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Notice Concerning Recording of Extraordinary Losses (Impairment Losses), Difference in Non-Consolidated Results Compared to Previous Fiscal Year, Distribution of Surplus

NHK SPRING CO., LTD. (“NHK SPRING”) hereby announces that in the consolidated fourth quarter accounting period of the fiscal year ending March 31, 2024, it recorded extraordinary losses (impairment losses on non-current assets), a difference occurred between the results announced today and the non-consolidated results in the previous fiscal year, and it resolved to distribute its surplus, as explained below.

1. Recording of extraordinary losses (impairment losses on non-current assets)

In the consolidated fourth quarter accounting period of the fiscal year ending March 31, 2024, NHK SPRING and its subsidiaries and affiliated companies recorded extraordinary losses of 7,034 million yen (impairment losses on non-current assets). The breakdown of the impairment losses is as follows.

(1) Impairment of non-current assets in China

At our consolidated subsidiaries NHK-Uni Spring (Guangzhou) Co., Ltd. (Suspension Springs Business segment), NHK Seating (Hubei) Co., Ltd. (Automotive Seating Business segment), and NHK Spring Precision (Guangzhou) Co., Ltd. (Precision Springs and Components Business segment), we recorded impairment losses of 4,438 million yen, since indicators of impairment were observed.

(2) Impairment of non-current assets in North American and Europe

At our consolidated subsidiaries New Mather Metals, Inc., NHK Spring Hungary Kft. (both in the Suspension Springs Business segment), and NHK Spring Precision of America, Inc. (Precision Springs and Components Business segment), we recorded impairment losses of 2,538 million yen, since indicators of impairment were observed.

(3) Impairment of non-current assets at NHK SPRING’s Komagane Plant

At NHK SPRING’s Komagane Plant (Industrial Machinery and Equipment, and Other Operations Business segment), we recorded impairment losses of 58 million yen since indications of impairment were observed.

2. Differences in non-consolidated financial results compared to previous fiscal year

(1) Differences between non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1,

2023, through March 31, 2024) and the actual results for the previous fiscal year

	Net Sales	Operating Profit	Ordinary Profit	Net Income	Earnings per Share
	Million yen	Million yen	Million yen	Million yen	Yen
Fiscal year ended March 31, 2023 (A)	293,223	12,195	31,533	4,442	19.49
Fiscal year ended March 31, 2024(B)	321,540	5,664	23,776	31,910	141.09
Difference (B-A)	28,317	(6,531)	(7,757)	27,468	
Percentage of Increase/Decrease(%)	9.7%	(53.6%)	(24.6%)	618.3%	

(2) Reasons for Difference

Operating profit was 5,664 million yen due to recording an additional provision for transfer pricing adjustments, reflecting the impact of deteriorating profits at our U.S. subsidiaries and the exchange rate, as the yen remained weak.

Ordinary profit was 23,776 million yen due to recording a decrease in dividend income from subsidiaries and affiliated companies and foreign exchange gains due to exchange rate fluctuations.

Even though we recorded the impairment losses for NHK SPRING indicated in Item 1 above, net income was 31,910 million yen due to recording extraordinary gains, since we also recorded the extraordinary income announced in the “Notice Concerning Recording of Gain on Sale of Investment Securities (Extraordinary Income) and Revision of Earnings Forecast and Revision of Dividend Forecast” published on February 13, 2024.

Since dividend income from subsidiaries and affiliated companies and transfer pricing adjustments are inter-Group transactions, they have no impact on the consolidated results.

3. Notice concerning distribution of surplus

At the Board of Directors meeting held on May 15, 2024, NHK SPRING resolved to distribute its surplus as indicated below, with a record date of March 31, 2024.

We plan to discuss this matter at the Annual General Meeting of Shareholders scheduled for June 25, 2024.

(1) Distribution Details

	Details of Resolution	Most Recent Dividend Forecast (Announced on February 13, 2024)	Dividends in Previous Fiscal Year (Ended March 31, 2023)
Record date	March 31, 2024	Same as left	March 31, 2023
Dividend per share	25.00 yen	23.00 yen	17.00 yen
Total amount of dividends	5,536 million yen	—	3,850 million yen
Effective date	June 26, 2024	—	June 29, 2023
Source of dividends	Retained earnings	—	Retained earnings

(2) Reason

Recognizing that the distribution of profits to shareholders is a priority, NHK SPRING’s basic policy is to maintain stable dividends after comprehensively considering factors such as the consolidated results and dividend

payout ratio.

Until now, the dividend forecast for the year-end was 23 yen per share, but after comprehensively considering factors such as increased profit in the full-year results for the fiscal year ended March 31, 2024, we are planning a year-end dividend of 25 yen per share. As a result, the annual dividend forecast is 42 yen per share.