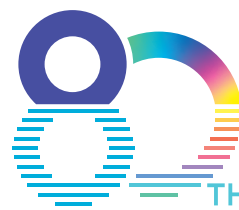




Business Report for the 116th Term

From April 1, 2021 to March 31, 2022



DREAM JOURNEY
2021 → 2041

NOK CORPORATION

(Securities Code No. 7240)

To Our Shareholders



Representative Director and President **Masao Tsuru**

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The following is available on our website at <https://www.nok.co.jp/> posted under the provisions of laws and regulations and Article 14 of the Articles of Incorporation of NOK CORPORATION (the "Company").

- (i) "System for Ensuring Propriety 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.

We would appreciate it if you could confirm the business report on the operations and results for the 116th term of the NOK Group (April 1, 2021 to March 31, 2022).

Recognizing the importance of achieving the basic management policy of establishing a highly profitable and strong corporate group by "producing low—cost original products—backed by technology—which are useful to society, and selling them at reasonable prices all over the world," the NOK Group develops business management based on this policy.

In the consolidated business results for the fiscal year ended March 31, 2022, net sales were 682,507 million yen (up 14.4% from the previous fiscal year).

In profit and loss, operating income was 31,337 million yen (up 116.6% from the previous fiscal year) and ordinary income was 46,168 million yen (up 151.8% from the previous fiscal year).

Profit attributable to owners of parent was 25,835 million yen (compared to a loss attributable to owners of parent of 1,361 million yen in the previous fiscal year).

In this fiscal year, as a result of state of emergency declarations and priority measures to prevent the spread of the novel coronavirus being issued and withdrawn multiple times according to the spread of the novel coronavirus, economic activities repeatedly fluctuated between stagnating and resuming.

Although there have been signs of economic recovery as the number of vaccinations has increased, due to the supply shortage of semiconductors and other components and surging raw material prices, as well as due to the impact of lockdowns in China and the situation between Russia and Ukraine, the outlook has become even more uncertain.

Under these circumstances, in the seal business of the NOK Group, both net sales and operating income increased.

In its electronic product business, the extent of operating loss declined due to the effect of increased sales.

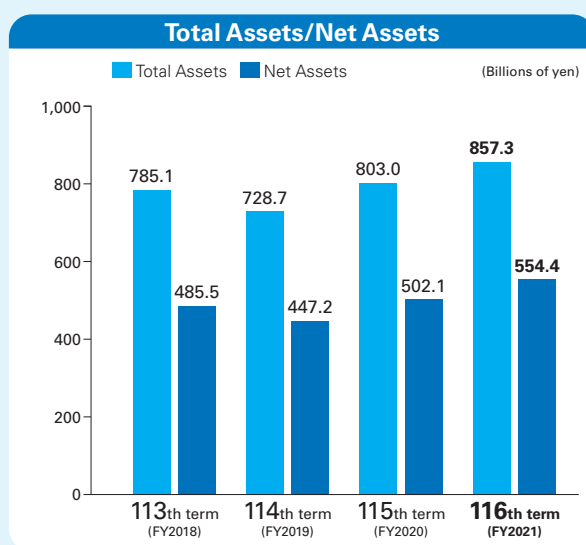
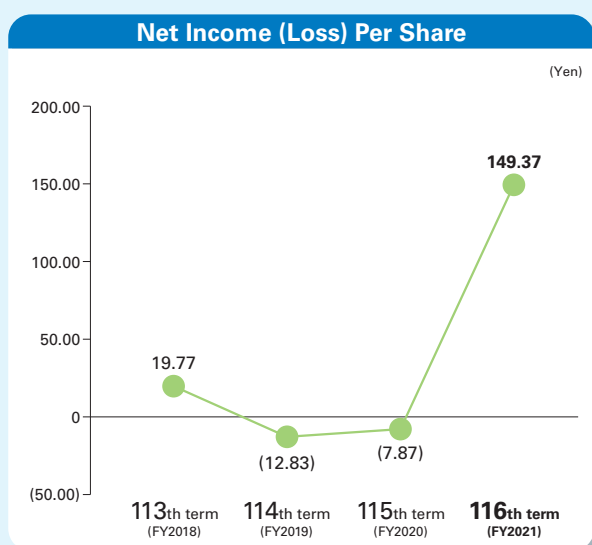
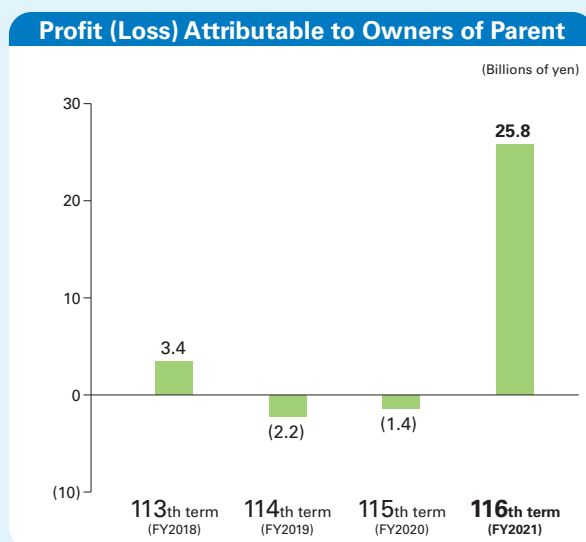
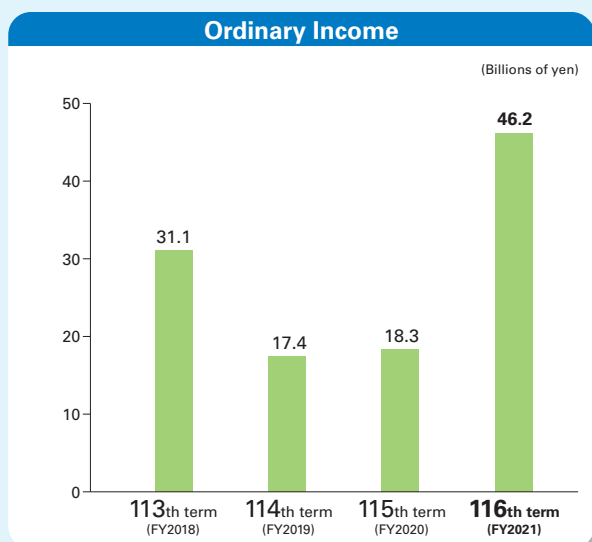
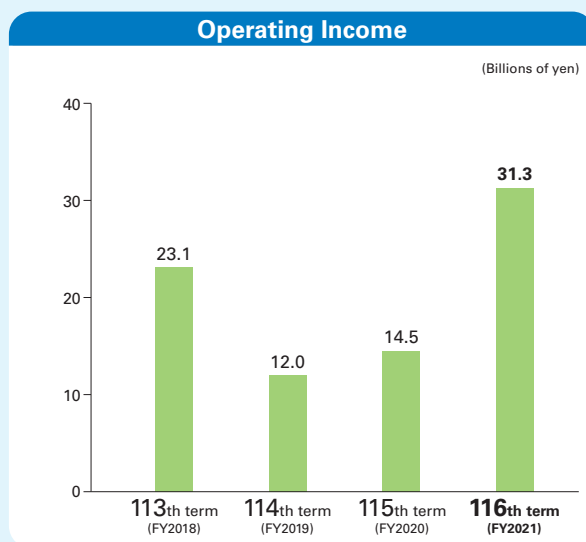
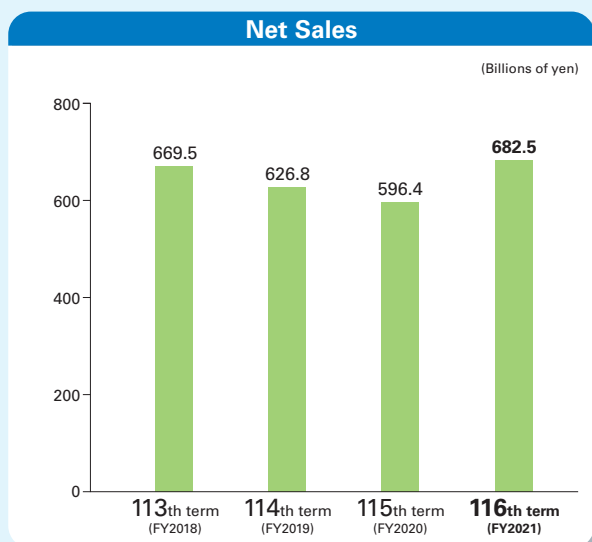
With recognition that it is key to further recover the earnings capability of the Electronic Product business, we are determined to push forward with various measures.

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 2022

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

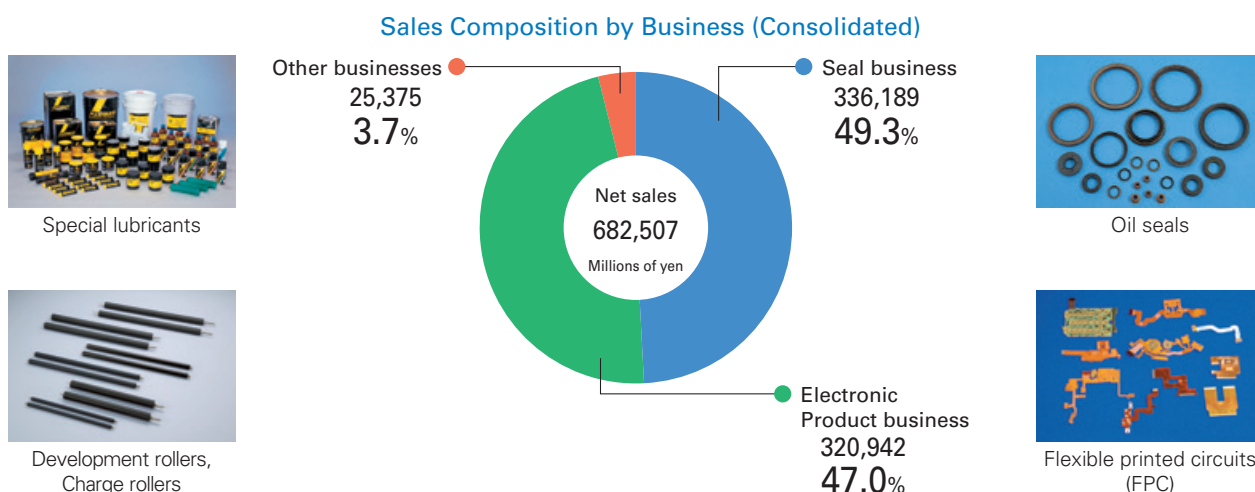
(i) Business conditions and results

With regard to the operating environment surrounding the NOK Group during the current fiscal year, the Japanese economy saw repeated cycles of stagnation and resumption of economic activities as state of emergency declarations and the priority preventive measures to control the spread of disease were issued one after another due to the novel coronavirus pandemic. While signs of economic recovery were witnessed amid the progress in the rollout of novel coronavirus vaccines, the situation has become increasingly unpredictable due to the effects of lockdowns in China and the conflict between Russia and Ukraine, on top of the supply shortage of semiconductors and other components and soaring raw material prices.

In the automobile industry, while demand declined both in Japan and overseas during the previous fiscal year due to the impact of the novel coronavirus pandemic, demand remained on a recovery trend throughout the current fiscal year. On the other hand, automobile production has continued to decline both in Japan and overseas as the supply shortage of semiconductors and other components worsened, which coincided with lockdowns as a result of the resurgence of the novel coronavirus in Southeast Asia.

In the electronic equipment industry, the production volume of smartphones and HDDs remained unchanged, although the semiconductor shortage affected the industry in some areas.

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



■ Results of the Business Activities by Business Segment

Seal business

In the seal business, sales for automobile applications increased reflecting a significant recovery in demand, despite the supply shortage of semiconductors and other components, coupled with the resurgence of the novel coronavirus in Southeast Asia. Sales to manufacturers of general industrial machinery also increased as the markets for construction machinery, machine tools, and robots remained brisk.

As a result, net sales stood at 336,189 million yen (up 14.7% year on year). Operating income amounted to 35,482 million yen (up 53.0% year on year) due to the effect of increased sales, despite soaring raw material prices as well as an increase in personnel costs and expenses.

Electronic Product business

In the electronic product business, sales for high-end smartphone applications and HDD applications increased as demand picked up, despite some negative effects of production cuts due to the supply shortage of semiconductors and other components. In addition, sales for automobile applications rose on the back of an expansion of sales of products for electric vehicle (EV) applications in addition to the recovery of demand.

As a result, net sales totaled 320,942 million yen (up 13.9% year on year). Operating loss came to 5,040 million yen (compared to an operating loss of 8,371 million yen in the previous fiscal year) due to the effect of increased sales, despite an increase in personnel costs and expenses.

Other businesses

Sales of the roll business increased as demand for multifunction peripherals and repair parts, which had been sluggish due to the impact of the novel coronavirus, has been on a recovery trend. Sales of the special lubricant business also increased thanks to a rise in demand for general industrial machinery applications.

As a result, net sales totaled 25,375 million yen (up 17.6% year on year). Operating income came to 893 million yen (compared to an operating loss of 361 million yen in the previous fiscal year).

In summary, the NOK Group posted the following results for the current fiscal year: Net sales totaled 682,507 million yen (up 14.4% year on year); operating income was 31,337 million yen (up 116.6% year on year); and ordinary income amounted to 46,168 million yen (up 151.8% year on year), resulting in 25,835 million yen in profit attributable to owners of parent (compared to a loss attributable to owners of parent of 1,361 million yen in the previous fiscal year).

(ii) Capital investment and fund procurement

The NOK Group made capital investments of 41,030 million yen in total (up 59.5% 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

In the future operating environment surrounding the NOK Group, the outlook remains uncertain due to the fluctuations in the financial markets, lockdowns in China, and the conflict between Russia and Ukraine, although economic activities are expected to pick up gradually as the novel coronavirus pandemic settles down.

In the seal business, sales for automobile applications are expected to increase as automobile demand rises both in Japan and overseas on the back of the resolution of the supply shortage of semiconductors and other components and economic stimulus measures to be implemented in various countries. Sales to manufacturers of general industrial machinery are also projected to increase as demand for construction machinery, agricultural machinery, machine tools, and robots remains brisk. On the other hand, the external environment is anticipated to remain highly unpredictable due to the effects of continuing global raw material price hikes, supply concerns, and geopolitical risks, and thus we will take measures to promptly respond to these changes. In addition, we will strive to develop a production system to realize stable quality and product supply more than ever, while taking steps to cultivate new businesses and products in order to respond to the changes in the business environment over the medium to long term, including the electrification of automobiles.

In the electronic product business, the external environment will likely remain highly unpredictable as in the case of the seal business, while sales are expected to increase as sales of products for EV applications further expand. Meanwhile, there have been issues such as the response to fluctuations in demand for high-end smartphones as well as growing EV-related demand. In order to address such concerns, we will develop a business structure less susceptible to fluctuations by expanding business fields with less fluctuations in demand. At the same time, we will respond to growing EV-related demand around the world by leveraging optimal production locations based on the concept of local production for local consumption.

In other businesses, demand for general industrial machinery applications is expected to remain robust in the special lubricant business. In the roll business, in addition to the traditional slowdown in the growth of the office equipment market, there are concerns that demand for printers and consumables will continue to decline as a result of the workstyle transformation due to the effects of the novel coronavirus. Therefore, it is critical to develop an appropriate production system in line with demand. In order to respond to this, we intend to improve productivity and boost competitiveness in terms of quality and cost by making efforts across sales, technology and production divisions, while increasing profitability by further promoting management efficiency.

In a harsh operating environment as stated above, while taking every precaution to avoid infections of the novel coronavirus, the NOK Group will work together as one to implement a three year plan (FY2020 to FY2022) based on the following initiatives 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.

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) 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	113th term (FY2018)	114th term (FY2019)	115th term (FY2020)	116th term (FY2021)
Net Sales	669,482	626,815	596,369	682,507
Operating Income	23,140	12,028	14,467	31,337
Ordinary Income	31,135	17,373	18,339	46,168
Profit (Loss) Attributable to Owners of Parent	3,419	(2,218)	(1,361)	25,835
Net Income (Loss) Per Share (Yen)	19.77	(12.83)	(7.87)	149.37
Total Assets	785,133	728,695	803,000	857,324
Net Assets	485,498	447,238	502,114	554,355

- In the 113th term (FY2018), net sales decreased due to the impacts of a fall in the production of high-performance smartphones. Profits decreased due to lower sales, and higher personnel and other expenses and depreciation and amortization costs.
- In the 114th term (FY2019), net sales decreased due to the global economic recession under the impact of the novel coronavirus outbreak. Profits decreased due to lower sales, higher depreciation and amortization costs, etc., and operating income and ordinary income decreased. Loss for this term resulted from recognition of loss on impairment of noncurrent assets in the electronic product business, etc.
- 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.
- As for the business performance in the 116th term (FY2021), please refer to the aforementioned (1) Business Overview.

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

(Millions of yen, except for per share figures)

Classification	113th term (FY2018)	114th term (FY2019)	115th term (FY2020)	116th term (FY2021)
Net Sales	256,203	239,123	201,122	226,275
Operating Income	18,257	10,303	4,852	13,342
Ordinary Income	28,466	24,945	9,296	27,232
Net Income	21,251	18,905	6,684	22,433
Net Income Per Share (Yen)	122.80	109.24	38.62	129.63
Total Assets	371,116	360,055	430,243	418,507
Net Assets	223,340	220,515	250,741	265,416

- In the 113th term (FY2018), owing to increased demand based on gradual economic recovery, sales for the automobile industry and sales to manufacturers of general industrial machinery were firm, leading to increased revenue. Profits decreased as a result of an increase in personnel and other expenses and a decrease in dividends income from subsidiaries.
- In the 114th term (FY2019), revenue decreased due to the impacts of reduced sales for the automobile industry and sales to manufacturers of general industrial machinery. Profits decreased as a result of increases in personnel and other expenses, as well as a loss on valuation of investment securities and an impairment loss on noncurrent assets.
- 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 as a result of reduced sales, a decrease in dividends income from subsidiaries, etc.
- In the 116th term (FY2021), although there is still not an end in sight to the novel coronavirus outbreak, revenue increased due to a recovery in sales for the automobile industry and sales to manufacturers of general industrial machinery. Profits increased due to the impact of the increase in sales, an increase in dividends income from subsidiaries, recognition of gain on sales of investment securities, etc., despite the rise in raw material prices.

(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	29.8% (0.1)	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 90 consolidated subsidiaries and 19 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, 2022)

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 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, 2022)

(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.
Tama Branch	Kawasaki City, Kanagawa Pref.	Tsukuba Plant	Tsukuba City, Ibaraki Pref.
Kanagawa Branch	Atsugi 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 Development Center (Fujisawa Plant)	Fujisawa City, Kanagawa Pref.

(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, 2022)

(i) Employment of the NOK Group

Number of employees	Change from the end of previous term
37,613 (2,300)	-386 (-88)

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

Number of employees	Change from the end of previous term	Average age	Average length of service
3,489 (398)	-187 (+9)	41.0 years old	18.3 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, 2022)

Lenders	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corp.	42,800
MUFG, Bank, Ltd.	12,891
Mizuho Bank, Ltd.	11,305
The Dai-ichi Life Insurance Company, Ltd.	738
Sumitomo Mitsui Trust Bank, Ltd.	693
Bank of Communications Co., Ltd.	366
Sompo Japan Insurance Inc.	321

2. Outline of the Company

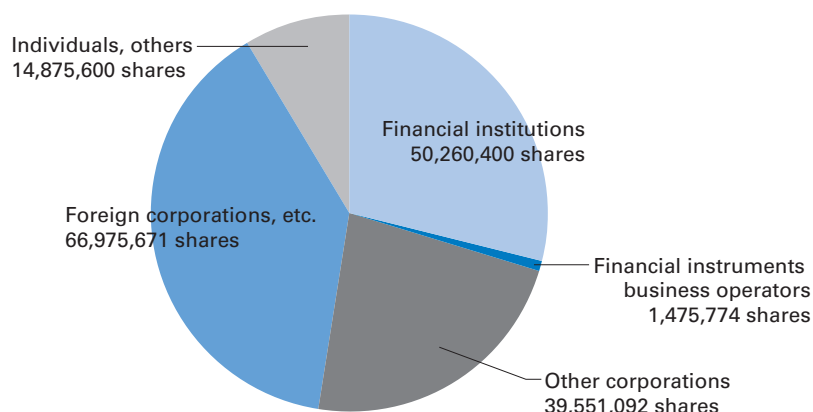
(1) Status of Stock (as of March 31, 2022)

- (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: **12,656 (an increase of 3,404 year on year)**
- (iv) Major shareholders

Shareholder	Number of shares held (thousands)	Ratio of shares held (%)
Freudenberg SE	43,457	25.1
The Master Trust Bank of Japan, Ltd. (Trust account)	15,442	8.9
Custody Bank of Japan, Ltd. (Trust account)	8,949	5.2
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Life Insurance Company, Ltd.	8,000	4.6
Toyota Motor Corp.	6,809	3.9
Sumitomo Mitsui Banking Corp.	4,270	2.5
SUMMIT ECONOMIC RESEARCH INSTITUTE CO., LTD.	3,176	1.8
NOK Stock Ownership Association	3,091	1.8
Sompo Japan Insurance Inc.	3,036	1.8

Note: For the basis of the calculation of "ratio of shares held" above, the Company's treasury stock (79,636 shares) is excluded from the total number of shares issued.

(Reference) Number of Shares by Shareholder



(2) Board Members of the Company

(i) Directors and Corporate Auditors (as of March 31, 2022)

Position	Name	Positions, responsibilities or significant concurrent positions
Chairman of the Board & Director	Masato Tsuru	
President and Director	Masao Tsuru	
Executive Vice President and Director	Jiro Iida	Supervising Production and Overseas Business
Executive Vice President and Director	Yasuhiko Kuroki	Supervising Corporate Sales and Marketing
Senior Managing Director	Akira Watanabe	General Manager, Corporate Finance & Accounting Office
Senior Managing Director	Shinji Nagasawa	Supervising Corporate Quality and Environmental Control
Senior Managing Director	* Junichi Orita	General Manager, Corporate Business Strategy Office
Director	Kensaku Hogen	
Director	Makoto Fujioka	
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:

- Mr. Masato Tsuru, Mr. Masao Tsuru, Mr. Jiro Iida and Mr. Yasuhiko Kuroki are Representative Directors.
- Mr. Junichi Orita (marked with an asterisk) was newly elected and assumed the position of Director at the 115th Annual Shareholders' Meeting held on June 25, 2021.
- Mr. Kiyoshi Doi retired from his position as Director due to the expiration of his term of office at the conclusion of the 115th Annual Shareholders' Meeting held on June 25, 2021.
- The changes in Director position and responsibilities during the term are as follows.

Name	New Titles	Past Titles	Date of Change
Masao Tsuru	President and Director	Senior Managing Director General Manager, Corporate Business Strategy Office	April 1, 2021
Shinji Nagasawa	Senior Managing Director Supervising Corporate Quality and Environmental Control General Manager, Environmental Control Office	Senior Managing Director Supervising Corporate Quality and Environmental Control	June 1, 2021
Shinji Nagasawa	Senior Managing Director Supervising Corporate Quality and Environmental Control	Senior Managing Director Supervising Corporate Quality and Environmental Control General Manager, Environmental Control Office	October 1, 2021

5. Mr. Kensaku Hogen and Mr. Makoto Fujioka serve as Outside Directors.
6. Mr. Osamu Kobayashi, Mr. Hideki Ogawa and Mr. Atsushi Kajitani serve as Outside Corporate Auditors.
7. The Company has submitted notification to the Tokyo Stock Exchange that each Outside Director and Outside Corporate Auditor has been designated as an independent director/auditor as stipulated in the regulations of the aforementioned exchange.
8. 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.
9. 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.
10. 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, Nippon Mektron, Ltd. Chairman of the Board & Representative Director, NOK Klüber Co., Ltd. Chairman of the Board & Representative Director, Unimatec Co., Ltd. Chairman of the Board & Representative Director, Seiwa Jisho Co., Ltd.
Masao Tsuru	Chairman of the Board & Director, NOK-Freudenberg Singapore Pte. Ltd. Representative Director, Seiwa Jisho Co., Ltd.
Jiro Iida	Chairman of the Board & Director, Thai NOK 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.
Kensaku Hogen	Outside Director, Eagle Industry Co., Ltd.
Makoto Fujioka	Outside Director, Eagle Industry Co., Ltd. Outside Director, Nippon Paper Industries Co., Ltd.
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 Outside Directors and Outside 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

Remuneration to Directors and Corporate Auditors is designed to be determined in consideration of the level necessary to secure and keep talented human resources while raising their motivation to improve business results and increase the corporate value of the NOK Group.

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

Directors' remuneration is classified into (1) basic remuneration, which consists of fixed remuneration and remuneration for long-term expected individual achievements, and (2) performance-linked remuneration, 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.

Remuneration to Corporate Auditors is grouped into (1) basic remuneration for job title as they assume responsibilities of auditing the NOK Group-wide performance of duties, and (2) performance-linked remuneration to Standing Corporate Auditors as they are responsible for contributing to improved business results from viewpoints different from Directors.

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, Senior Managing Director, etc.). The currently applied ratio of the remuneration level is 1 for the office of Senior Managing Director to approximately 1.5 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 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 31,337 million yen for the term against the initial plan of 20,100 million yen.

- 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, the proportion of performance-linked remuneration has been set at approximately 10% of total remuneration to Directors and 5% to Standing Corporate Auditors.

Of the basic remuneration, remuneration for long-term expected individual achievements is offered in the form of a certain amount of the Company's shares to be purchased by Directors every month through the Director Stock Ownership Association and to be held throughout their term. The amount of contributions to the Director Stock Ownership Association is approximately 7% to 10% of the amount of fixed remuneration according to the position, and if the person is a Director who serves concurrently as President of a major subsidiary, the amount is contributed from his/her remuneration from that subsidiary. Outside officers are not required to make contributions to the Director Stock Ownership Association.

- 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 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.

- 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).

(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	Performance-linked remuneration, etc.	
Directors (Outside Directors among the above)	406 (14)	329 (11)	76 (2)	10 (2)
Corporate Auditors (Outside Corporate Auditors among the above)	67 (17)	62 (17)	5 (-)	5 (3)
Total (Outside officers among the above)	473 (32)	391 (29)	81 (2)	15 (5)

Notes:

1. Number of Directors who were paid remuneration, etc. and the total amount paid include one (1) Director who resigned at the conclusion of the 115th Annual Shareholders' Meeting held on June 25, 2021, and remuneration, etc. paid to the Director during his term of office, respectively.
2. No non-monetary remuneration, etc., were paid.

(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 Outside Director and Outside 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 Outside Directors and Corporate Auditors

(a) Relationships between the Company and firms at which directors hold significant concurrent positions

Eagle Industry Co., Ltd., where Directors Mr. Kensaku Hogen, Mr. Makoto Fujioka and Corporate Auditor Mr. Atsushi Kajitani hold concurrent positions, 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 12 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Director	Makoto Fujioka	Has attended 12 out of 12 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Corporate Auditor	Osamu Kobayashi	Has attended 12 out of 12 Board of Directors meetings and 11 out of 11 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Hideki Ogawa	Has attended 12 out of 12 Board of Directors meetings and 11 out of 11 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 12 Board of Directors meetings and 11 out of 11 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.

(c) Overview of the job duties performed in connection with the roles expected for Outside 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, and Mr. Makoto Fujioka, a Director, does so focusing on matters related to judgment for management strategies, corporate compliance, etc. Thus, they have performed their roles in a proper manner to ensure validity and appropriateness of decision making.

Furthermore, both 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	39
Amount to be paid by the Company and its subsidiaries to the Independent Auditor as financial benefit, such as monetary reward, etc.	73

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. 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.
3. 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 Propriety of Operations" is posted on our website (<https://www.nok.co.jp/>) under the provisions of laws and regulations and Article 14 of 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, 2022)

(Millions of yen)

Item	FY2021	FY2020 (Reference)	Item	FY2021	FY2020 (Reference)
ASSETS	857,324	803,000	LIABILITIES	302,969	300,886
CURRENT ASSETS	407,043	368,362	CURRENT LIABILITIES	202,337	197,131
Cash and deposits	113,085	120,421	Accounts payable - trade	62,568	48,968
Notes and accounts receivable - trade	151,015	134,489	Short-term loans payable	60,545	76,914
Electronically recorded monetary claims	18,489	17,183	Income taxes payable	6,924	3,816
Merchandise and finished goods	45,650	33,691	Provision for bonuses	11,148	10,531
Work in process	40,506	29,114	Deposits received from employees	16,318	16,056
Raw materials and supplies	25,104	20,874	Other	44,831	40,844
Other	13,323	12,733	NONCURRENT LIABILITIES	100,632	103,755
Allowance for doubtful accounts	(132)	(145)	Long-term loans payable	10,398	13,161
NONCURRENT ASSETS	450,280	434,637	Deferred tax liabilities	9,404	7,549
Property, plant and equipment	249,203	239,301	Net defined benefit liabilities	73,355	77,980
Buildings and structures	88,204	88,821	Provision for business restructuring	579	–
Machinery, equipment and vehicles	102,894	101,460	Other	6,893	5,063
Tools, furniture and fixtures	17,603	15,943	NET ASSETS	554,355	502,114
Land	19,586	19,004	SHAREHOLDERS' EQUITY	412,577	392,925
Lease assets	1,431	1,280	CAPITAL STOCK	23,335	23,335
Construction in progress	19,481	12,790	CAPITAL SURPLUS	23,591	23,288
Intangible assets	3,971	4,044	RETAINED EARNINGS	365,880	346,531
Investments and other assets	197,105	191,291	TREASURY STOCK	(230)	(230)
Investment securities	163,644	163,199	ACCUMULATED OTHER COMPREHENSIVE INCOME	89,684	64,427
Long-term loans receivable from employees	1,990	2,293	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	60,663	61,908
Deferred tax assets	4,508	4,484	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	34,263	14,818
Net defined benefit asset	1,869	285	REMEASUREMENTS OF DEFINED BENEFIT PLANS	(5,243)	(12,298)
Other	25,234	21,204	NON-CONTROLLING INTERESTS	52,092	44,761
Allowance for doubtful accounts	(142)	(176)	TOTAL	857,324	803,000
TOTAL	857,324	803,000	TOTAL	857,324	803,000

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

CONSOLIDATED STATEMENT OF INCOME (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	FY2021		FY2020 (Reference)	
Net Sales		682,507		596,369
Cost of Sales		567,186		504,345
Gross Profit		115,321		92,024
Selling, General and Administrative Expenses		83,984		77,556
Operating Income		31,337		14,467
Non-operating Income				
Interest income	235		243	
Dividend income	2,454		2,097	
Foreign exchange gains	7,073		1,901	
Share of profit of entities accounted for using equity method	3,472		–	
Rent income	875		892	
Other	3,031	17,141	1,916	7,050
Non-operating Expenses				
Interest expenses	1,721		2,147	
Share of loss of entities accounted for using equity method	–		12	
Other	588	2,310	1,018	3,179
Ordinary Income		46,168		18,339
Extraordinary Income				
Gain on sales of noncurrent assets	249		169	
Gain on sales of investment securities	1,567	1,816	457	626
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	957		1,592	
Impairment loss	833		1,462	
Business restructuring expenses	636		7,779	
Other	280	2,707	136	10,970
Income before Income Taxes		45,278		7,994
Income taxes - current	14,383		8,258	
Income taxes - deferred	116	14,499	(1,502)	6,756
Net Income		30,778		1,238
Profit attributable to non-controlling interests		4,943		2,600
Profit (Loss) Attributable to Owners of Parent		25,835		(1,361)

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

"Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" are posted on the Company's Internet website at <https://www.nok.co.jp/>, pursuant to the laws and regulations and provisions set forth in Article 14 of the Company's Articles of Incorporation.

BALANCE SHEET (As of March 31, 2022)

(Millions of yen)

Item	FY2021	FY2020 (Ref)	Item	FY2021	FY2020 (Ref)
ASSETS	418,507	430,243	LIABILITIES	153,090	179,501
CURRENT ASSETS	155,032	166,481	CURRENT LIABILITIES	101,584	126,194
Cash and deposits	47,053	52,018	Accounts payable - trade	25,876	26,885
Notes receivable - trade	3,528	3,938	Short-term loans payable	11,752	40,252
Electronically recorded monetary claims	15,272	14,796	Accounts payable - other	5,927	5,943
Accounts receivable - trade	51,735	53,062	Income taxes payable	4,052	668
Finished goods	14,093	10,828	Accrued expenses	1,860	1,787
Work in process	582	662	CMS deposits received	27,205	25,723
Raw materials and supplies	2,242	1,814	Provision for bonuses	4,510	4,462
Short-term loans receivable	9,699	18,313	Deposits received from employees	13,742	13,465
Accounts receivables - other	9,462	9,510	Other	6,656	7,007
Other	1,370	1,544	NONCURRENT LIABILITIES	51,505	53,307
Allowance for doubtful accounts	(7)	(8)	Long-term loans payable	2,117	4,219
NONCURRENT ASSETS	263,474	263,761	Provision for retirement benefits	37,082	35,745
Property, plant and equipment	72,061	75,952	Deferred tax liabilities	10,436	11,645
Buildings	24,967	26,101	Other	1,869	1,695
Structures	2,416	2,663	NET ASSETS	265,416	250,741
Machinery and equipment	25,641	29,430	SHAREHOLDERS' EQUITY	204,895	188,951
Vehicles	182	168	CAPITAL STOCK	23,335	23,335
Tools, furniture and fixtures	5,128	4,974	CAPITAL SURPLUS	20,397	20,397
Land	6,065	6,063	Legal capital surplus	20,397	20,397
Lease assets	38	42	RETAINED EARNINGS	161,311	145,367
Construction in progress	7,621	6,509	Legal retained earnings	2,983	2,983
Intangible assets	34	42	Other retained earnings	158,327	142,383
Investments and other assets	191,378	187,766	Reserve for special depreciation	37	58
Investment securities	110,662	113,921	Reserve for advanced depreciation of noncurrent assets	2,467	2,467
Stocks of subsidiaries and affiliates	39,949	39,814	Retained earnings brought forward	155,822	139,857
Investment in capital of subsidiaries and affiliates	11,396	11,396	TREASURY STOCK	(149)	(149)
Long-term loans receivable	27,388	20,239	VALUATION AND TRANSLATION ADJUSTMENTS	60,521	61,790
Prepaid pension cost	44	115	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	60,521	61,790
Guarantee deposits	1,014	1,259	TOTAL	418,507	430,243
Other	1,006	1,134			
Allowance for doubtful accounts	(84)	(115)			
TOTAL	418,507	430,243			

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

STATEMENT OF INCOME (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	FY2021		FY2020 (Reference)	
Net Sales		226,275		201,122
Cost of Sales		175,281		160,479
Gross Profit		50,993		40,642
Selling, General and Administrative Expenses		37,650		35,789
Operating Income		13,342		4,852
Non-operating Income				
Interest and dividend income	12,508		4,419	
Rent income	834		844	
Other	1,523	14,866	392	5,656
Non-operating Expenses				
Interest expenses	899		1,073	
Other	77	977	139	1,212
Ordinary Income		27,232		9,296
Extraordinary Income				
Gain on sales of noncurrent assets	26		16	
Gain on sales of investment securities	1,560		457	
Gain on liquidation of subsidiaries and affiliates	–	1,587	5	479
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	121		124	
Loss on sales of investment securities	64		–	
Loss on valuation of investment securities	9		38	
Loss on liquidation of subsidiaries and affiliates	–		60	
Impairment loss	–		0	
Other	2	198	13	237
Income before Income Taxes		28,621		9,538
Income taxes - current	6,873		3,902	
Income taxes - deferred	(685)	6,187	(1,047)	2,854
Net Income		22,433		6,684

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

"Statement of Changes in Net Assets" and "Notes to Financial Statements" are posted on the Company's Internet website at <https://www.nok.co.jp/>, pursuant to the laws and regulations and provisions set forth in Article 14 of the Company's Articles of Incorporation.

INDEPENDENT AUDITOR'S REPORT

May 16, 2022

To: The Board of Directors of
NOK CORPORATION

Nihombashi Corporation Chuo Ward, Tokyo

Tomohiro Yoshioka Designated and Engagement Partner,
Certified Public Accountant

Hidekazu Takahashi 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, 2022, 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, 2021 through March 31, 2022.

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, 2022, 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of NOK CORPORATION and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit 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 where applicable, related safeguards in order to eliminate or reduce obstruction factors.

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 16, 2022

To: The Board of Directors of
NOK CORPORATION

Nihombashi Corporation Chuo Ward, Tokyo
Tomohiro Yoshioka Designated and Engagement Partner,
Certified Public Accountant
Hidekazu Takahashi 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 116th term from April 1, 2021 through March 31, 2022.

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 116th term ended March 31, 2022, 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 where applicable, related safeguards in order to eliminate or reduce obstruction factors.

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 116th term from April 1, 2021 to March 31, 2022, 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 18, 2022

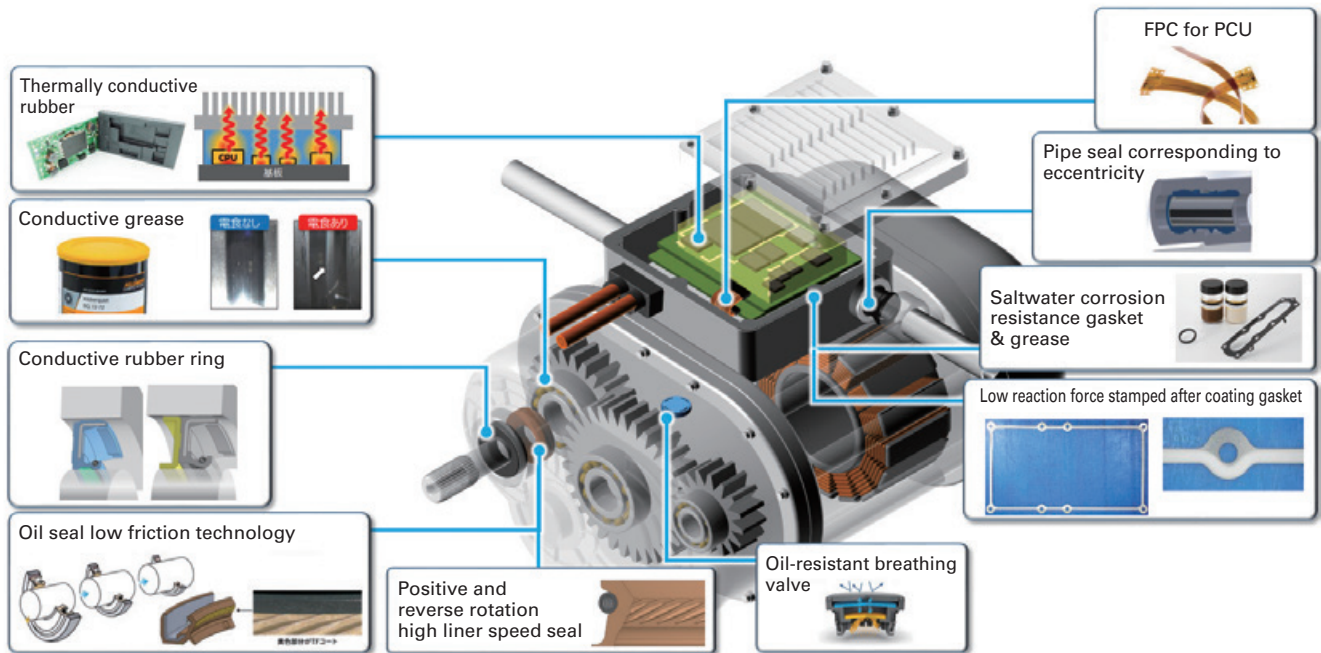
Board of Corporate Auditors, NOK CORPORATION
Nozomu Maehara Standing Corporate Auditor
Hideki Watanabe Standing Corporate Auditor
Osamu Kobayashi Outside Corporate Auditor
Hideki Ogawa Outside Corporate Auditor
Atsushi Kajitani Outside Corporate Auditor



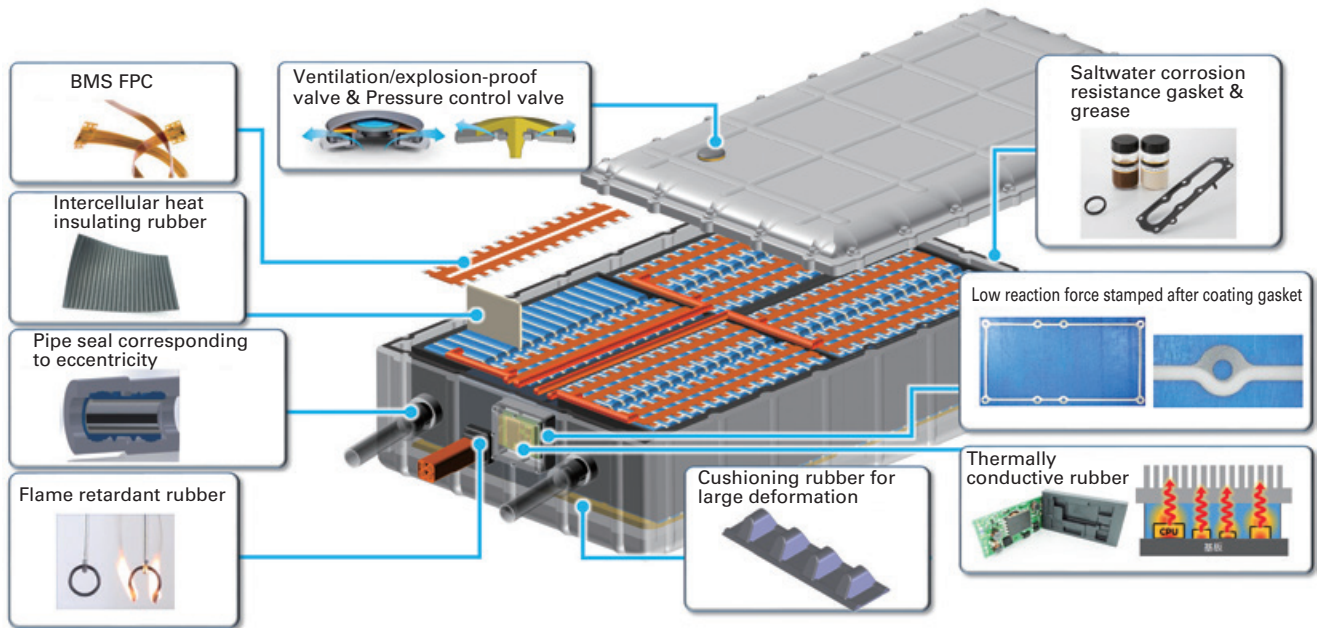
NOK Products Used in Electric Vehicles

In response to initiatives for global carbon neutrality, the automobile industry is shifting toward more environmentally friendly e-Mobility.

Items for Motors and PCUs



Items for the battery



In addition to these new product lines that we have introduced, we will also continue to develop other new products, backed by technology, based on the requests and needs of our customers around the world.

Moreover, by providing customer satisfaction and expanding sales within the e-Mobility industry, we will contribute to the age of carbon neutrality.

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

Telephone: +81-3- 3432-4211 (main)

<https://www.nok.co.jp/>