage to consolidated net asset value rose somewhat since the end of the previous fiscal year. However, in fiscal 2023, we completed the sale of 16% of our cross-shareholdings as of March 31, 2024, relative to the cross-shareholdings reduction target of 25% on a market value basis as of March 31, 2023.

(ii) Trends in assets and business results of the Company

(Millions of yen, except for per share figures)

Classification	115th term (FY2020)	116th term (FY2021)	117th term (FY2022)	118th term (FY2023)
Net Sales	201,122	226,275	218,710	230,826
Operating Income (loss)	4,852	13,342	(380)	3,216
Ordinary Income	9,296	27,232	9,010	26,532
Net Income	6,684	22,433	9,052	39,679
Net Income Per Share (Yen)	38.62	129.63	52.68	236.35
Total Assets	430,243	418,507	408,551	461,165
Net Assets	250,741	265,416	258,093	285,887

- In the 115th term (FY2020), revenue decreased due to a drop in sales for the automobile industry and sales to manufacturers of general industrial machinery under the impact of the novel coronavirus pandemic. Despite reduced personnel and other expenses, profits decreased because of reduced sales.
- In the 116th term (FY2021), revenue increased due to a recovery in sales to both the automobile industry and manufacturers of general industrial machinery. Profits increased due to the impact of the increase in sales, an increase in dividend income from subsidiaries, recognition of gain on sales of investment securities, etc., despite the rise in raw material prices.
- In the 117th term (FY2022), revenue decreased as sales slowed to both the automobile industry and manufacturers of general industrial machinery. Profits also decreased in light of sluggish sales, surging raw material and energy prices, and other factors.
- In the 118th term (FY2023), revenue increased due to a recovery in sales for the automobile industry. Profits increased due to the impact of the increase in sales, an increase in dividend income from subsidiaries, recognition of gain on sales of investment securities, etc.

(4) Status of Corporate Affiliations

(i) Condition of major subsidiaries and affiliates

	Company	Capital stock	Investment ratio	Main business
Seal business	Thai NOK Co., Ltd. (Thailand)	THB1,200 million	100.0%	Manufacture and sale of seal products
	Wuxi NOK-Freudenberg Oilseal Co., Ltd. (China)	RMB350,622,000	- % (50.0)	Manufacture and sale of seal products
	NOK Inc. (U.S.A.)	US\$7,200,000	100.0%	Equity investment in Freudenberg-NOK General Partnership which produces and sells seal products, etc.
	Unimatec Co., Ltd.	¥400 million	100.0%	Manufacture and sale of synthetic chemical products
	Eagle Industry Co., Ltd.	¥10,490 million	31.7% (0.2)	Manufacture and sale of mechanical seals, etc.
Electronic Product business	Nippon Mektron, Ltd.	¥5,000 million	100.0%	Manufacture and sale of electronic parts
	Mektec Corporation (Taiwan)	NT\$367,312,000	- % (85.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Thailand) Ltd. (Thailand)	THB200 million	- % (75.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Zhuhai) Ltd. (China)	RMB431,678,000	- % (97.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Suzhou) (China)	RMB791,236,000	- % (96.3)	Manufacture and sale of electronic parts
Other businesses	SYNZTEC Co., Ltd.	¥350 million	100.0%	Manufacture and sale of roll products for office equipment, etc.
	NOK Klüber Co., Ltd.	¥100 million	51.0%	Manufacture and sale of special lubricants

Notes:

1. The numbers in parentheses in the column "Investment ratio" show the capital ratio which the Company's subsidiaries hold.
2. There are 92 consolidated subsidiaries and 18 equity method affiliates (including the aforementioned 12 major subsidiaries and affiliates).

(ii) Important partners

The Company maintains a partnership with Freudenberg & Co. of the Federal Republic of Germany that encompasses all business aspects including capital and technology.

(5) Main Businesses (as of March 31, 2024)

The major businesses of the NOK Group consist of production and sales of the following products.

Segment	Major products
Seal business	Oil seals, O-rings, vibration-control rubber, plastic products, gaskets, synthetic chemical products, mechanical seals
Electronic Product business	Flexible printed circuits and precision components
Other businesses	Roll products for office equipment, special lubricants and others

(6) Major Business Offices and Factories (as of March 31, 2024)

(i) The Company

Name	Location	Name	Location
Head Office	Minato Ward, Tokyo	Nagoya Branch	Nagoya City, Aichi Pref.
Sendai Branch	Sendai City, Miyagi Pref.	Osaka Branch 1	Osaka City, Osaka
Mito Branch	Mito City, Ibaraki Pref.	Osaka Branch 2	Osaka City, Osaka
Utsunomiya Branch	Utsunomiya City, Tochigi Pref.	Hiroshima Branch	Hiroshima City, Hiroshima Pref.
Kumagaya Branch	Kumagaya City, Saitama Pref.	Fukuoka Branch	Fukuoka City, Fukuoka Pref.
Tokyo Branch	Minato Ward, Tokyo	Fukushima Plant	Fukushima City, Fukushima Pref.
Tokyo Branch for Electronics Components	Minato Ward, Tokyo	Nihonmatsu Plant	Nihonmatsu City, Fukushima Pref.
Matsumoto Branch	Matsumoto City, Nagano Pref.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
Kanagawa Branch 1	Ebina City, Kanagawa Pref.	Tsukuba Plant	Tsukuba City, Ibaraki Pref.
Kanagawa Branch 2	Ebina City, Kanagawa Pref.	Shizuoka Plant	Makinohara City, Shizuoka Pref.
Fuji Branch	Fuji City, Shizuoka Pref.	Tokai Plant	Kikugawa City, Shizuoka Pref.
Hamamatsu Branch	Hamamatsu City, Shizuoka Pref.	Tottori Plant	Saihaku-gun, Tottori Pref.
Anjo Branch 1	Anjo City, Aichi Pref.	Kumamoto Plant	Aso City, Kumamoto Pref.
Anjo Branch 2	Anjo City, Aichi Pref.	Shonan R&D Center	Fujisawa City, Kanagawa Pref.

Notes:

1. The Tsukuba Plant closed as of March 31, 2024.
2. From April 1, 2024, the Sendai Branch was combined with the Utsunomiya Branch, and the Matsumoto Branch was combined with the Tokyo Branch. The Kanagawa Branch 1 and Kanagawa Branch 2 were combined and the name was changed to the Kanagawa Branch. The Osaka Branch 1 and Osaka Branch 2 were combined and the name was changed to the Osaka Branch.

(ii) Subsidiaries

	Company	Business place	Location
Seal business	Unimatec Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
	NOK Elastomers Processing Co., Ltd.	Head office and factory	Kama City, Fukuoka Pref.
	NOK FUGAKU ENGINEERING Co., Ltd.	Head office and factory	Kikugawa City, Shizuoka Pref.
	Saga NOK Corporation	Head office and factory	Ureshino City, Saga Pref.
	Thai NOK Co., Ltd.	Head office and factory	Chonburi, Thailand
	Wuxi NOK-Freudenberg Oilseal Co., Ltd.	Head office and factory	Wuxi City, Jiangsu, China
	NOK Asia Co., Pte. Ltd.	Head office	Singapore
	Kansai NOK Hanbai Co., Ltd.	Head office and sales office	Suita City, Osaka
	NOK-Freudenberg Group Sales (China) Co., Ltd.	Head office and sales office	Shanghai City, China
Electronic Product business	Nippon Mektron, Ltd.	Head office Ushiku Plant	Minato Ward, Tokyo Ushiku City, Ibaraki Pref.
	Mektec Corporation (Taiwan)	Head office and factory	Kaohsiung City, Taiwan
	Mektec Manufacturing Corporation (Thailand) Ltd.	Head office and factory	Ayutthaya, Thailand
	Mektec Manufacturing Corporation (Zhuhai) Ltd.	Head office and factory	Zhuhai City, Guangdong, China
	Mektec Manufacturing Corporation (Suzhou)	Head office and factory	Suzhou City, Jiangsu, China
	Mektec Manufacturing Corporation (Vietnam) Ltd.	Head office and factory	Hung Yen Province, Vietnam
	Mektec Precision Component (Thailand) Ltd.	Head office and factory	Ayutthaya, Thailand
	Mektec Corporation (Hong Kong) Ltd.	Head office and sales office	Hong Kong, China
Other businesses	SYNZTEC Co., Ltd.	Yokosuka office	Yokosuka City, Kanagawa Pref.
	NOK Klüber Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.

(7) Employee Status (as of March 31, 2024)

(i) Employment of the NOK Group

Business segment	Number of employees	Change from the end of previous term
Seal business	20,511 (1,594)	-23(+152)
Electronic Product business	15,579 (403)	+154 (-45)
Other businesses	2,007 (298)	+53 (-97)
Total	38,097 (2,295)	+184 (+10)

Note: The number of employees refers to the number of people employed by the NOK Group, excluding part-time workers and temporary workers. Figures in parentheses are the average number of part-time workers and temporary workers on an annual basis.

(ii) Employment of the Company

Business segment	Number of employees	Change from the end of previous term
Seal business	3,211 (403)	-66 (+11)
Electronic Product business	72 (6)	-14 (±0)
Other businesses	54 (3)	-2 (±0)
Total	3,337 (412)	-82 (+11)

Average age	Average length of service
41.4 years old	18.6 years

Note: The number of employees refers to the number of people employed by the Company, excluding part-time workers and temporary workers. Figures in parentheses are the average number of part-time workers and temporary workers on an annual basis.

(8) Major Lenders to the Company (as of March 31, 2024)

Lenders	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corp.	43,568
Mizuho Bank, Ltd.	16,235
MUFG, Bank, Ltd.	9,759
Sumitomo Mitsui Trust Bank, Ltd.	2,254
The Dai-ichi Life Insurance Company, Ltd.	875
Bank of Communications Co., Ltd.	416

2. Outline of the Company

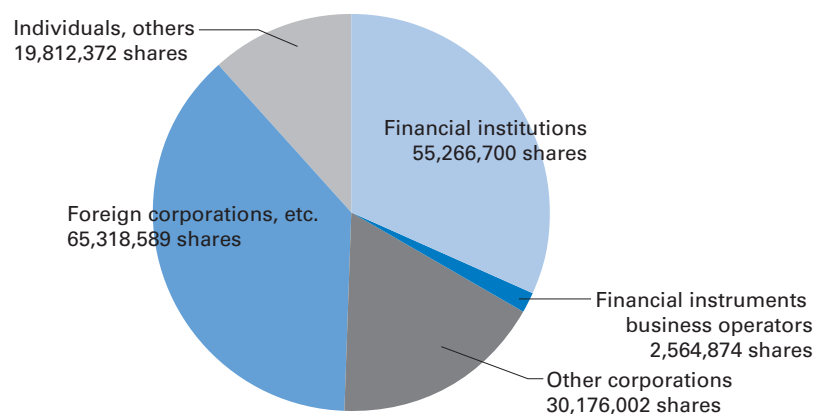
(1) Status of Stock (as of March 31, 2024)

- (i) Total number of shares authorized to be issued: **600,000,000 shares**
- (ii) Total number of shares issued: **173,138,537 shares**
- (iii) Number of shareholders: **12,139 (a decrease of 362 year on year)**
- (iv) Major shareholders

Shareholder	Number of shares held (thousands)	Ratio of shares held (%)
Freudenberg SE	43,457	25.93
The Master Trust Bank of Japan, Ltd. (Trust account)	16,039	9.57
Custody Bank of Japan, Ltd. (Trust account)	10,296	6.14
Seiwa Jisho Co., Ltd.	8,773	5.23
The Dai-ichi Life Insurance Company, Ltd.	8,000	4.77
Sumitomo Mitsui Banking Corp.	4,270	2.55
NOK Stock Ownership Association	3,677	2.19
Sompo Japan Insurance Inc.	3,035	1.81
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account)	3,000	1.79
SSBTC CLIENT OMNIBUS ACCOUNT	2,990	1.78

Note: For the basis of the calculation of "ratio of shares held" above, the Company's treasury stock (5,515,039 shares) is excluded from the total number of shares issued. The Company's treasury stock does not include 1,716,500 of the Company's shares held in the Board Incentive Plan (BIP) Trust or 1,244,500 of the Company's shares held in the Employee Stock Ownership Plan (ESOP).

(Reference) Number of Shares by Shareholder



(v) State of shares granted to Board Members of the Company as compensation for performance of duties during this fiscal year

	Number of shares	Provided to
Directors (excepting External Directors)	6,600	1

Notes:

1. Details about remuneration based on the Company's shares are provided in (2) Board Members of the Company below.
2. The above includes shares provided to Board Members of the Company who retired.

(2) Board Members of the Company

(i) Directors and Corporate Auditors (as of March 31, 2024)

Position	Name	Positions, responsibilities or significant concurrent positions
Director, Chairman of the Board	Masato Tsuru	
Director, Chief Executive Officer	Masao Tsuru	
Director, Senior Executive Officer	Yasuhiko Kuroki	In charge of Corporate Sales & Marketing
Director, Executive Operating Officer, Chief Financial Officer	Akira Watanabe	
Director, Executive Operating Officer	Junichi Orita	General Manager, Corporate Business Strategy Office
Director	Kensaku Hogen	
Director	Makoto Fujioka	
Director	Naoki Shimada	CEO, P&E Directions, Inc.
Standing Corporate Auditor	Nozomu Maehara	
Standing Corporate Auditor	Hideki Watanabe	
Corporate Auditor	Osamu Kobayashi	Certified public accountant, certified tax accountant
Corporate Auditor	Hideki Ogawa	
Corporate Auditor	Atsushi Kajitani	Lawyer

Notes:

1. Mr. Masato Tsuru, Mr. Masao Tsuru, and Mr. Yasuhiko Kuroki are Representative Directors.
2. Mr. Jiro Iida retired from his position as Director due to the expiration of his term of office at the conclusion of the 117th Annual Shareholders' Meeting held on June 28, 2023.
3. Director positions and responsibilities changed as follows on June 28, 2023.

Name	New Position	Former Position
Masao Tsuru	Director, Chief Executive Officer	Director, Chief Executive Officer
Akira Watanabe	Director, Executive Operating Officer, Chief Financial Officer	Director, Executive Operating Officer General Manager, Corporate Finance & Accounting Office
Junichi Orita	Director, Executive Operating Officer General Manager, Corporate Business Strategy Office	Director, Executive Operating Officer General Manager, Corporate Business Strategy Office and Corporate Environmental Management Office

4. Mr. Kensaku Hogen, Mr. Makoto Fujioka and Mr. Naoki Shimada serve as External Directors.
5. Mr. Osamu Kobayashi, Mr. Hideki Ogawa and Mr. Atsushi Kajitani serve as External Corporate Auditors.
6. The Company has submitted notification to the Tokyo Stock Exchange that each External Director and External Corporate Auditor has been designated as an independent director/auditor as stipulated in the regulations of the aforementioned exchange.
7. Corporate Auditor Mr. Hideki Watanabe has work experience in finance & accounting division, and Corporate Auditor Mr. Osamu Kobayashi is a certified public accountant and certified tax accountant. Both individuals have considerable expertise in finance and accounting.
8. The Company has entered into a directors and officers liability insurance (D&O insurance) policy as provided for in Article 430-3, paragraph 1 of the Companies Act, in which the insured persons are the Directors, Corporate Auditors and Operating Officers of the Company and its subsidiaries (for overseas subsidiaries, the insured persons are limited to those seconded from Japan). The entire amount of insurance premiums, including those for special clauses, are borne by the Company, and there are no insurance premiums actually borne by the insureds. The insurance policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as Directors, Corporate Auditors, etc., or receipt of claims pertaining to the pursuit of such liability. Provided, however, that there are certain reasons for coverage exclusion that, for example, exclude losses arising from any act that the person carried out while being aware that it violated laws and regulations. Also, the deductible clause is set in the policy, whereby losses within such deductible are not covered by the policy.
9. In addition to the above, significant concurrent positions held by Directors and Corporate Auditors are as follows.

Name	Significant concurrent positions
Masato Tsuru	Chairman of the Board & Representative Director, Seiwa Jisho Co., Ltd.
Masao Tsuru	Representative Director, Chairman of the Board, Nippon Mektron, Ltd. Representative Director, Chairman of the Board, NOK Klüber Co., Ltd. Representative Director, Chairman of the Board, Unimatec Co., Ltd. Chairman of the Board & Director, NOK-Freudenberg Singapore Pte. Ltd. Representative Director, Seiwa Jisho Co., Ltd.
Junichi Orita	Chairman of the Board & Director, Wuxi NOK-Freudenberg Oilseal Co., Ltd. Chairman of the Board & Director, Changchun NOK-Freudenberg Oilseal Co., Ltd. Chairman of the Board & Director, Taicang NOK-Freudenberg Sealing Products Co., Ltd.
Makoto Fujioka	Outside Director, Nippon Paper Industries Co., Ltd.
Naoki Shimada	Outside Director, Japan Business Systems, Inc. External Director, RENOVIA, Inc.
Nozomu Maehara	Outside Corporate Auditor, Eagle Industry Co., Ltd.
Hideki Watanabe	Outside Corporate Auditor, Eagle Industry Co., Ltd.
Osamu Kobayashi	Outside Director, NICHIREKI CO., LTD.
Atsushi Kajitani	Outside Corporate Auditor, Eagle Industry Co., Ltd. Outside Director, DMS Inc.

(ii) Matters concerning remuneration, etc. to Directors and Corporate Auditors

(a) Policies on remuneration to Directors and Corporate Auditors

The Company has established policies in relation to determining the details of remuneration, etc. for Directors and Corporate Auditors, as presented below. Based on the Policy, remuneration to Directors is determined at a meeting of the Board of Directors and remuneration to Corporate Auditors is determined through discussion among the Corporate Auditors, within the total value determined at the annual shareholders' meeting.

The Company has established the Management Supervision Meeting as an advisory body to the Board of Directors for the purpose of addressing important management issues, including enhancement of objectivity and transparency in matters related to nomination and remuneration of Directors and Corporate Auditors. It provides periodical confirmation on particularly important matters such as nomination of Directors and Corporate Auditors and remuneration of Directors in addition to providing the Board of Directors with appropriate advice. The Management Supervision Meeting is a committee body whose primary constituent members are External Directors and External Corporate Auditors. It provides confirmation and advice relating to important management issues such as nomination and remuneration.

The Company's policies to determine remuneration to Directors and Corporate Auditors is as follows:

- **Methods for determining policies**

Policies on remuneration to Directors are determined at a meeting of the Board of Directors based on the advice of the Management Supervision Meeting. Policies on remuneration to Corporate Auditors are determined through discussion among the Corporate Auditors.

- **Basic policies**

The NOK Group aims to be a highly profitable and strong corporate group by producing and selling products with technology-backed originality and usefulness to society all over the world. In addition, the NOK Group believes that pursuing this policy with the entire Group working together from a medium- to long-term perspective will increase the medium- to long-term corporate value of the NOK Group and contribute to improving the satisfaction level of our shareholders.

In implementing this policy, the NOK Group believes that, in terms of remuneration, it is necessary to motivate Directors and other members of management of the NOK Group's core companies to achieve their targets and encourage them to improve the satisfaction level of our shareholders. Therefore, for the management of the NOK Group's core companies, the NOK Group will newly introduce the remuneration based on the Company's shares whereby a certain portion of that remuneration varies depending on the level of achievement of KPIs in key measures of the NOK Group's medium-term plan, coupled with monetary remuneration that varies depending on the level of achievement of performance targets in each fiscal year, aiming to increase medium- to long-term corporate value and improve the satisfaction level of our shareholders.

- **Policies for determining amounts or calculation methods for individual remuneration, etc.**

Directors' remuneration consists of a fixed remuneration portion, a remuneration portion for short-term expected achievements and a remuneration portion for long-term expected achievements, with consideration given to Directors' responsibilities to improve business results each fiscal year and to increase the corporate value from a medium- to long-term perspective. The Company classifies the remuneration in three types: (1) basic remuneration (monetary), (2) short-term performance-linked remuneration (monetary) and (3) medium- to long-term performance-linked remuneration (shares). On the other hand, External Directors are expected to provide objective opinions and suggestions from an external perspective independent from business execution, and in view of that role, they are paid only basic remuneration (monetary).

Corporate Auditors are tasked with auditing the NOK Group-wide performance of duties; therefore, they are

only paid basic remuneration (monetary) commensurate with their positions.

In addition, with respect to the payment of remuneration, the remuneration may be temporarily reduced or not paid in case of a sudden deterioration in business performance or a situation that damages corporate value.

The remuneration structure for the Company's Directors includes a difference in the amount of remuneration according to the responsibilities of their position (offices of Chairman, President, Executive Vice President, Senior Managing Director, etc.). If the short-term and long-term performance portions are the base amount, the currently applied ratio of the remuneration level is 1 for the office of Senior Managing Director to approximately 1.6 for the office of Chairman and President.

- Policies for determining the components of performance-linked remuneration, etc.-related performance indicators, etc., and calculation methods of amounts and/or numbers therein

Performance-linked remuneration is paid within a range from 0% to 200% according to the level of achievement of the evaluation items.

Based on the judgment that maintaining and improving profit levels is the most appropriate indicator of corporate earnings, the Company focuses on the level of achievement of the initial operating income plan when determining short-term performance-linked remuneration, with consideration given to the payment of dividends, provision of employee bonuses and other matters that may have an impact on business performance (natural disasters, extraordinary income and loss, etc.). Operating income, which is the main indicator in the quantitative evaluation, was 22,912 million yen for the term against the initial plan of 26,200 million yen.

To increase the overall profitability of the corporate group while also promoting management that considers ESGs, the indicators related to medium- to long-term performance-linked remuneration are ROA as a financial indicator and FTSE Russell's ESG Ratings as a non-financial indicator with an evaluation weight of 90% and 10%, respectively.

- Policies for determining the details of non-monetary remuneration, etc., and calculation methods of amounts and/or numbers therein

Regarding the medium- to long-term performance-linked remuneration, the Company utilizes a Board Incentive Plan (BIP) trust scheme in order to increase the motivation of Directors to contribute to improving business results and increasing corporate value of the NOK Group over the medium to long term. For the eligible Directors (excluding External Directors) and Operating Officers, this plan delivers or grants the number of the Company's shares and the amount of money equivalent to the converted value of the Company's shares (the "Company's Shares, etc.") corresponding to the number of points calculated according to the position and term of office, the level of achievement of medium-term targets, etc. and in accordance with the share delivery rules approved by the Board of Directors.

- Policies for determining the proportion (ratio) of amounts for individual remuneration, etc. for each type

The Company's business area is the manufacture and sales of components for automobiles, electronic equipment, etc. and, considering that business performance is easily influenced by trends in the industry, short-term performance-linked remuneration and medium- to long-term performance-linked remuneration of Directors have been set at 10% and 20% of total remuneration, respectively.

- Policies for determining the timing and conditions for providing remuneration, etc.

For the basic remuneration, the monthly amount for one year starting in the month following the annual shareholders' meeting is determined at a meeting of the Board of Directors that is held after the annual shareholders' meeting, and a fixed amount is paid on a certain date every month. For the short-term performance-linked remuneration, the amount is determined at a meeting of the Board of Directors in line with "Policies for determining the components of performance-linked remuneration, etc.-related

performance indicators, etc., and calculation methods of amounts and/or numbers therein" above according to the year-end financial results, and is paid prior to the annual shareholders' meeting for the settlement of accounts. For the medium- to long-term performance-linked remuneration, fixed points calculated according to the position and term of office and performance-linked points for the purpose of increasing the incentives for achieving the targets in the Medium-Term Management Plan, etc. are granted at a certain time each year in accordance with the share delivery rules approved by the Board of Directors. In principle, when the Medium-Term Management Plan ends, the Company's Shares, etc. corresponding to the accumulated number of fixed points and the Company's Shares, etc. corresponding to the number calculated by multiplying the accumulated number of performance-linked points by the performance-linked coefficient according to the level of achievement of the medium-term targets are delivered or provided.

- Methods for determining the details of individual remuneration, etc.

The amounts of remuneration, etc. for individual Directors or the calculation methods for those amounts are determined at a meeting of the Board of Directors when the proposal regarding officer remuneration is presented to the Board of Directors by the Chairman of the Board & Director, who serves as chairperson of the Board's meetings, based on advice from the Management Supervision Meeting.

Payment plans for remuneration to Corporate Auditors are determined through discussion among the Corporate Auditors at the Board of Corporate Auditors meeting.

For the Directors' individual remuneration, etc., for the current fiscal year, the Board of Directors has confirmed that the method for determining the details of remuneration, etc., and the details of determined remuneration, etc., are consistent with the determination policies resolved by the Board of Directors and the advice given by the Management Supervision Meeting is respected, determining such remuneration, etc., are in accordance with the said determination policies.

(b) Matters concerning resolution of the annual shareholders' meeting related to remuneration, etc., to Directors and Corporate Auditors

For remuneration, etc., to the Company's Directors and Corporate Auditors, it was resolved that the maximum amount of remuneration, etc., to the Directors was 450 million yen per year (excluding employee salaries) and the maximum amount of remuneration, etc. to the Corporate Auditors was 96 million yen per year at the 103rd Annual Shareholders' Meeting held on June 25, 2009. The number of Directors at the end of such shareholders' meeting was eight (8) and that of Corporate Auditors was five (5).

Additionally, the 116th Annual Shareholders' Meeting held on June 24, 2022 passed a resolution to provide additional performance-linked remuneration based on the Company's shares to Directors, etc. (but not External Directors and those who are non-residents of Japan), with upper limits of 345 million yen per fiscal year contributed by the Company to a trust and 320,000 shares granted by the Company per fiscal year. The number of eligible Directors at the conclusion of that shareholders' meeting was six (6).

(c) Total sum of remuneration, etc. paid during the current fiscal year

Classification	Total sum of remuneration, etc. (Millions of yen)	Total sum of remuneration, etc. by type (Millions of yen)			Number of Directors and Corporate Auditors who receive remuneration (persons)
		Basic remuneration (monetary)	Performance-linked remuneration		
			Short-term (monetary)	Medium- and long-term (shares, etc.)	
Directors (External Directors among the above)	366 (30)	271 (30)	24 (-)	69 (-)	9 (3)
Corporate Auditors (External Corporate Auditors among the above)	80 (30)	80 (30)	- (-)	- (-)	5 (3)
Total (External officers among the above)	446 (60)	351 (60)	24 (-)	69 (-)	14 (6)

Notes:

- Number of Directors who were paid remuneration, etc. and the total amount paid include one (1) Director who resigned at the conclusion of the 117th Annual Shareholders' Meeting held on June 28, 2023, and remuneration, etc. paid to the Director during his term of office, respectively.
- Details about the provision of shares and other medium- to long-term performance-linked remuneration during this fiscal year are provided in (1) Status of Stock above.
The total amount of medium- to long-term performance-linked remuneration includes the amount of recorded expenses pertaining to the number of shares and other points granted during the fiscal year to the BIP trust; it is non-monetary remuneration.

(iii) Summary of limited liability contract

Under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into a contract with each External Director and External Corporate Auditor so as to limit their liability for damage as provided for in Article 423, Paragraph 1 of the Companies Act. The limit of liability for damage under this contract is the amount set forth by the laws and regulations.

(iv) Matters concerning External Directors and Corporate Auditors**(a) Relationships between the Company and firms at which directors hold significant concurrent positions**

Eagle Industry Co., Ltd., where Corporate Auditor Mr. Atsushi Kajitani holds concurrent position, is a trade partner of the Company.

(b) Major activities during the term

Position	Name	Major activities
Director	Kensaku Hogen	Has attended 12 out of 13 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Director	Makoto Fujioka	Has attended 12 out of 13 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Director	Naoki Shimada	Has attended 13 out of 13 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Corporate Auditor	Osamu Kobayashi	Has attended 13 out of 13 Board of Directors meetings and 12 out of 12 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Hideki Ogawa	Has attended 13 out of 13 Board of Directors meetings and 12 out of 12 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Atsushi Kajitani	Has attended 12 out of 13 Board of Directors meetings and 12 out of 12 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.

Note: In addition to the number of Board of Directors meetings in the table above, there was one (1) written resolution considered to have passed at a Board of Directors meeting under Article 370 of the Companies Act and the Articles of Incorporation of the Company.

(c) Overview of the job duties performed in connection with the roles expected for External Directors

At the Board of Directors meetings, Mr. Kensaku Hogen, a Director, actively expresses his opinions especially on global management policies, etc., from his professional position, Mr. Makoto Fujioka, a Director, does so focusing on matters related to judgment for management strategies, corporate compliance, etc., and Mr. Naoki Shimada, a Director, does so on the overall management of the Company from his extensive experience in corporate management. Thus, they have performed their roles in a proper manner to ensure validity and appropriateness of decision making.

Furthermore, all of them attended all four (4) Management Supervision Meetings held during the current fiscal year as members of the Management Supervision Meeting, which is an advisory body to the Board of Directors handling matters related to nomination of and remuneration to the Directors and Corporate Auditors, and have carried out their supervisory functions in the course of selection of candidates for the Company's Directors and Corporate Auditors, as well as determination of remuneration, etc. to the Directors and Corporate Auditors, from an objective and neutral standpoint.

(3) Independent Auditor

(i) **Name:** Nihombashi Corporation Certified Public Accountants

(ii) **Amount of remuneration**

(Millions of yen)

	Amount of payment
Amount to be paid by the Company as remuneration for duties stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	42
Amount to be paid by the Company and its subsidiaries to the Independent Auditor as financial benefit, such as monetary reward, etc.	80

Notes:

1. In the audit contracts between the Company and its Independent Auditor, the fees for audits conducted under the Companies Act and under the Financial Instruments and Exchange Act are not clearly differentiated. As they cannot be effectively separated, the accounting audit fees for duties stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act for the year under review show the total.
2. The Company consigns financial investigations and other operations not specified in Article 2, Paragraph 1 of the Certified Public Accountants Act to the Independent Auditor.
3. Among the Company's major subsidiaries, those located outside Japan are audited by either certified public accountants not employed by Nihombashi Corporation Certified Public Accountants or audit firms other than said corporation.
4. In accordance with the Practical Guidelines for Cooperation with Independent Auditors published by the Japan Audit & Supervisory Board Members Association, the Board of Corporate Auditors checked on and examined the audit plans of the Independent Auditor, the status of implementation of audits and the basis for calculation of the remuneration estimate, etc. and consented to the remuneration, etc. of the Independent Auditor.

(iii) Policy concerning decision regarding dismissal and non-reappointment on Independent Auditor

Where there is anything that obstructs the fulfillment of Independent Auditor's duties, or where the Board of Corporate Auditors considers it necessary, the Board of Corporate Auditors will decide details of a proposal on the dismissal or non-reappointment of the Independent Auditor to be presented to a shareholders' meeting.

The Board of Corporate Auditors will dismiss the Independent Auditor with the unanimous consent of all Corporate Auditors in cases where the Independent Auditor is deemed as having fallen under the provisions of each item of Article 340, Paragraph 1 of the Companies Act. In such cases, one Corporate Auditor appointed by the Board of Corporate Auditors will report the execution of dismissal and the reasons at the first shareholders' meeting following the dismissal.

"System for Ensuring Properness of Operations" is not included in the physical copies of electronically provided information sent to shareholders who request them, under laws and regulations and the Articles of Incorporation of the Company.

All amounts are rounded down to the nearest million yen, and the number of shares is rounded down to the nearest 1,000 shares. Percentages are rounded to the nearest whole unit.

CONSOLIDATED BALANCE SHEET (As of March 31, 2024)

(Millions of yen)

Item	FY2023	FY2022 (Reference)	Item	FY2023	FY2022 (Reference)
ASSETS	952,379	862,750	LIABILITIES	313,377	285,404
CURRENT ASSETS	440,977	401,146	CURRENT LIABILITIES	213,222	183,319
Cash and deposits	136,913	104,690	Accounts payable - trade	68,548	52,839
Notes and accounts receivable - trade	154,313	141,172	Short-term loans payable	56,593	54,329
Electronically recorded monetary claims	22,552	19,760	Income taxes payable	13,441	2,317
Merchandise and finished goods	46,983	49,428	Provision for bonuses	11,219	11,195
Work in process	38,954	38,999	Deposits received from employees	16,099	16,315
Raw materials and supplies	28,829	31,169	Other	47,320	46,322
Other	12,616	16,065	NONCURRENT LIABILITIES	100,155	102,084
Allowance for doubtful accounts	(185)	(138)	Long-term loans payable	18,871	17,526
NONCURRENT ASSETS	511,401	461,603	Deferred tax liabilities	24,332	13,075
Property, plant and equipment	249,753	252,638	Net defined benefit liabilities	46,945	63,046
Buildings and structures	92,810	95,055	Provision for share awards for directors (and other officers)	398	345
Machinery, equipment and vehicles	104,108	107,778	Other	9,607	8,090
Tools, furniture and fixtures	17,212	17,591	NET ASSETS	639,001	577,346
Land	20,319	19,609	SHAREHOLDERS' EQUITY	420,815	411,008
Lease assets	2,567	2,201	CAPITAL STOCK	23,335	23,335
Construction in progress	12,734	10,401	CAPITAL SURPLUS	26,203	23,590
Intangible assets	14,874	3,958	RETAINED EARNINGS	385,291	368,823
Goodwill	10,512	141	TREASURY STOCK	(14,014)	(4,741)
Other	4,361	3,816	ACCUMULATED OTHER COMPREHENSIVE INCOME	165,239	111,417
Investments and other assets	246,774	205,006	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	71,971	59,186
Investment securities	188,007	163,316	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	68,779	46,440
Long-term loans receivable from employees	1,495	1,729	REMEASUREMENTS OF DEFINED BENEFIT PLANS	24,487	5,790
Deferred tax assets	6,000	4,965	NON-CONTROLLING INTERESTS	52,946	54,920
Net defined benefit asset	13,428	4,574	TOTAL	952,379	862,750
Other	37,987	30,548			
Allowance for doubtful accounts	(145)	(128)			
TOTAL	952,379	862,750			

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED STATEMENT OF INCOME (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	FY2023		FY2022 (Reference)	
Net Sales		750,502		709,956
Cost of Sales		634,618		604,383
Gross Profit		115,884		105,572
Selling, General and Administrative Expenses		92,971		90,193
Operating Income		22,912		15,378
Non-operating Income				
Interest income	1,333		685	
Dividend income	3,185		2,799	
Foreign exchange gains	6,993		1,541	
Share of profit of entities accounted for using equity method	9,127		6,144	
Rent income	869		859	
Other	2,717	24,225	3,114	15,145
Non-operating Expenses				
Interest expenses	3,299		2,802	
Loss on valuation of derivatives	2,591		–	
Other	960	6,852	1,164	3,966
Ordinary Income		40,285		26,557
Extraordinary Income				
Gain on sales of noncurrent assets	440		1,490	
Gain on sales of investment securities	29,225		4,001	
Other extraordinary income	262	29,927	–	5,491
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	2,799		1,818	
Impairment loss	10,723		1,191	
Business restructuring expenses	1,753		1,152	
Other	245	15,521	146	4,309
Income before Income Taxes		54,691		27,739
Income taxes - current	20,045		10,229	
Income taxes - deferred	(1,340)	18,704	385	10,615
Net Income		35,987		17,124
Profit attributable to non-controlling interests		4,384		3,804
Profit (Loss) Attributable to Owners of Parent		31,602		13,320

Note: Figures are rounded down to the nearest million yen.

"Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" are not included in the physical copies of electronically provided information sent to shareholders who request them, under laws and regulations and the Articles of Incorporation of the Company.

BALANCE SHEET (As of March 31, 2024)

(Millions of yen)

Item	FY2023	FY2022 (Ref)	Item	FY2023	FY2022 (Ref)
ASSETS	461,165	408,551	LIABILITIES	175,278	150,457
CURRENT ASSETS	209,050	176,139	CURRENT LIABILITIES	117,142	98,858
Cash and deposits	51,945	33,656	Accounts payable - trade	26,095	26,279
Notes receivable - trade	1,337	2,349	Short-term loans payable	11,209	11,767
Electronically recorded monetary claims	19,261	16,180	Accounts payable - other	4,611	4,492
Accounts receivable - trade	51,325	50,419	Income taxes payable	10,121	248
Finished goods	14,100	14,543	Accrued expenses	1,993	1,941
Work in process	747	671	CMS deposits received	35,967	27,711
Raw materials and supplies	5,570	3,861	Provision for bonuses	4,418	4,520
Short-term loans receivable	54,931	42,985	Deposits received from employees	13,579	13,773
Accounts receivables - other	7,760	7,593	Other	9,143	8,123
Other	2,141	3,885	NONCURRENT LIABILITIES	58,135	51,598
Allowance for doubtful accounts	(72)	(8)	Long-term loans payable	4,869	2,300
NONCURRENT ASSETS	252,115	232,411	Provision for retirement benefits	38,395	38,139
Property, plant and equipment	58,182	66,340	Provision for share awards for directors (and other officers)	246	192
Buildings	22,069	25,196	Deferred tax liabilities	12,824	9,136
Structures	1,852	2,158	Other	1,798	1,830
Machinery and equipment	20,937	24,758	NET ASSETS	285,887	258,093
Vehicles	152	167	SHAREHOLDERS' EQUITY	214,318	199,059
Tools, furniture and fixtures	4,066	4,812	CAPITAL STOCK	23,335	23,335
Land	6,002	5,956	CAPITAL SURPLUS	20,397	20,397
Lease assets	65	85	Legal capital surplus	20,397	20,397
Construction in progress	3,037	3,204	RETAINED EARNINGS	184,517	159,980
Intangible assets	24	24	Legal retained earnings	2,983	2,983
Investments and other assets	193,909	166,047	Other retained earnings	181,534	156,997
Investment securities	123,086	106,588	Reserve for special depreciation	9	20
Stocks of subsidiaries and affiliates	53,254	39,420	Reserve for advanced depreciation of noncurrent assets	2,466	2,467
Investment in capital of subsidiaries and affiliates	11,396	11,396	Retained earnings brought forward	179,057	154,509
Long-term loans receivable	3,458	6,289	TREASURY STOCK	(13,931)	(4,654)
Prepaid pension cost	696	283	VALUATION AND TRANSLATION ADJUSTMENTS	71,568	59,034
Guarantee deposits	1,074	1,073	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	71,568	59,034
Other	1,040	1,078	TOTAL	461,165	408,551
Allowance for doubtful accounts	(98)	(82)			
TOTAL	461,165	408,551			

Note: Figures are rounded down to the nearest million yen.

STATEMENT OF INCOME (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	FY2023		FY2022 (Reference)	
Net Sales		230,826		218,710
Cost of Sales		187,819		179,451
Gross Profit		43,006		39,258
Selling, General and Administrative Expenses		39,790		39,639
Operating Income (Loss)		3,216		(380)
Non-operating Income				
Interest and dividend income	22,689		8,833	
Rent income	833		822	
Other	3,426	26,950	685	10,341
Non-operating Expenses				
Interest expenses	843		810	
Loss on valuation of derivatives	2,591		-	
Other	198	3,633	139	950
Ordinary Income		26,532		9,010
Extraordinary Income				
Gain on sales of noncurrent assets	31		13	
Gain on sales of investment securities	29,219	29,251	3,836	3,850
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	1,152		140	
Loss on sales of investment securities	0		-	
Loss on valuation of stocks of subsidiaries and affiliates	-		529	
Impairment loss	3,971		658	
Other	1	5,125	0	1,328
Income before Income Taxes		50,658		11,532
Income taxes - current	12,759		3,033	
Income taxes - deferred	(1,779)	10,979	(553)	2,479
Net Income		39,679		9,052

Note: Figures are rounded down to the nearest million yen.

"Statement of Changes in Net Assets" and "Notes to Financial Statements" are not included in the physical copies of electronically provided information sent to shareholders who request them, under laws and regulations and the Articles of Incorporation of the Company.

INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To: The Board of Directors of
NOK CORPORATION

Nihombashi Corporation Chuo Ward, Tokyo

Hidekazu Takahashi Designated and Engagement Partner,
Certified Public Accountant

Hitoshi Watanabe Designated and Engagement Partner,
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of NOK CORPORATION and its subsidiaries (the "NOK Group"), which comprise the consolidated balance sheet as of March 31, 2024, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the NOK Group, applicable to the fiscal year ended March 31, 2024, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the NOK Group in accordance with the professional ethical standards in Japan, and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other content

Other content refers to the business report and its supplementary schedules. The responsibility of management is to produce and disclose this other content. The responsibility of the corporate auditors and the Board of Corporate Auditors is to monitor the directors' performance of duties in the preparation and operation of reporting processes for this other content.

The other content is not subject to our audit opinion regarding the consolidated financial statements, and we do not express an opinion regarding the other content.

Our responsibility in the audit of the consolidated financial statements, etc. is to read through the other content, and in the process of reading through, examine whether there are any material discrepancies between the other content and the consolidated financial statements, and compared with the knowledge gained by us in the process of auditing, also to pay attention to the presence of any signs of other material misstatements in the other content aside from such material discrepancies.

We are required to report the fact in the case that we judge there are material misstatements in the other content based on the work we have performed.

There are no facts that we should report with regard to the other content.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in

accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making those risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the NOK Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NOK Group's ability to continue as a going concern. If we conclude that a material uncertainty regarding the assumption of a going concern exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NOK Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Audits of the consolidated financial statements are planned and carried out in order to obtain sufficient and appropriate audit evidence regarding the financial information of NOK CORPORATION and its consolidated subsidiaries that forms the basis for expressing opinions on the consolidated financial statements. We are responsible for direction, supervision, and examination related to audits of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and other matters that may reasonably be thought to bear on our independence, and the details in cases when measures have been enacted to eliminate obstruction factors, or cases when safeguards have been applied to reduce obstruction factors to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated and engagement partners do not have any interest in the NOK Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To: The Board of Directors of
NOK CORPORATION

Nihombashi Corporation Chuo Ward, Tokyo
Hidekazu Takahashi Designated and Engagement Partner,
Certified Public Accountant
Hitoshi Watanabe Designated and Engagement Partner,
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of NOK CORPORATION (the "Company"), which comprise the balance sheet, the statement of income, the statement of changes in net assets and the notes to the financial statements, and the supplementary statements (collectively, the "Financial Statements, etc.") applicable to the 118th term from April 1, 2023 through March 31, 2024.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position of the Company applicable to the 118th term ended March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements, etc. section of our report. We are independent of the Company in accordance with the professional ethical standards in Japan, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other content

Other content refers to the business report and its supplementary schedules. The responsibility of management is to produce and disclose this other content. The responsibility of the corporate auditors and the Board of Corporate Auditors is to monitor the directors' performance of duties in the preparation and operation of reporting processes for this other content.

The other content is not subject to our audit opinion regarding the Financial Statements, etc., and we do not express an opinion regarding the other content.

Our responsibility in the audit of the Financial Statements, etc. is to read through the other content, and in the process of reading through, examine whether there are any material discrepancies between the other content and the Financial Statements, etc., and compared with the knowledge gained by us in the process of auditing, also to pay attention to the presence of any signs of other material misstatements in the other content aside from such material discrepancies.

We are required to report the fact in the case that we judge there are material misstatements in the other content based on the work we have performed.

There are no facts that we should report with regard to the other content.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the Financial Statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements, etc.

Our objectives are to obtain reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the Financial Statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements, etc. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements, etc., consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making those risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the Financial Statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty regarding the assumption of a going concern exists, we are required to draw attention in our auditor's report to the notes to the Financial Statements, etc. or, if the notes to the Financial Statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements, etc. and notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the Financial Statements, etc., including the notes to the Financial Statements, etc., and whether the Financial Statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and other matters that may reasonably be thought to bear on our independence, and a report of details in cases when measures have been enacted to eliminate obstruction factors, or cases when safeguards have been applied to reduce obstruction factors to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated and engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report

This Board of Corporate Auditors deliberated on the execution of duties by Directors during the 118th term from April 1, 2023 to March 31, 2024, based on reports prepared by each of the Corporate Auditors, and pursuant to deliberation prepared this Audit Report. The Board reports as follows:

1. Method and Details of Auditing by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors established an audit policy and a responsibility-sharing policy, and obtained reports from each of the Corporate Auditors on the state of auditing and its results. In addition, the Board of Corporate Auditors obtained reports and, where necessary, sought explanations from Directors and independent auditors on the execution of their duties.
- (2) The Corporate Auditors have been engaged in communication with Directors, the internal audit department and other employees, collecting information and the promotion of improvement of the Company's auditing environment in accordance with the audit and responsibility-sharing policies in compliance with the auditing standards established by the Board of Corporate Auditors and implemented the auditing procedures as follows.
 - (i) The Corporate Auditors have also been attending Board of Directors meetings and other important meetings, obtaining reports, and where necessary, seeking explanations from the Directors and employees on the execution of their duties, examining important authorization papers and related documents, and inspecting the state of business affairs and assets at the Company's head office and other major business locations. As for subsidiaries, Corporate Auditors have been promoting communication and information exchange among Directors and Corporate Auditors within the Company's subsidiaries, and have been receiving periodic reports on the state of their business activities as necessary.
 - (ii) They have periodically received reports and required explanation when necessary from Directors and employees, among others, and made opinions to them, regarding the establishment and management of the systems designed to ensure Directors' compliance in the execution of their duties described in the Business Report with laws and regulations or with the Articles of Incorporation and the state of the system (internal control system) established based on resolutions decided by the Board of Directors under the provisions of Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act so as to ensure the appropriateness of corporate business activities and its subsidiaries' activities.
 - (iii) Moreover, the Board of Corporate Auditors has been inspecting and verifying whether independent auditors are maintaining their independence and implementing proper auditing procedures. The Board of Corporate Auditors has also been receiving reports and, where necessary, seeking explanations from them concerning their audits. The Board of Corporate Auditors has also been receiving notices from independent auditors to the effect that they have established "systems to ensure proper execution of duties" (those listed in each item of Article 131 of the Corporate Calculation Regulations), in accordance with "Quality Control Standards concerning Audit (October 28, 2005, Financial Accounting Standards Board)" and, where necessary, has been obtaining explanations from them.

Based on the above method, the Board of Corporate Auditors has reviewed the business report and accompanying statements, financial statements for the term under review (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), supplementary statements, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, and consolidated statement of changes in net assets, and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of business report

Board of Corporate Auditors finds:

- (i) That the business report and the accompanying statements present in a fair manner the conditions of the Company in compliance with the laws and regulations and the Articles of Incorporation of the Company.
 - (ii) That there are no unfair practices in the Directors' execution of their duties or any serious conditions that conflict with the laws and regulations or the Articles of Incorporation of the Company.
 - (iii) That the Board of Director's decisions in regards to the internal control system are appropriate and that nothing in the details described in the Business Report, or the Directors' execution of their duties related thereto needs to be addressed herein.
- (2) Results of audit of the financial statements and the supplementary statements
Board of Corporate Auditors finds that the auditing methods of the independent auditors, Nihombashi Corporation, an incorporated accounting firm, and the results of their audit are appropriate.
- (3) Results of audit of the consolidated financial statements
Board of Corporate Auditors finds that the auditing methods of the independent auditors, Nihombashi Corporation, an incorporated accounting firm, and the results of their audit are appropriate.

May 17, 2024

Board of Corporate Auditors, NOK CORPORATION
Nozomu Maehara Standing Corporate Auditor
Hideki Watanabe Standing Corporate Auditor
Osamu Kobayashi External Corporate Auditor
Hideki Ogawa External Corporate Auditor
Atsushi Kajitani External Corporate Auditor

Introducing a new unified corporate identity for the NOK Group

In the Medium-Term Management that began in fiscal 2023, the basic policy of the NOK Group is to construct a foundation for transformation in order to overcome an environment undergoing large changes and continue to deliver growth. Due to the need to make maximum use of synergy among the Group companies and further increase our global competitiveness, we have formulated a unified corporate identity (CI) for the NOK Group.

The newly formulated tagline incorporates our desire that the NOK Group technologies and products which are used in a wide range of fields will remain essential elements that continue to provide value to society by contributing to safety and comfort around the world. As part of this CI formulation, we have renovated the corporate logos. The NOK Group will join together as "Global One NOK" and deliver global growth in order to improve our corporate value.

- **Tagline**

- **Essential Core Manufacturing**

- **The manufacture of pivotal products that shape society.**

- **The NOK Group's new Group logo and corporate logos**

We have developed designs that incorporate a sense of unity for the corporate logos of the main five Group companies including NOK. We have also formulated a Group logo that combines the logos of the five Group companies as a visual representation of "Global One NOK."



NOK New Group Logo



NOK New Corporate Logo

Acquisition of shares in Estoh Co., Ltd., making it a wholly-owned subsidiary

NOK acquired 100% of the shares in Estoh Co., Ltd. ("Estoh"), a company that manufactures and sells precision plastic products, and on October 2, 2023, it became a subsidiary of the Company.

Estoh has an integrated production system for precision plastic products including precision mold design and manufacturing, and the production of injection-molded products. Its strength is the technologies that allow it to create products which meet customer needs. In the area of electric vehicles (EV), the Estoh plastic gasket products for lithium-ion batteries have been highly rated in the vehicle battery market where high quality is essential, and have been adopted by major EV manufacturers.

NOK has positioned next-generation automobiles including EV as an important growth field, and is focusing on expanding sales and developing products in both our major businesses, consisting of the seal business and electronic product business. By welcoming Estoh to the NOK Group and adding the Estoh plastic products to product groups such as the rubber seal products that are a NOK strength and the flexible printed circuit boards (FPC) for vehicle batteries, we aim to expand our group of EV-related products to meet a wider range of needs.

• Overview of Estoh Co., Ltd.

- Company name: Estoh Co., Ltd.
- Location: Osaka City, Osaka
- Founded: 1991
- Business areas: Design and manufacture of ultra-precision molds, production of ultra-precision injection molded products
(Major products) Gaskets, insulators, and other items for lithium-ion batteries used in EV and electronic equipment
- Employees: 113 (as of March 31, 2023)
- Net sales: 1,970 million yen (as of March 31, 2023)



~New market where the NOK Group is challenging itself~ Hair bands “KKOOR” and “Stretchable FPC with Hydrogel”

• Release of “KKOOR” hair bands

NOK decided to enter the BtoC business as a new challenge in order to communicate our technologies to the broader world, and in February 2024, we began sales of the “KKOOR” hair bands on Amazon.

The use of a new silicon rubber developed by NOK and a special star-shaped cross-section allows “KKOOR” to securely bind hair and still be removed easily. Because it has excellent durability and is resistant to sweat and water, it is ideal for sports, saunas, and other activities.

We are planning to expand sales in the future, including through sales of collaboration products with various sports teams.



• Development of “Stretchable FPC with Hydrogel”

Nippon Mektron, Ltd. and YA-MAN LTD. jointly developed the flexible printed circuit (FPC) “Stretchable FPC with Hydrogel” which has electrical conductivity while fitting to the human body.

This is a new type of stretchable FPC that remains conductive even when stretched 150% in all directions. It has a hydrogel with high water retention laminated across its entire surface, allowing it to efficiently transmit electricity while fitting perfectly to the complex contours of the human body.

The beauty device “Design Lift,” which utilizes this FPC, was launched on November 13, 2023 by YA-MAN LTD. By leveraging the characteristics of this FPC and wearing it in a lifting matter, it effectively targets the orbicularis oculi muscles around the eyes.



YA-MAN TOKYO JAPAN:
Design Lift
*Example from the
Company’s exhibition event



Stretchable FPC
with Hydrogel

Information for Shareholders

Fiscal year	From April 1 to March 31 of the following year
Annual shareholders' meeting	June
Dividend payment record date	Year-end dividend March 31
	Interim dividend September 30
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Contact information	1-1 Nikko-cho, Fuchu City, Tokyo, Japan Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation Tel: 0120-232-711 (toll-free number available in Japan only) Mailing address: P.O. Box No. 29, Shin-Tokyo Post Office, Japan, 137-8081 Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Method of public notice	An electronic public notice is applied. URL for public notice https://www.nok.co.jp/ (If it becomes impossible for us to make an electronic public notice due to an accident or any other unavoidable reason, we will post it in the <i>Nikkei</i> .)
Share unit	100 shares
Public listing	Tokyo Stock Exchange Listed Name on the Prime Market: NOK (Securities Code: 7240)

NOK CORPORATION

12-15, Shiba-Daimon 1-chome, Minato Ward, Tokyo, Japan 105-8585

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