



Financial Results

Results for the Fiscal Year ended March 2022
& Forecasts for the Fiscal Year ending March 2023

日本発条株式会社(東証プライム市場 5991)
NHK Spring Co., Ltd.(5991/TSE1 Prime Market)

NHK
NHK SPRING CO.,LTD.

Greeting from CEO

President & CEO Representative
Member of the Board

Takashi Kayamoto

2023 Mid-Term Plan Business Policy

～Aiming for sustainable growth～

～Straight up, freely and broadly～

1. Further promotion of CSR activities

- Strengthen further relationship of mutual trust with stakeholders
- Sincerely strive to environmental and social issues
- Thoroughly implement quality-first manufacturing

2. Accelerate response to drastically changing business environment

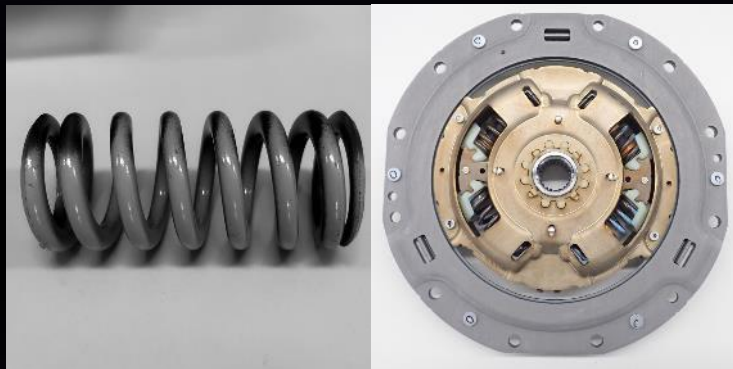
- Strengthen correspondence for electrification and autonomous of automobiles
- Creation of next-generation core businesses

3. Secure "profit" for sustainable growth

- Develop attractive product
- Total cost reduction



Electrification Products



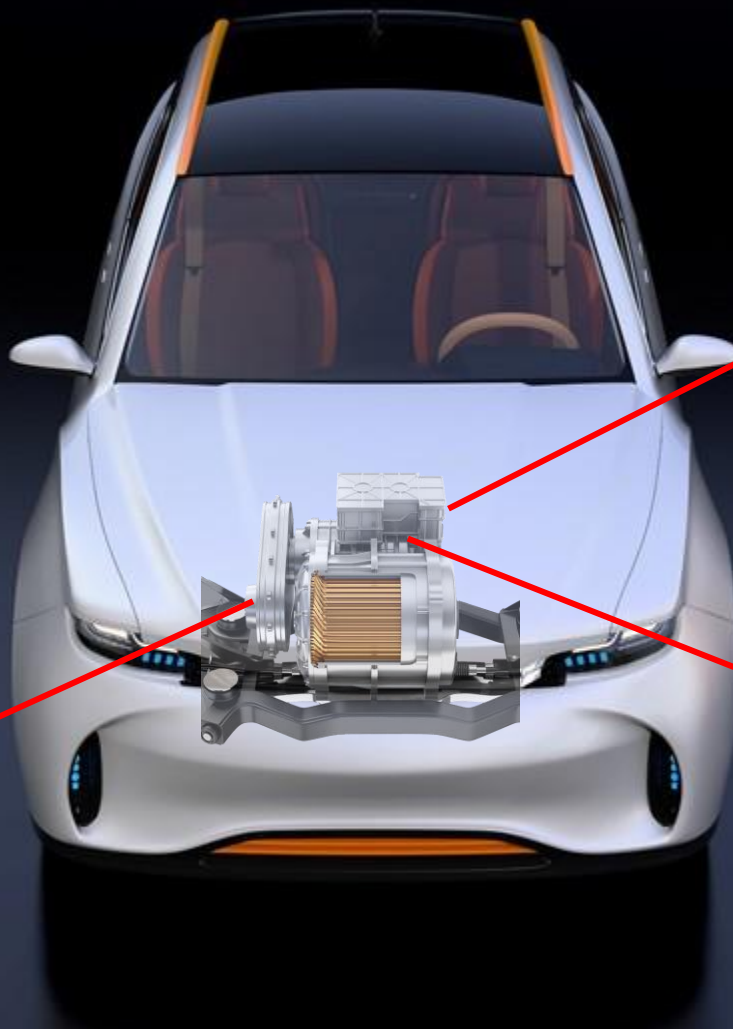
Damper Springs for HEV

Products with stress, strength and durability to meet your requirements.



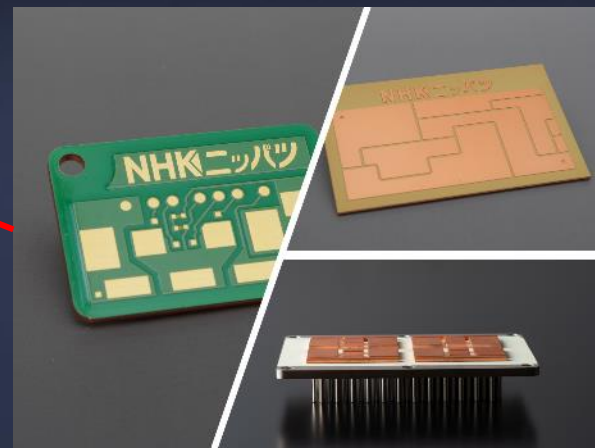
Motor Cores

Components for drive motors for electric vehicles. They are iron cores of magnets for motor rotation and holding.



Pressing leaf springs for cooling electronic elements in HEVs and EVs

These springs are used to hold semiconductor devices to the heat dissipation plate, by spring force.



Metal substrates for DCDC converters

Supports automotive electrification as key components for heat dissipation.

Core Components of Motor

The motor core is one of the key components of electric vehicle (EV) and hybrid electric vehicle (HEV) motors.

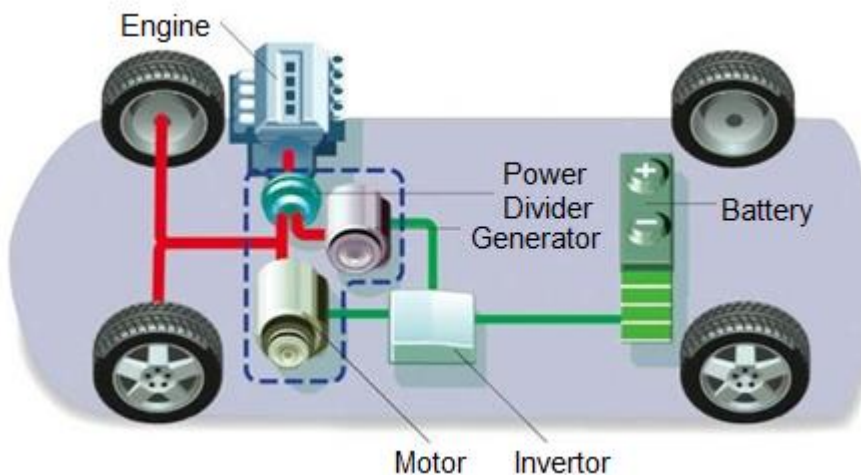
They are "iron cores" of the motor, consisting of outer "stator cores" and inner "rotor cores".

Wire coils are wound around the stator, and when electricity flows, the rotor core rotates at high speed.

This rotation is the driving force that makes the tires spin.

Generally, electromagnetic steel sheets are pressed in a die and manufactured by piling up a certain number of sheets.

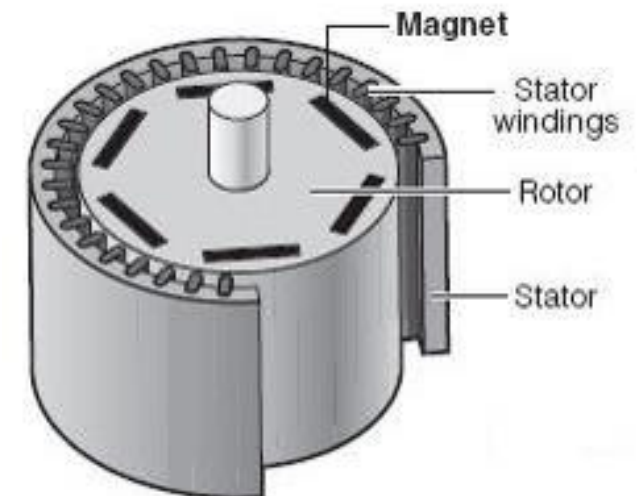
HEV



Drive motor

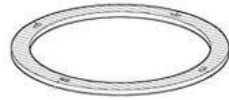


Motor core



High precision machining is vital !

Pressing



Hard, anisotropic, electromagnetic steel sheets (around 0.3 mm thickness) are punched out with a **high-speed** press

Layering



Piles of 200 to 300 sheets in a **rotating manner**

Fixing

Fix the piled items by **caulking** or **welding** to prevent them from collapsing

Inspection



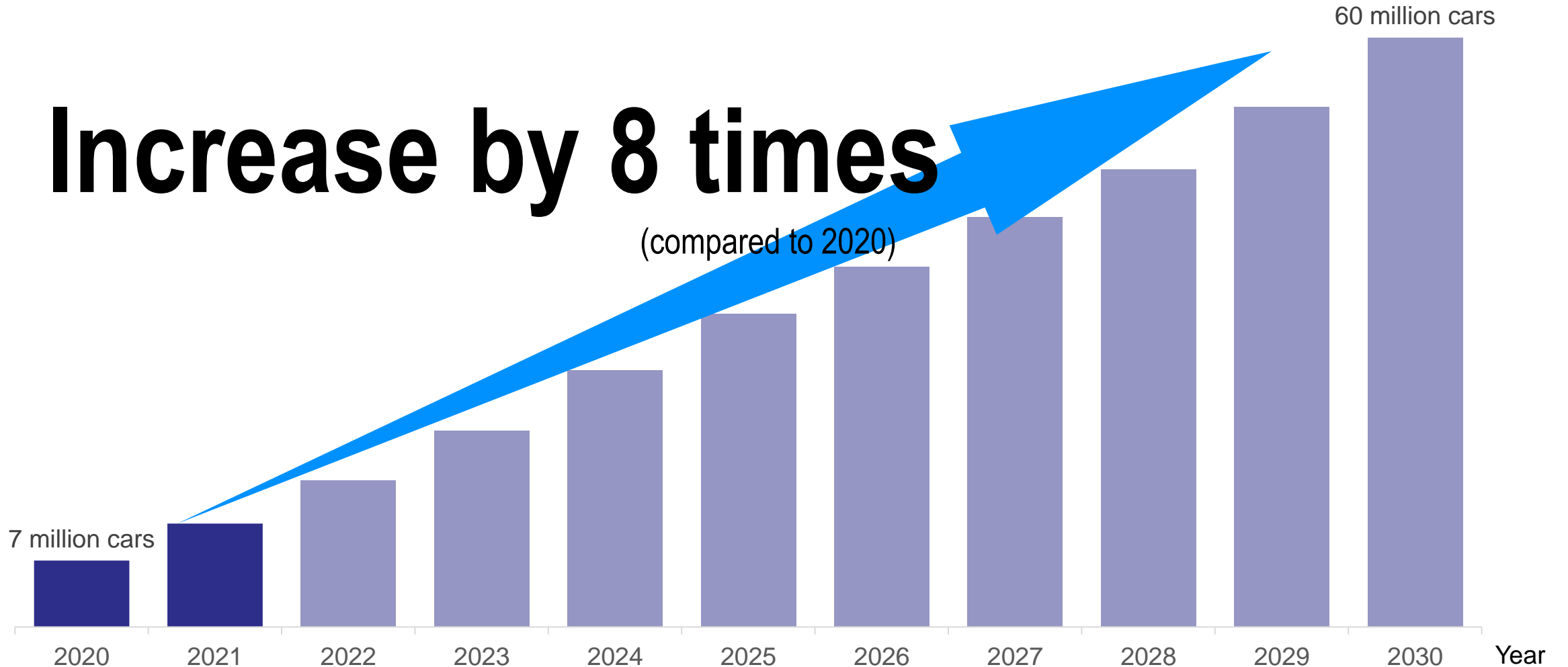
Inspection of **roundness**, **concentricity**, and **appearance** at the **micron level**

Packing



Packaging products to prevent deformation.

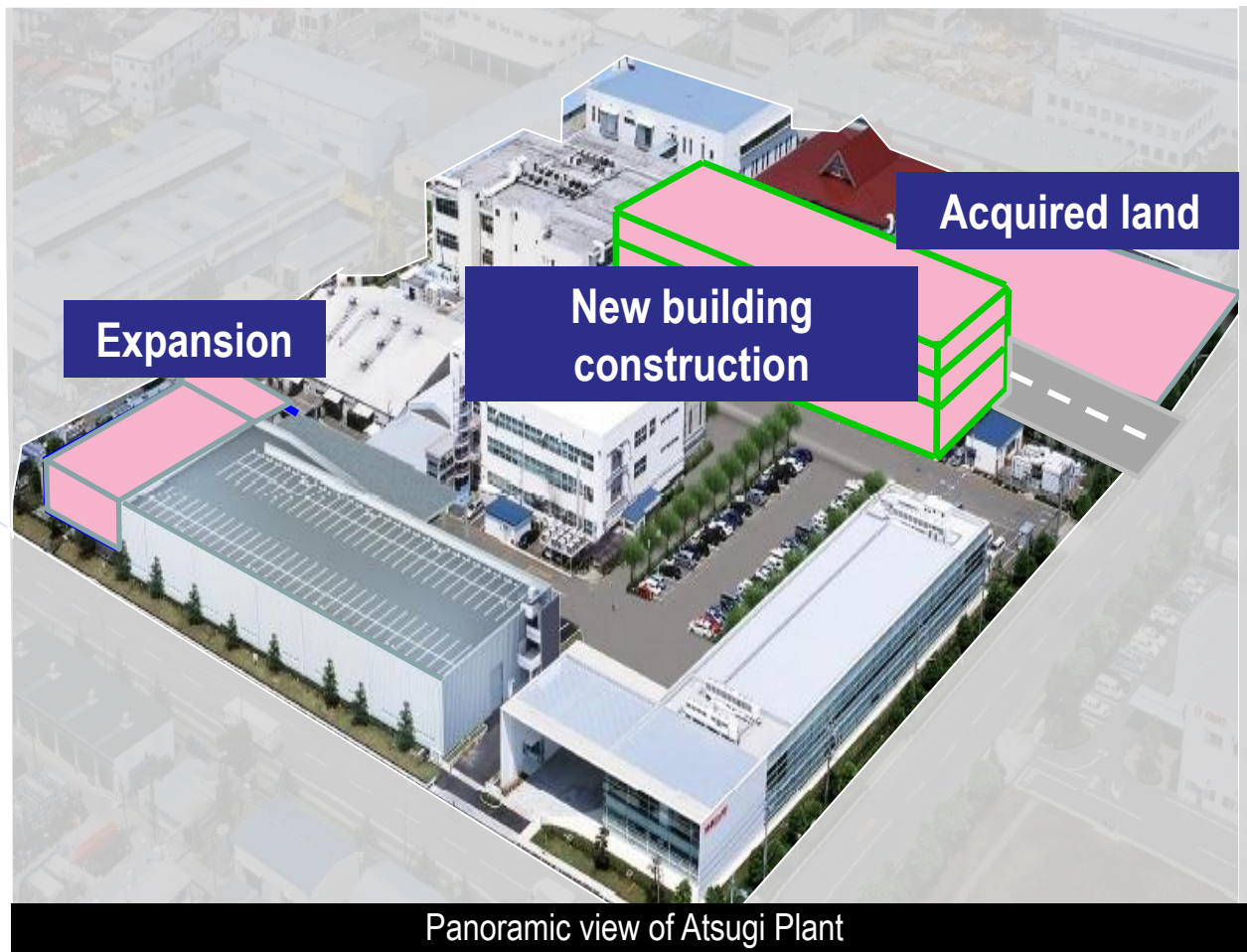
Increase in global production of electric vehicles



High press technology and global supply network

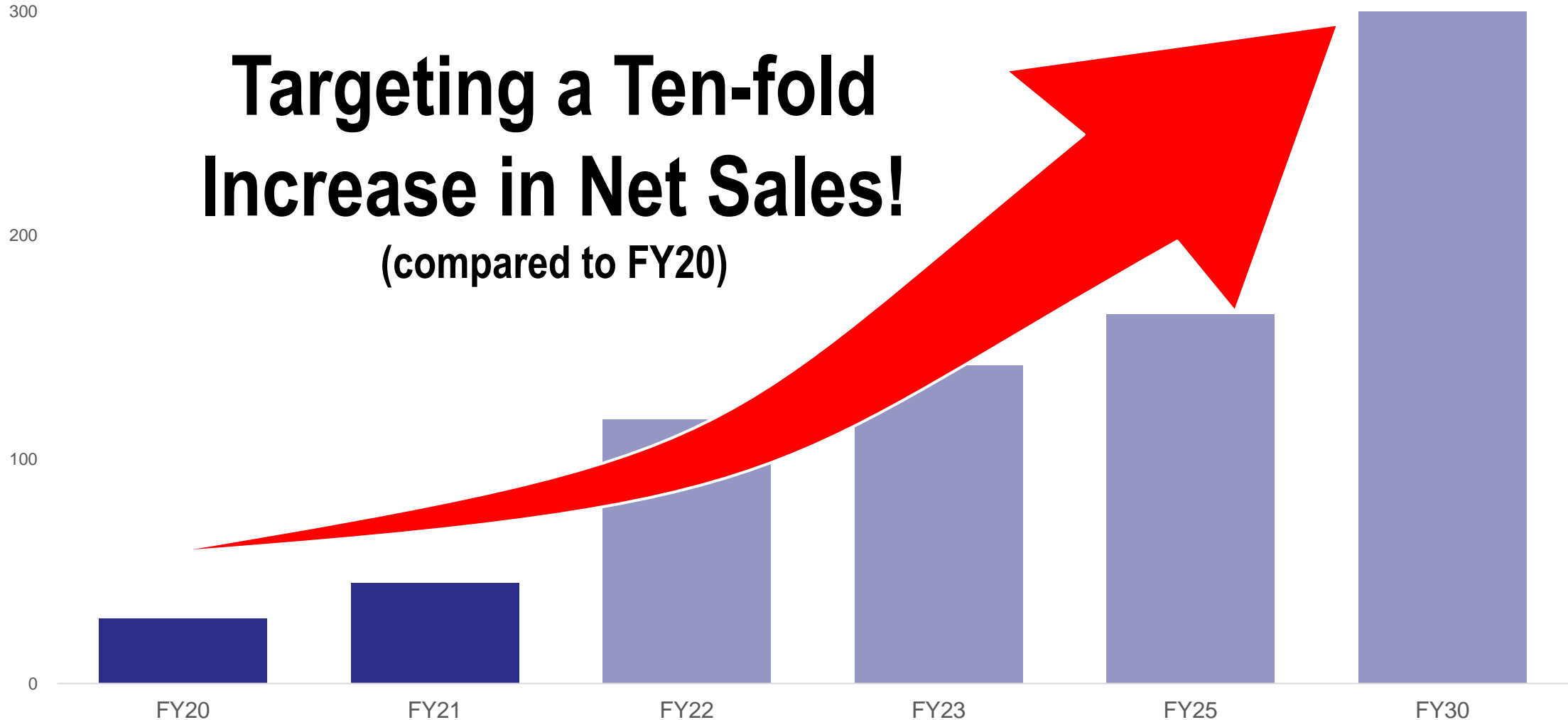
- **High production efficiency** by utilizing precision **high-speed press technology** (High material yield and environment-friendly production technology)
- Three production bases in **Japan, China** and **Mexico**
- Capability of **In-house mold fabrication** and maintenance
- **Reliability** from automobile manufacturers and **achievements**
- **Ability to expand horizontally** and **increase sales**, by **independence from affiliation**

Enhancement of production capacity by approx. 3 times!



- **Acquisition of land** for factory reorganization in FY2021
 - **Partial expansion** of Atsugi plant to be completed in FY2022
 - **New production building to be completed** in 2023
 - **New building to be operational** in FY2024
- Production capacity by approx. **3 times** in FY2024 (compared to FY2021)

Go for sales over 30 billion yen !



Overview of the Financial Results for the year ended March 2022

Executive Vice President & CFO and
Representative Member of the Board

Toru Sugiyama

Results for the year ended March 2022

(100 million yen)

	FY2020 Result	FY2021		Result	Vs. FY2021	Vs. Forecast as of 5/2021	Vs. Forecast as of 11/2021
		Forecast as of 5/2021	Forecast as of 11/2021				
Net Sales	5,726	6,000	6,000	5,869	142	-130	-130
Operating Income	104	250	250	213	108	-36	-36
Ratio	1.8%	4.2%	4.2%	3.6%	1.8%	-0.5%	-0.5%
Ordinary Income	145	270	270	306	161	36	36
Ratio	2.5%	4.5%	4.5%	5.2%	2.7%	0.7%	0.7%
Exchange gains/losses	12	8	4	65	53	57	61
Profit Attribute to Owners of Parent	93	180	180	319	226	139	139
Extraordinary profits/losses	2	–	-2	194	192	194	197
EPS - Earning Per Share	40.45	–	–	140.33	–	–	–
ROE - Return On Equity	3.4%	–	–	10.5%	–	–	–
Average Rate	US\$	106.2	105.0	112.9	6.7	7.9	2.9
	Thai Baht	3.4	3.3	3.4	0.0	0.1	0.1

Forecast for the year ending March 2023

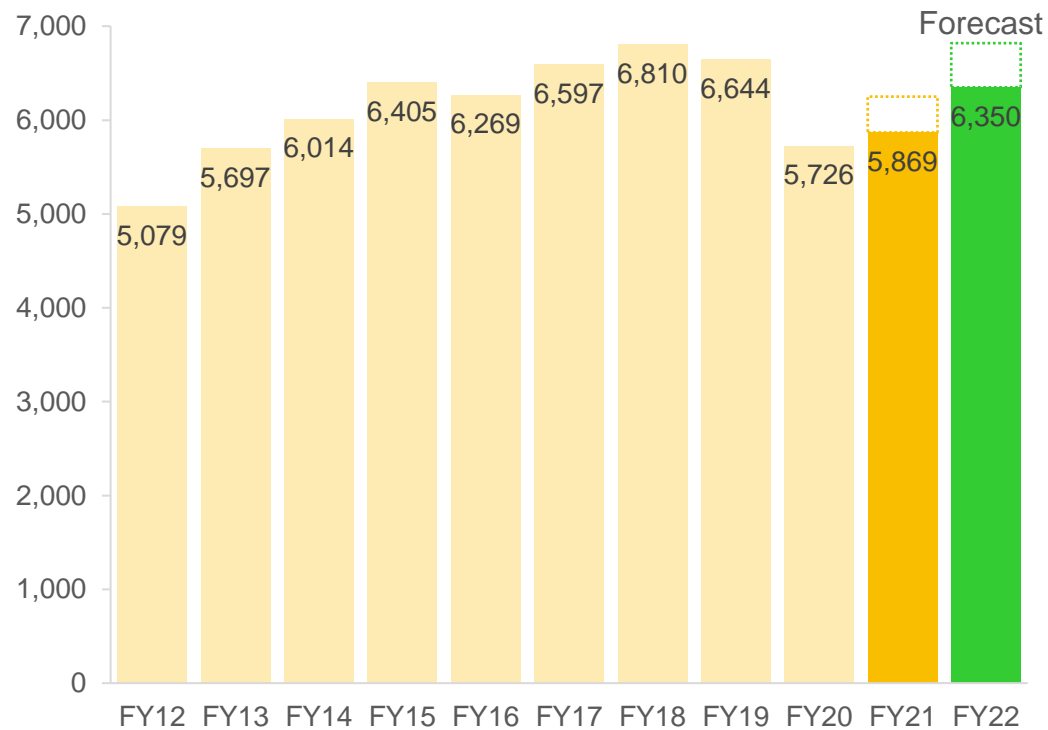
(100 million yen)

	FY2021 Result	FY2022 Forecast			Vs. Previous year		
		1st half	2nd half	Total	Variance	Ratio	
Net Sales	5,869	3,080	3,270	6,350	480	8.2%	
Operating Income	213	157	223	380	166	77.9%	
Ratio	3.6%	5.1%	6.8%	6.0%	2.3%	–	
Ordinary Income	306	167	233	400	93	30.4%	
Ratio	5.2%	5.4%	7.1%	6.3%	1.1%	–	
Exchange gains/losses	65	2	0	2	-62	-96.1%	
Profit Attribute to Owners of Parent	319	100	140	240	-79	-25.0%	
Extraordinary profits/losses	194	-	-	-	-194	–	
EPS - Earning Per Share	140.33	–	–	105.25	–	–	
ROE - Return On Equity	10.5%	–	–	7.3%	–	–	
Average Rate	US\$	112.9	–	–	118.0	5.1	4.6%
	Thai Baht	3.4	–	–	3.5	0.1	1.9%

Result Trends

Net Sales

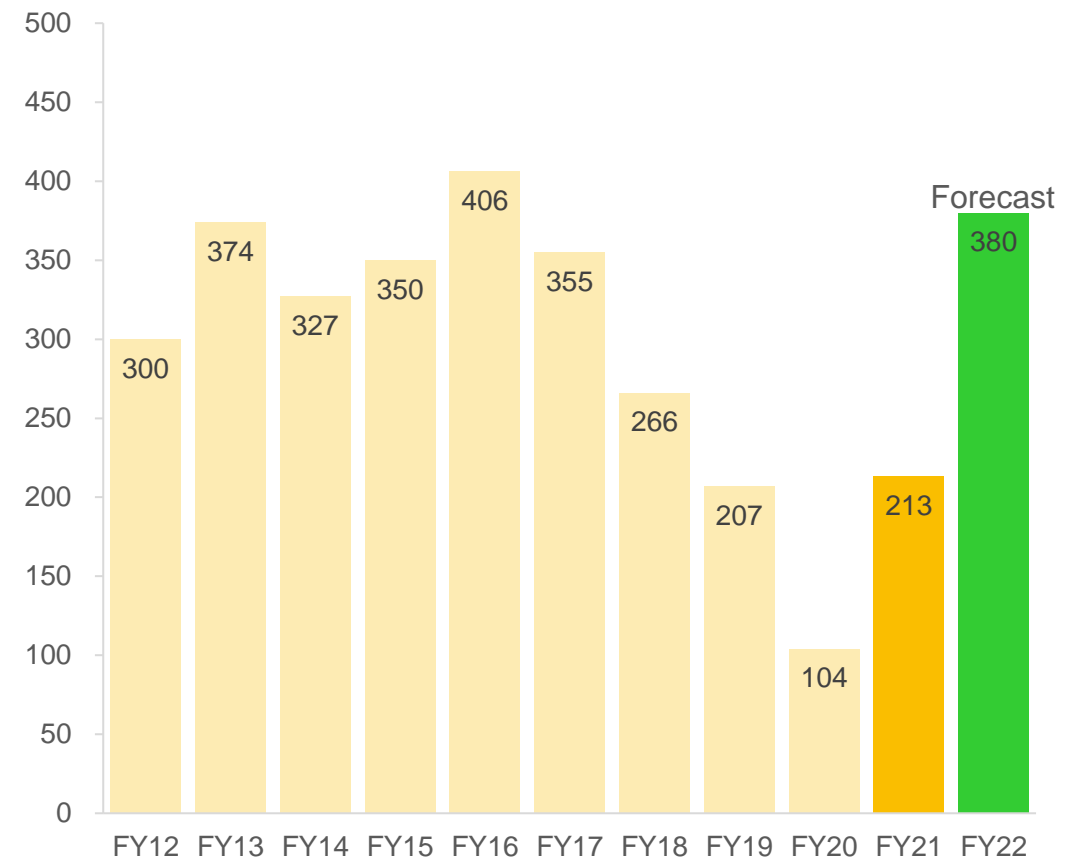
(100 million Yen)



As a result of the adoption of the "Accounting Standard for Revenue Recognition (Revised ASBJ Statement No.29)", the amount paid by customers, which was previously recorded as net sales, is offset against the cost of sales from the fiscal year ending March 31, 2022.

Operating Income

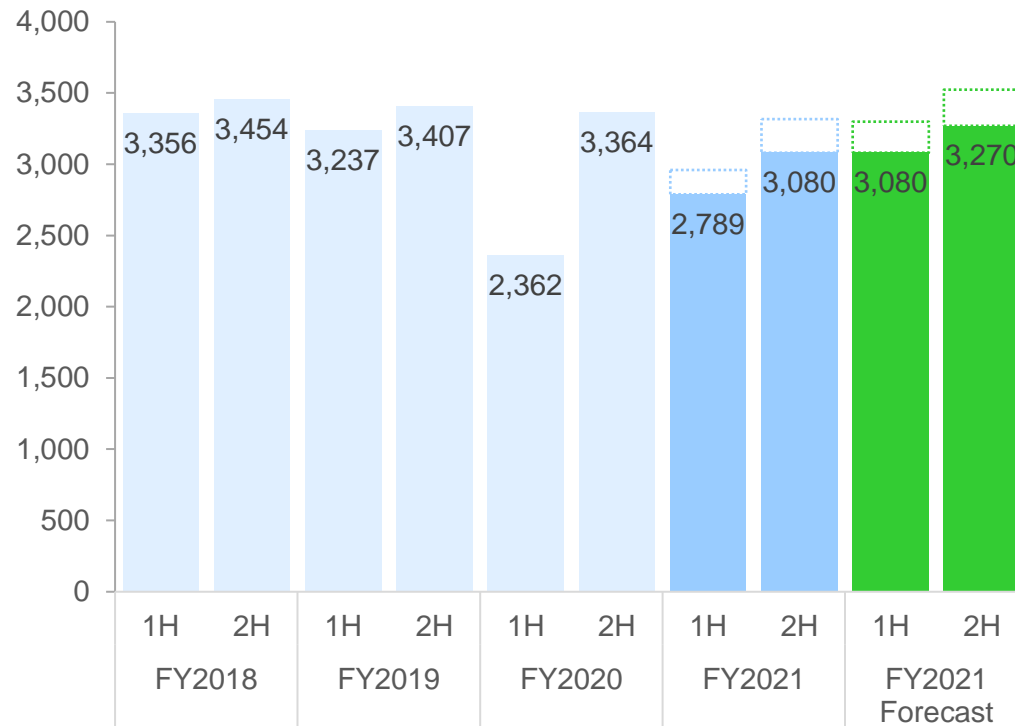
(100 million Yen)



Result Trends in each half-year period

Net Sales

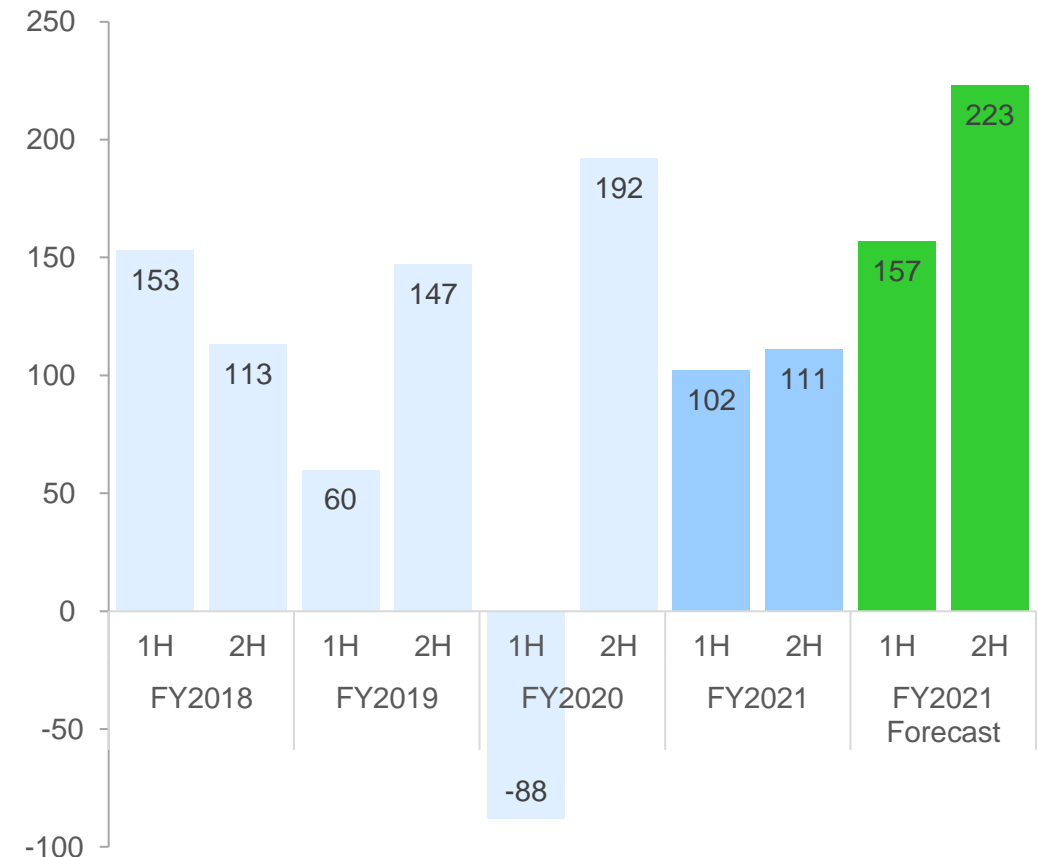
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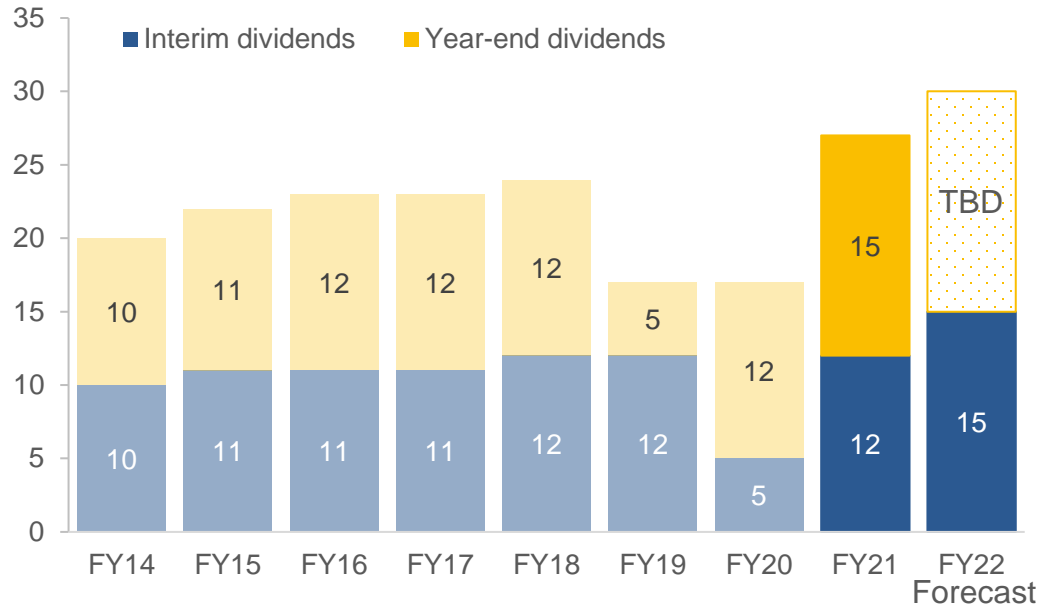
Operating Income

(100 million Yen)

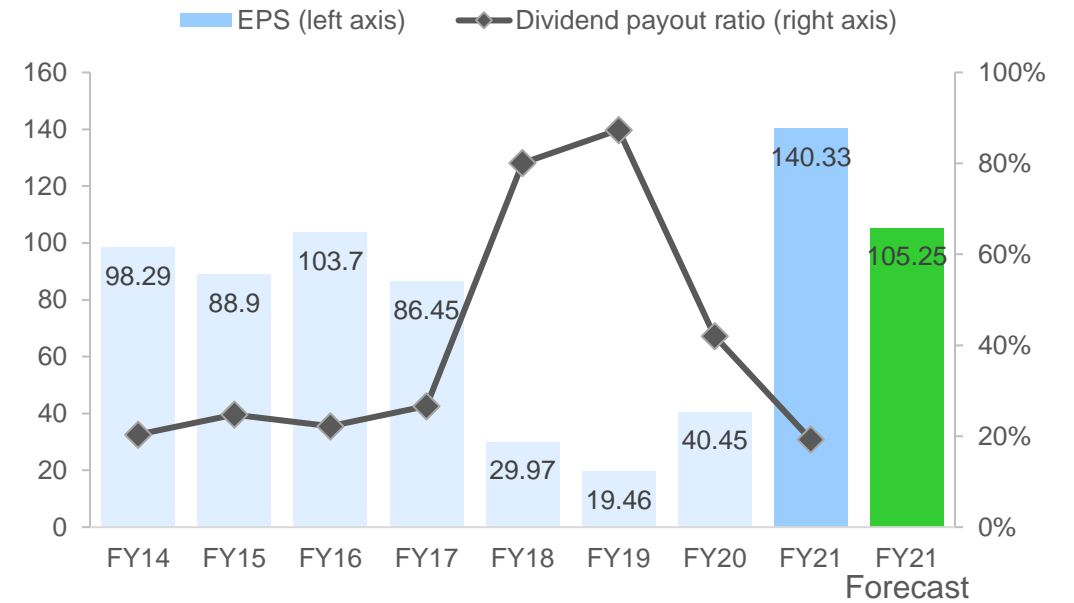


Dividends

Dividend Per Share (DPS)



Earnings Per Share (EPS)



	End of Q2	Year end	Total	Dividend payout ratio
Result for the year ended Mar.2022	12.0 yen	15.0 yen	27.0 yen	19.2%
Forecast for the year ending Mar.2023	15.0 yen	-	-	-

*The amount of dividend for the year ending March 2023 is yet To Be Decided.

Details of the Financial Results for
the Year Ended March 2022

Details of the Financial Forecast for
the Year Ending March 2023

Senior Corporate Officer
Director, Accounting & Financing Dept.

Osamu Ikejiri

Details of the Financial Results for
the Year Ended March 2022

Results for the year ended March 2022

(100 million yen)

	FY2020 Result	FY2021		Result	Vs. FY2020	Vs. Forecast as of 5/2021	Vs. Forecast as of 11/2021	
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Profit Attribute to Owners of Parent	93	180	180	319	226	139	139	
Extraordinary profits/losses	2	—	-2	194	192	194	197	
Average Rate	US\$	106.2	105.0	110.0	112.9	6.7	7.9	2.9
	Thai Baht	3.4	3.3	3.3	3.4	0.0	0.1	0.1
Current Rate	US\$	110.7	105.0	110.0	122.4	11.7	17.4	12.4
	Thai Baht	3.4	3.3	3.3	3.4	-0.0	0.1	0.1

Extraordinary Profits/Losses

Extraordinary profits/losses (100 million yen)

Breakdown	Details	Amount	
Extraordinary profits	Gain on sales of non-current assets	Selling Real Estate	266
	Gain on sales of investment securities	Profits from sale of stocks	2
	Total		269
Extraordinary losses	Impairment loss	On production equipment and unutilized real estate	71
	Loss on sales of investment securities	Losses from valuation of stocks	0.2
	Loss on valuation of shares of subsidiaries and associates	Losses from valuation of stocks of overseas subsidiaries	0.3
	Loss on sales of investments in capital of subsidiaries and affiliates	Losses from sale of investment of overseas subsidiaries	2
	Total		74

Impairment Loss (100 million yen)

Purpose	Company	Description	Amount
Production equipment	NHK Spring	Building, Machinery	34
	Subsidiaries in Japan	Machinery, Construction in progress	6
	Subsidiaries in America	Machinery	12
	Subsidiaries in Hungary	Building, Machinery, Land	17
Unutilized real estate	Subsidiaries in Japan	Land	0.1
Total			71

Net Sales / Operating Income by Business Segment

(100 million yen)

		FY2020 Result	FY2021		Vs. Previous year	Vs. Forecast
			Forecast	Result		
A utomotive Suspension Spring	Net Sales	1,020	1,180	1,129	109	-50
	Operating Income	-46	-30	-43	3	-13
	Ratio	-4.6%	-2.5%	-3.9%	0.7%	-1.3%
A utomotive Seating	Net Sales	2,425	2,190	2,084	-340	-105
	Operating Income	19	20	-28	-48	-48
	Ratio	0.8%	0.9%	-1.4%	-2.2%	-2.3%
P recision Springs & Components	Net Sales	1,385	1,630	1,622	237	-7
	Operating Income	68	165	178	109	13
	Ratio	4.9%	10.1%	11.0%	6.0%	0.9%
I ndustrial Machinery & Others	Net Sales	895	1,000	1,031	136	31
	Operating Income	63	95	107	44	12
	Ratio	7.1%	9.5%	10.4%	3.3%	0.9%
Total	Net Sales	5,726	6,000	5,869	142	-130
	Operating Income	104	250	213	108	-36
	Ratio	1.8%	4.2%	3.6%	1.8%	-0.5%

vs. FY2020

The automotive related business showed a recovery from the impact of the spread of the new coronavirus infection. However, the seat business was significantly affected by customers' production cutbacks due to semiconductor supply shortages and other factors.

vs. Previous Forecast

In the automotive related business, both sales and profits were down due to the unexpected impact of customers' production cutbacks caused by semiconductor supply shortages and other factors.

In the information and telecommunication related business, increases in HDD suspension volume and the effect of yen depreciation, boosted profitability.

Net Sales / Operating Income by Region

(100 million yen)

	FY2020 Result	FY2021		Vs. Previous year	Vs. Forecast	
		Forecast	Result			
Japan	Net Sales	3,431	3,450	3,413	-17	-36
	Operating Income	100	188	201	101	13
	Ratio	2.9%	5.4%	5.9%	3.0%	0.5%
Asia	Net Sales	1,489	1,699	1,665	175	-33
	Operating Income	64	117	102	37	-14
	Ratio	4.3%	6.9%	6.1%	1.8%	-0.8%
America & Europe & Others	Net Sales	805	851	790	-15	-60
	Operating Income	-59	-55	-90	-30	-35
	Ratio	-7.4%	-6.5%	-11.4%	-4.0%	-5.0%
Total	Net Sales	5,726	6,000	5,869	142	-130
	Operating Income	104	250	213	108	-36
	Ratio	1.8%	4.2%	3.6%	1.8%	-0.5%

vs. FY2020

In the automotive business, all regions saw a recovery from the impact of the spread of the new coronavirus. However, in Japan, the U.S., Europe, and other regions, profit and loss were deteriorated due to the significant impact of customers' production cutbacks, mainly in the seat business, caused by semiconductor supply shortages and other factors.

On the other hand, in Japan and Asia, profitability was boosted by strong orders in the information and telecommunications related business.

vs. Previous Forecast

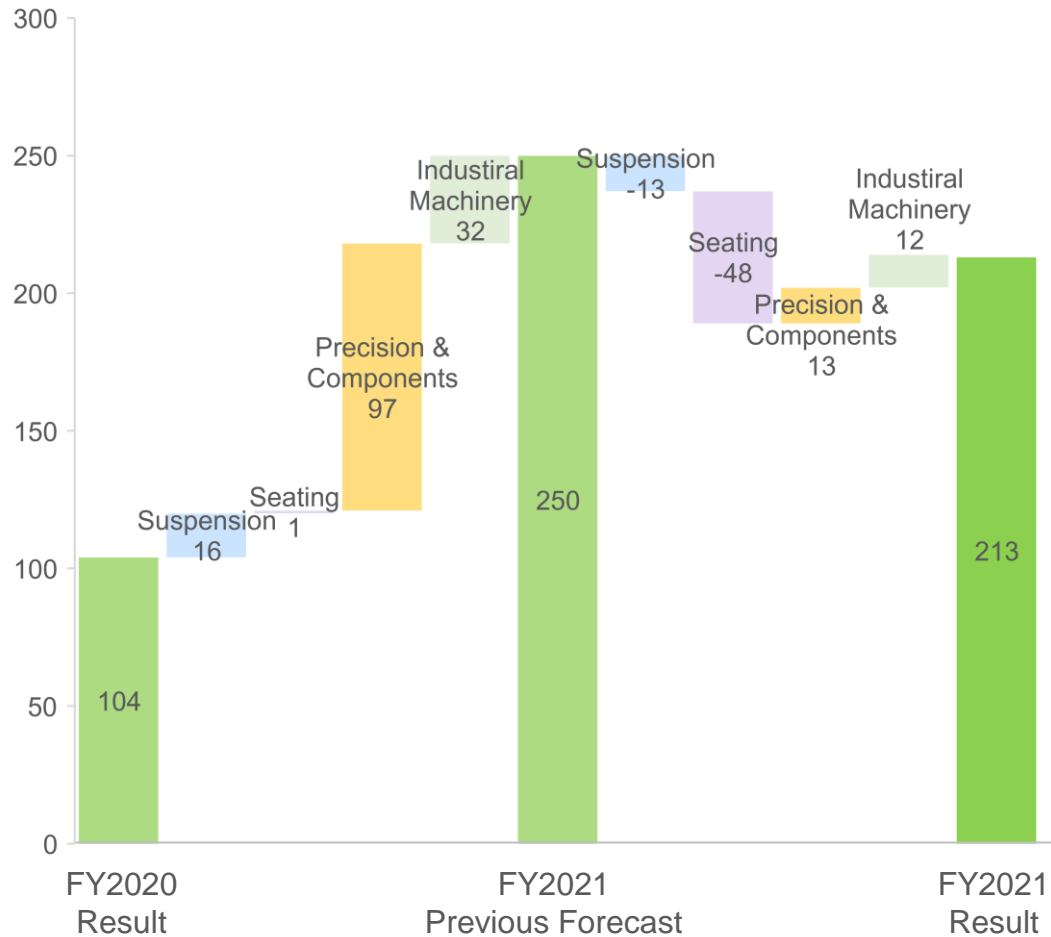
In the automotive-related business, profitability was deteriorated in all regions due to soaring raw material prices and logistics costs, in addition to the impact of customers' production cutbacks caused by semiconductor supply shortages and other factors.

On the other hand, in Japan, profitability was improved due to an increase in the volume of HDD suspensions and the effect of yen depreciation.

Operating Income Trends by Segment

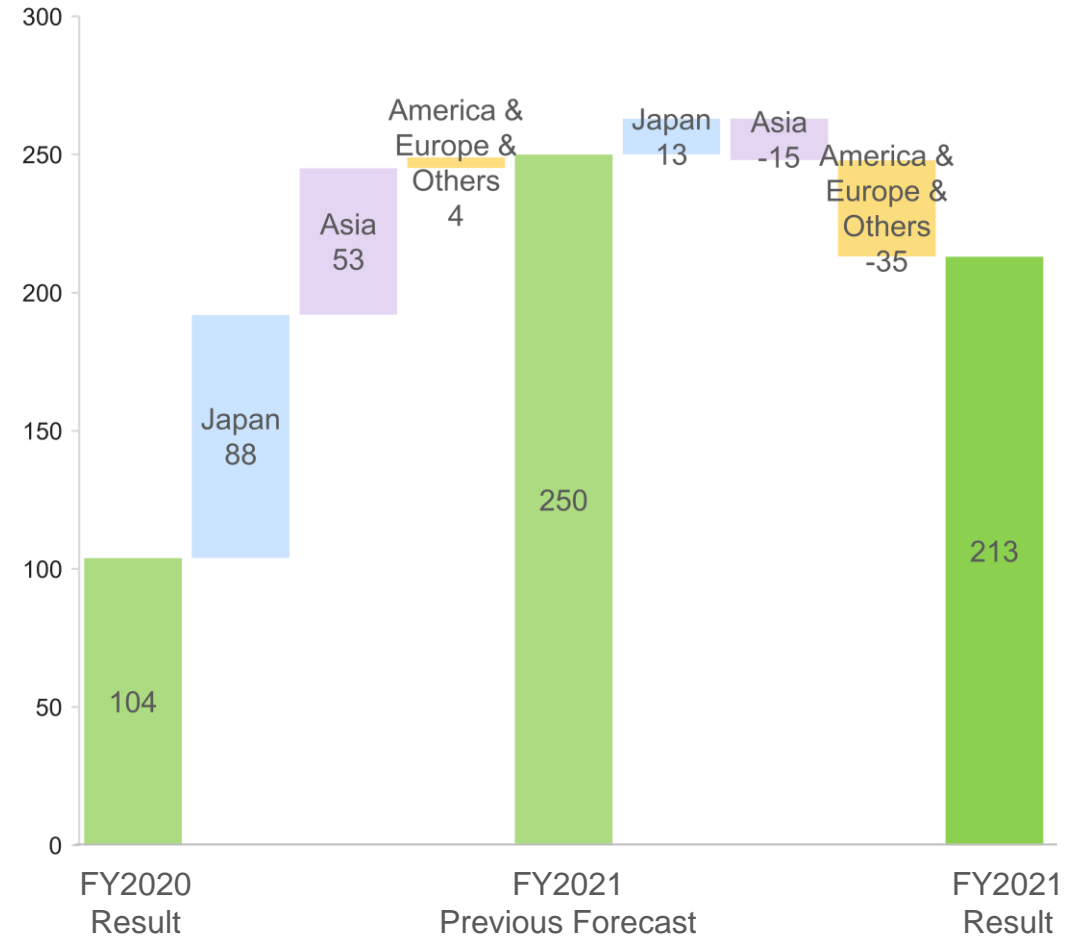
By Business Segment

(100 million Yen)



By Region

(100 million Yen)

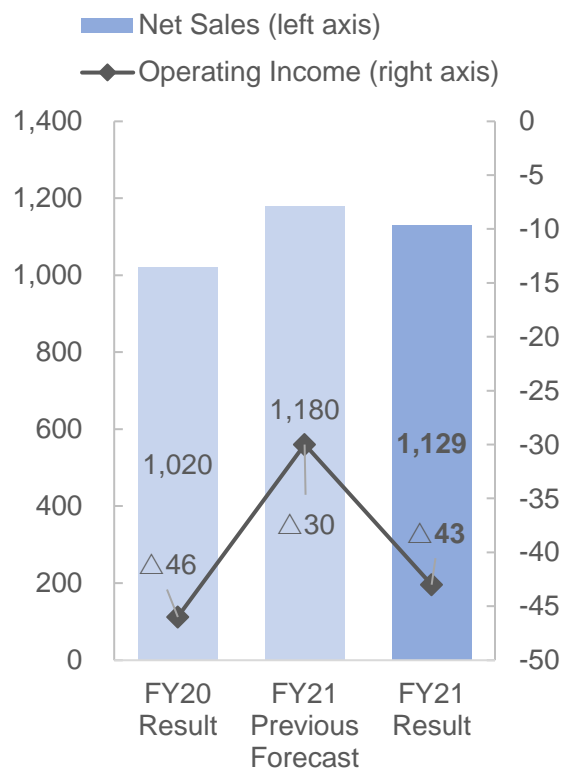


Automotive Suspension Spring

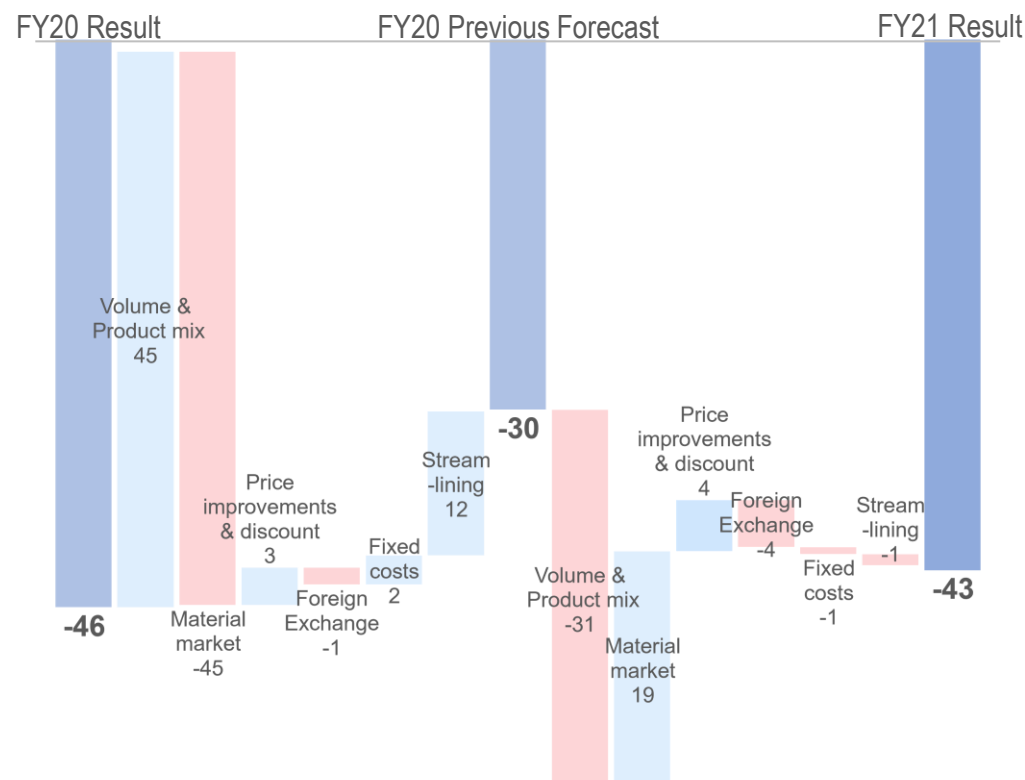
(100 Million Yen)

	FY2020	FY2021		Vs. Previous year	Vs. Forecast
	Result	Forecast	Result		
Net Sales	1,020	1,180	1,129	109	-50
Operating Income	-46	-30	-43	3	-13
Ratio	-4.6%	-2.5%	-3.9%	0.7%	-1.3%

Results Comparison



Variable Factor Analysis for Operating Income



vs. FY2020

While sales were up due to the recovery from the impact of the spread of the new coronavirus, operating income marked a slight improvement due to the impact of customers' production cutbacks caused by semiconductor supply shortages and other factors, as well as soaring raw material prices and logistics costs.

vs. Previous Forecast

Both sales and profits were down due to larger-than-expected impact of customers' production cutbacks due to semiconductor supply shortages, mainly in Japan and the U.S.

Automotive Seating

(100 Million Yen)

	FY2020	FY2021		Vs. Previous year	Vs. Forecast
	Result	Forecast	Result		
Net Sales	2,425	2,190	2,084	-340	-105
Operating Income	19	20	-28	-48	-48
Ratio	0.8%	0.9%	-1.4%	-2.2%	-2.3%

vs. FY2020

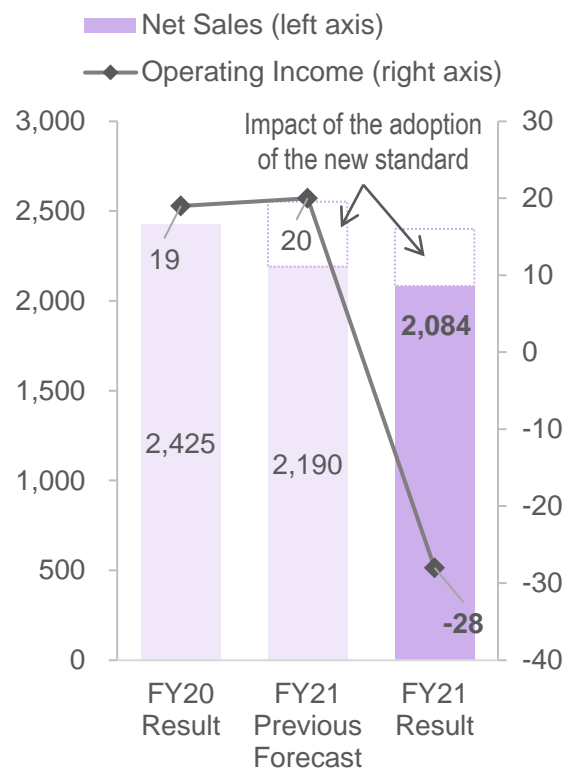
Although there was a recovery from the impact of the spread of the new coronavirus, sales and profits declined due to the significant impact of customers' production cutbacks caused by semiconductor supply shortages and other factors.

The decrease in net sales includes the impact of the adoption of revenue recognition standards (-31.6 billion yen).

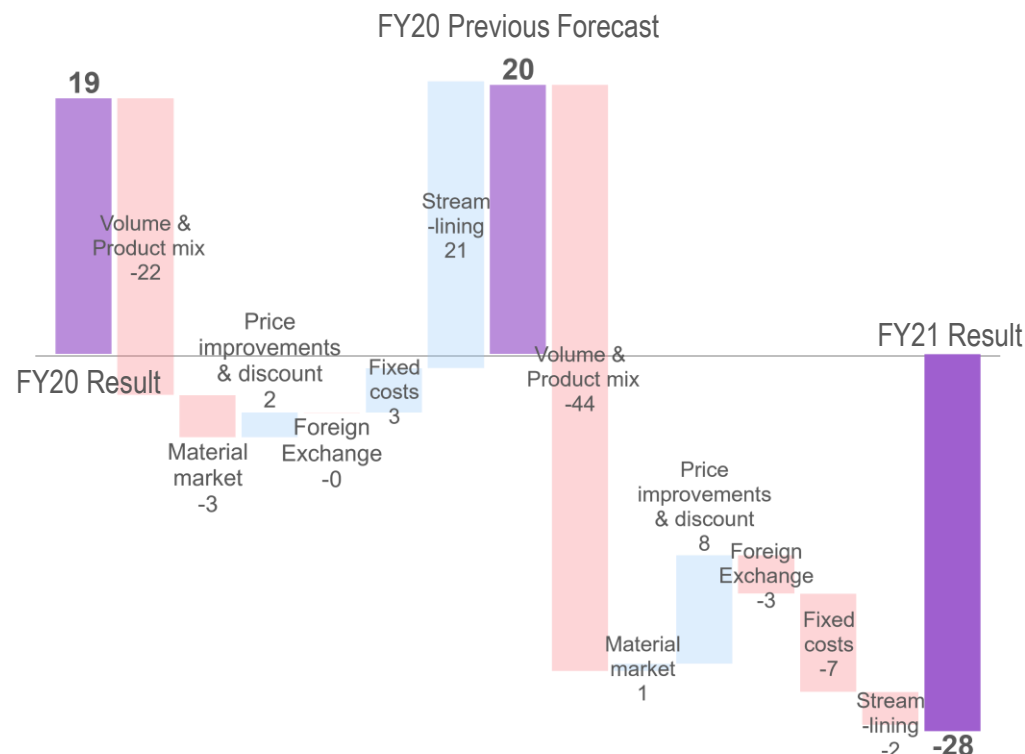
vs. Previous Forecast

Both sales and profits were down due to unexpectedly large production cutbacks by customers, mainly in Japan and the U.S., caused by semiconductor supply shortages and other factors.

Results Comparison



Variable Factor Analysis for Operating Income

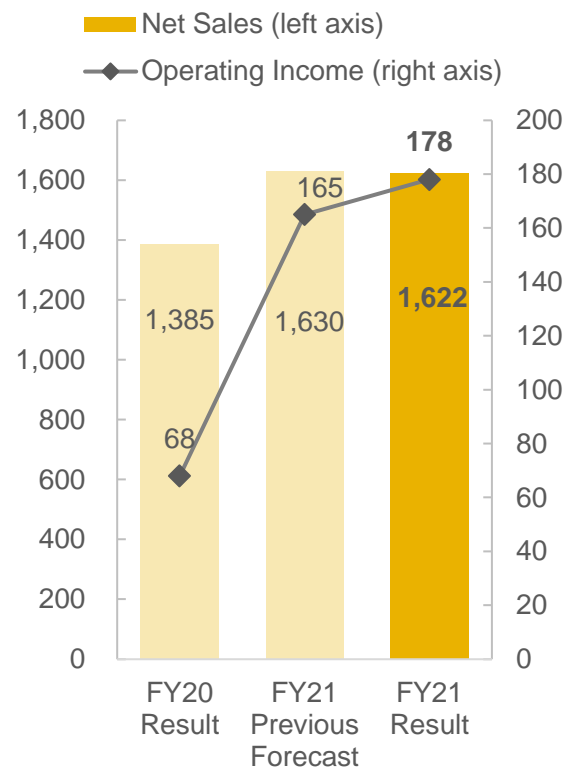


Precision Springs & Components

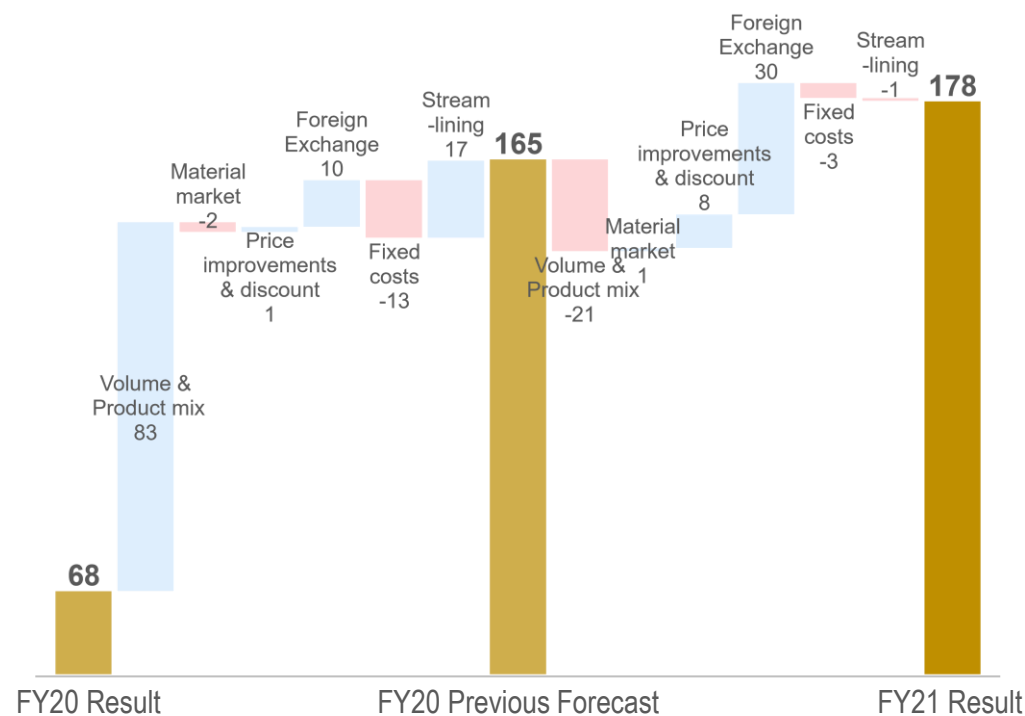
(100 Million Yen)

	FY2020	FY2021		Vs. Previous year	Vs. Forecast
	Result	Forecast	Result		
Net Sales	1,385	1,630	1,622	237	-7
Operating Income	68	165	178	109	13
Ratio	4.9%	10.1%	11.0%	6.0%	0.9%

Results Comparison



Variable Factor Analysis for Operating Income



vs. FY2020

Both sales and profits were up due to strong demand for HDD-related parts on a global basis, and the automotive-related business recovered from the impact of the spread of the new coronavirus infection, despite the negative impact on profitability due to semiconductor supply shortages and other factors.

vs. Previous Forecast

Sales and profits increased due to an increase in orders for HDD-related components and the effect of yen depreciation, while the automotive-related business got impact of customers' production cutbacks due to semiconductor supply shortages was larger than expected, mainly in Japan and the U.S.

Industrial Machinery & Others

(100 Million Yen)

	FY2020	FY2021		Vs. Previous year	Vs. Forecast
	Result	Forecast	Result		
Net Sales	895	1,000	1,031	136	31
Operating Income	63	95	107	44	12
Ratio	7.1%	9.5%	10.4%	3.3%	0.9%

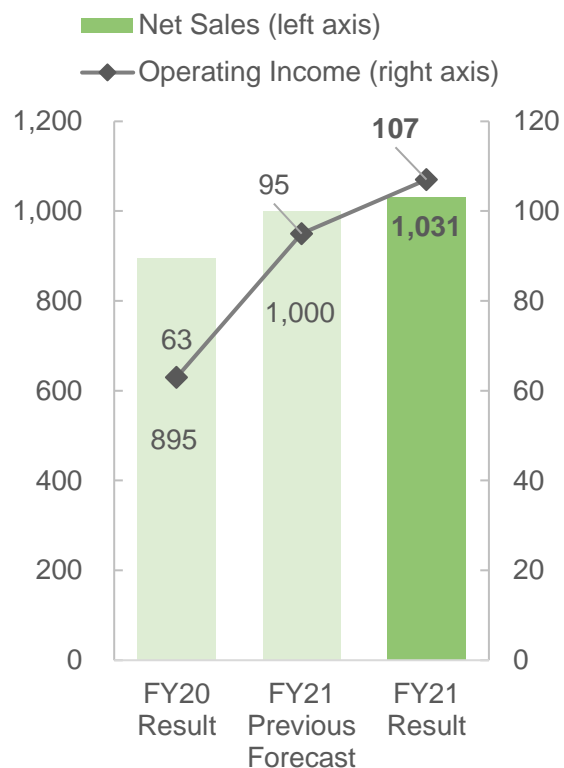
vs. FY2020

Both sales and profits increased due to strong orders for semiconductor process parts, increased orders for golf shafts, marine products, etc., and a recovery in the automotive business from the impact of the spread of the new coronavirus infection.

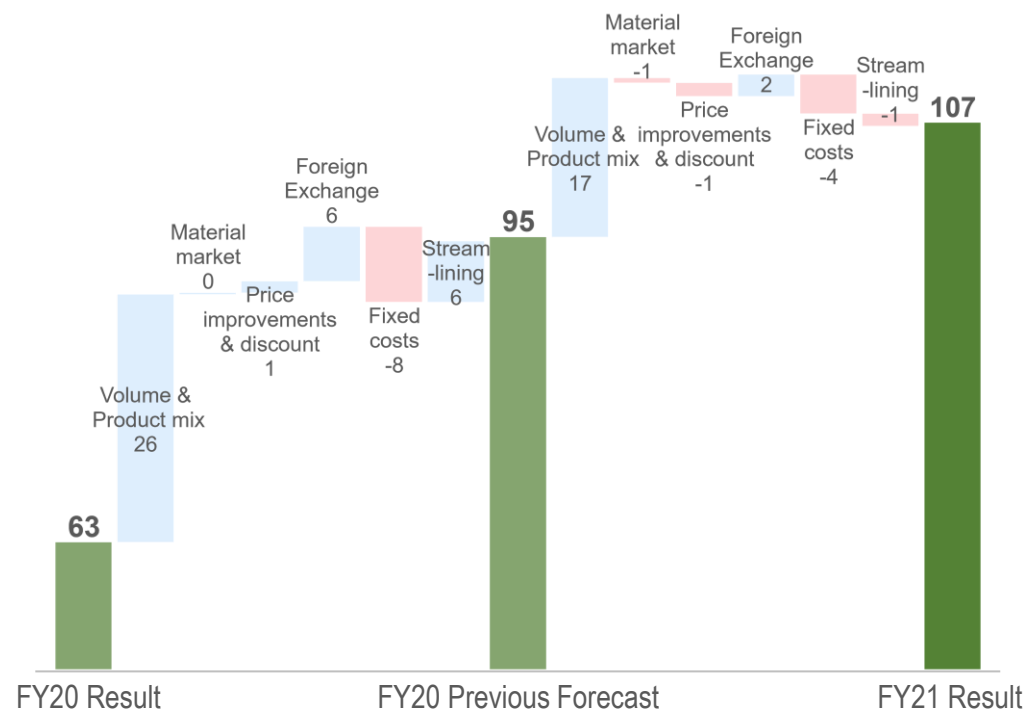
vs. Previous Forecast

Sales and profits increased due to steady growth in each business segment, including golf shafts, marine products, and multilevel parking equipment.

Results Comparison



Variable Factor Analysis for Operating Income



Details of the Financial Forecast for
the Year Ending March 2023

Forecast for the year ending March 2023

(100 million yen)

	FY2021 Result	FY2022 Forecast			Vs. Previous year		
		1st half	2nd half	Total	Variance	Ratio	
Net Sales	5,869	3,080	3,270	6,350	480	8.2%	
Operating Income	213	157	223	380	166	77.9%	
Ratio	3.6%	5.1%	6.8%	6.0%	2.3%	–	
Ordinary Income	306	167	233	400	93	30.4%	
Ratio	5.2%	5.4%	7.1%	6.3%	1.1%	–	
Exchange gains/losses	65	2	0	2	-62	-96.1%	
Profit Attribute to Owners of Parent	319	100	140	240	-79	-25.0%	
Extraordinary profits/losses	194	–	–	–	-194	–	
EPS - Earning Per Share	140.33	–	–	105.25	–	–	
ROE - Return On Equity	10.5%	–	–	7.3%	–	–	
Average Rate	US\$	112.9	–	–	118.0	5.1	4.6%
	Thai Baht	3.4	–	–	3.5	0.1	1.9%

Net Sales / Operating Income by Business Segment

(100 million yen)

	FY2021 Result	FY2022 Forecast			Vs. Previous year		
		1st half	2nd half	Total	Variance	Ratio	
A utomotive Suspension Spring	Net Sales	1,129	590	610	1,200	70	6.2%
	Operating Income	-43	-1	11	10	53	-
	Ratio	-3.9%	-0.2%	1.8%	0.8%	4.7%	-
A utomotive Seating	Net Sales	2,084	1,100	1,190	2,290	205	9.9%
	Operating Income	-28	20	37	57	85	-
	Ratio	-1.4%	1.8%	3.1%	2.5%	3.9%	-
P recision Springs & Components	Net Sales	1,622	840	880	1,720	97	6.0%
	Operating Income	178	85	103	188	9	5.6%
	Ratio	11.0%	10.1%	11.7%	10.9%	-0.0%	-
I ndustrial Machinery & Others	Net Sales	1,031	550	590	1,140	108	10.5%
	Operating Income	107	53	72	125	17	16.1%
	Ratio	10.4%	9.6%	12.2%	11.0%	0.5%	-
Total	Net Sales	5,869	3,080	3,270	6,350	480	8.2%
	Operating Income	213	157	223	380	166	77.9%
	Ratio	3.6%	5.1%	6.8%	6.0%	2.3%	-

Automotive Suspension Springs & **A**utomotive Seating

An order increase is expected due to automobile production recovery.

Precision Springs & Components

Both sales and profits are expected to increase due to a recovery in volume in the automotive-related business and a further increase in orders in the information and telecommunications-related business.

Industrial Machinery & Others

Forecasts for sales and profit increase, due to further order growth in semiconductor process components.

Net Sales / Operating Income by Region

(100 million yen)

	FY2021 Result	FY2022 Forecast			Vs. Previous year		
		1st half	2nd half	Total	Variance	Ratio	
Japan	Net Sales	3,413	1,780	1,850	3,630	216	6.3%
	Operating Income	201	112	150	262	60	29.7%
	Ratio	5.9%	6.3%	8.1%	7.2%	1.3%	–
Asia	Net Sales	1,665	820	870	1,690	24	1.5%
	Operating Income	102	60	70	130	27	27.4%
	Ratio	6.1%	7.3%	8.0%	7.7%	1.6%	–
America & Europe & Others	Net Sales	790	480	550	1,030	239	30.4%
	Operating Income	-90	-15	3	-12	78	–
	Ratio	-11.4%	-3.1%	0.5%	-1.2%	10.3%	–
Total	Net Sales	5,869	3,080	3,270	6,350	480	8.2%
	Operating Income	213	157	223	380	166	77.9%
	Ratio	3.6%	5.1%	6.8%	6.0%	2.3%	–

Japan

Both sales and profits are expected to increase due to a recovery in volume in the automotive-related business and a further order increase in the information and telecommunications-related business.

Asia

Forecasting increases in both sales and profit reflecting an expected increase in orders for automobile-related parts and HDD-related parts, mainly in Thailand.

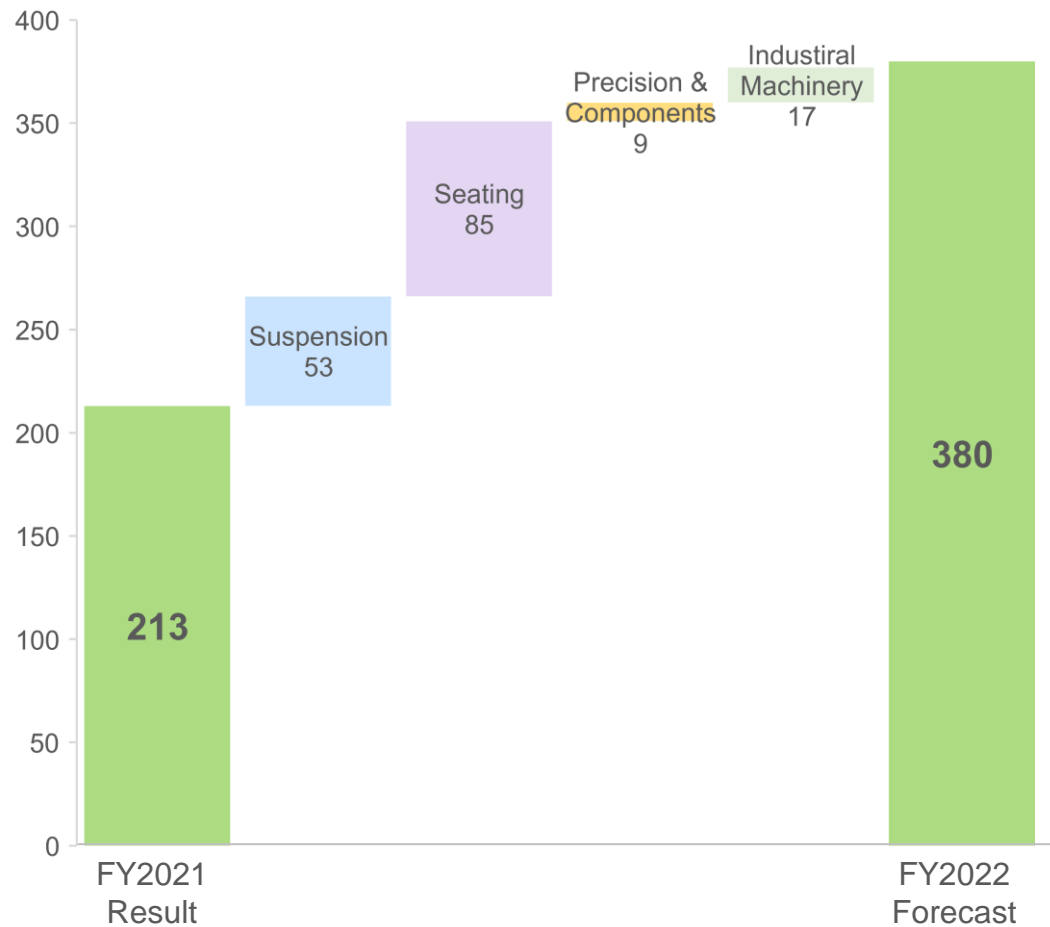
America, Europe & Others

An increase in orders is expected due to a recovery in automobile production.

Variable Factor Analysis for Operating Income

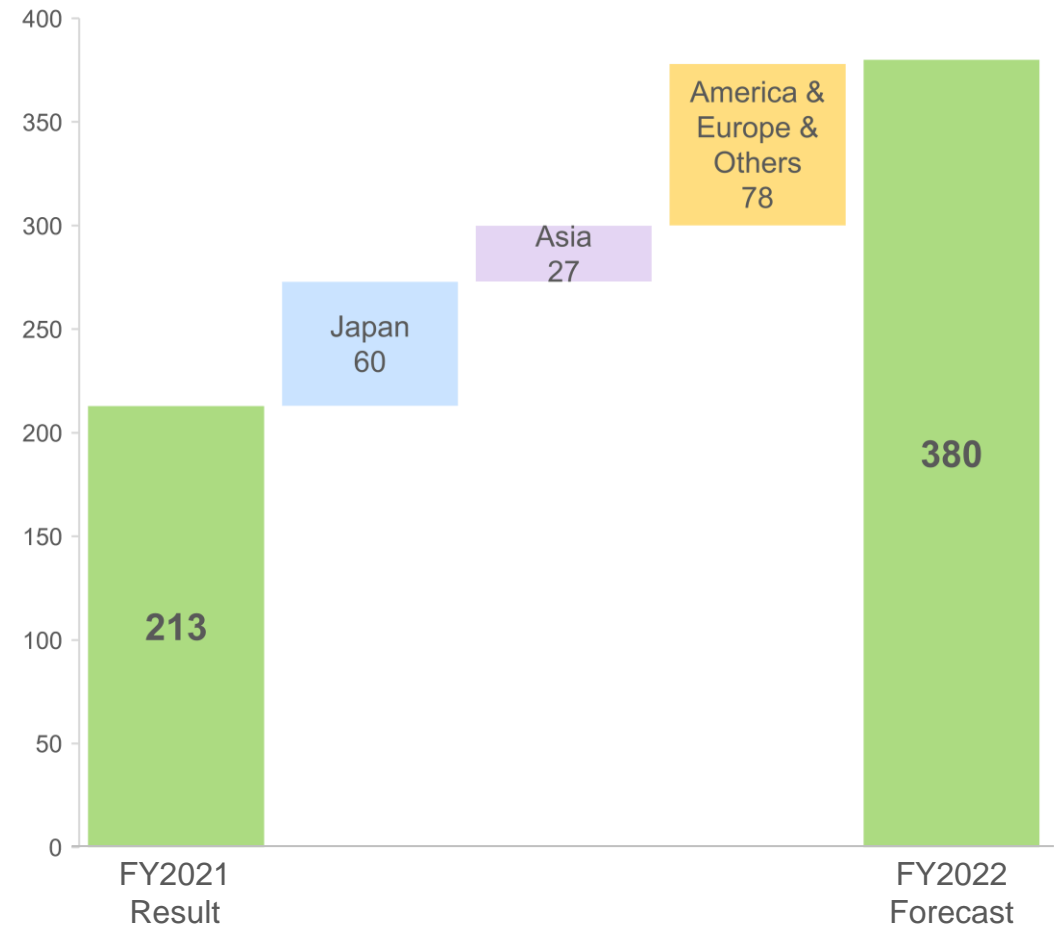
By Business Segment

(100 million Yen)



By Region

(100 million Yen)



Automotive Suspension Spring

(100 Million Yen)

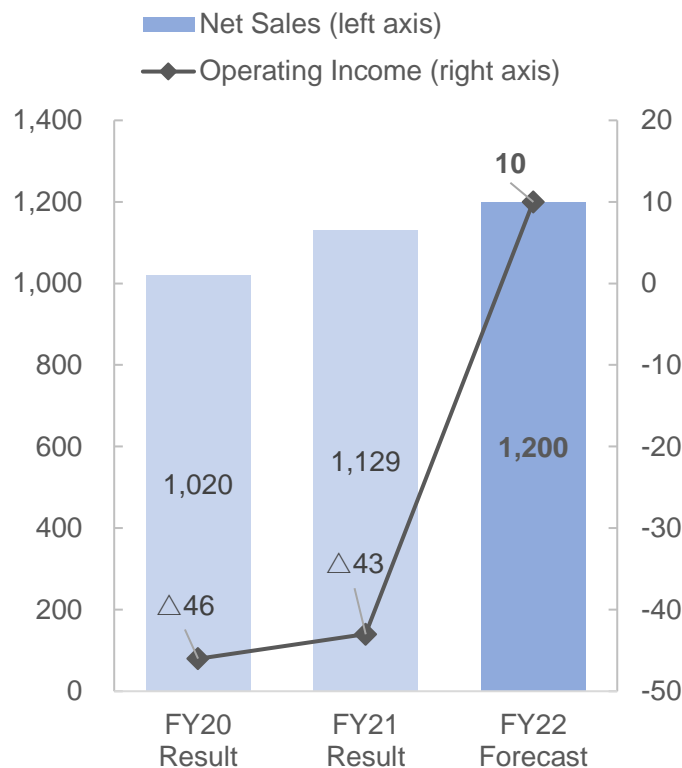
	FY2021 Result	FY2022 Forecast			Vs. FY2021 Variance
		1st half	2nd half	Total	
Net Sales	1,129	590	610	1,200	70
Operating Income	-43	-1	11	10	53
Ratio	-3.9%	-0.2%	1.8%	0.8%	4.7%

vs. FY2021

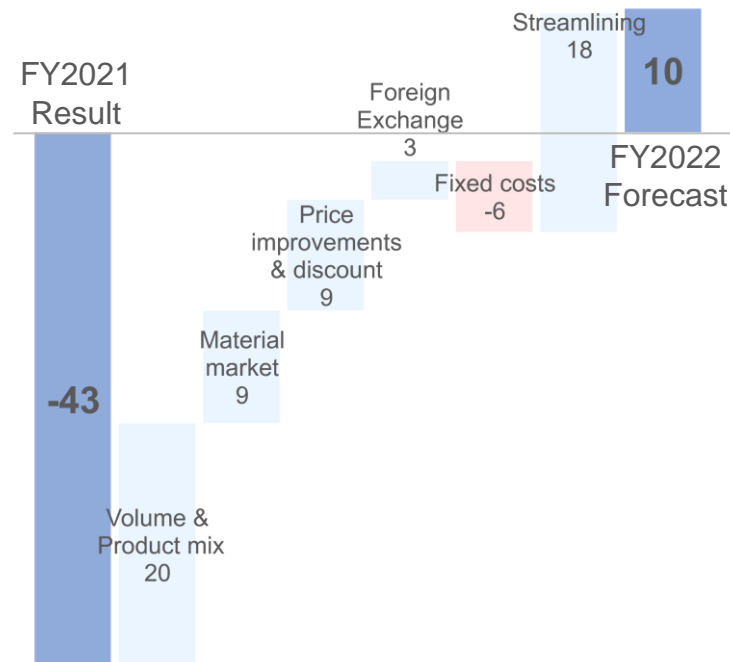
We expect automobile production to gradually recover, although the timing of the resolution of the impact of customers' production cutbacks due to semiconductor supply shortages and other factors is uncertain.

We aim to return to operating profitability mainly by improving the profitability of our subsidiaries in the U.S. and Europe.

Results Trends



Variable Factor Analysis for Operating Income



Automotive Seating

(100 Million Yen)

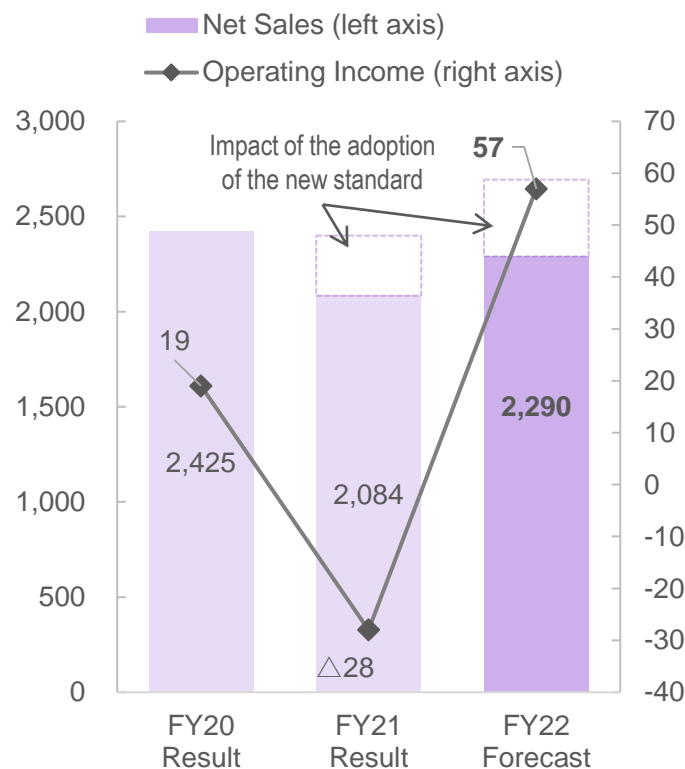
	FY2021 Result	FY2022 Forecast			Vs. FY2021 Variance
		1st half	2nd half	Total	
Net Sales	2,084	1,100	1,190	2,290	205
Operating Income	-28	20	37	57	85
Ratio	-1.4%	1.8%	3.1%	2.5%	3.9%

vs. FY2021

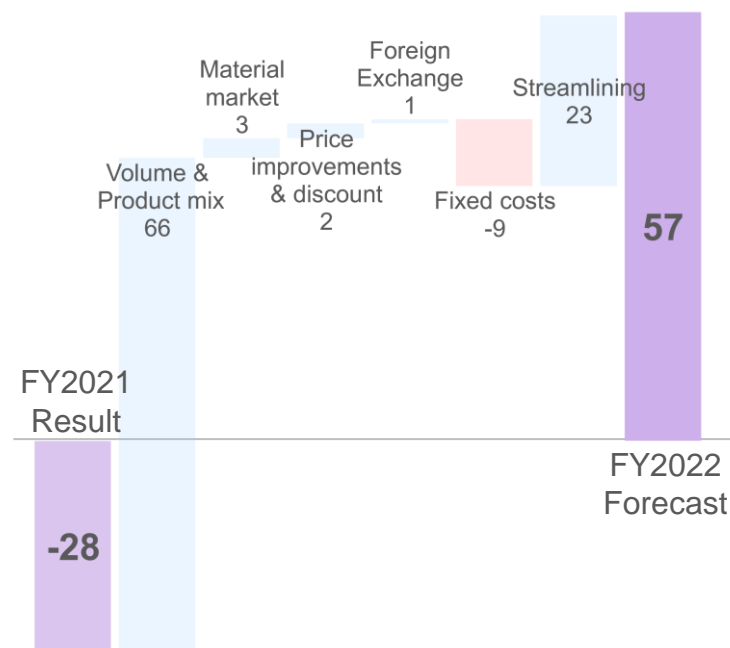
We expect automobile production to gradually recover, although the timing of the resolution of the impact of customers' production cutbacks due to semiconductor supply shortages and other factors is uncertain.

In FY2022, we will make full preparations for the launch of many important vehicle models.

Results Trends



Variable Factor Analysis for Operating Income



Precision Springs & Components

(100 Million Yen)

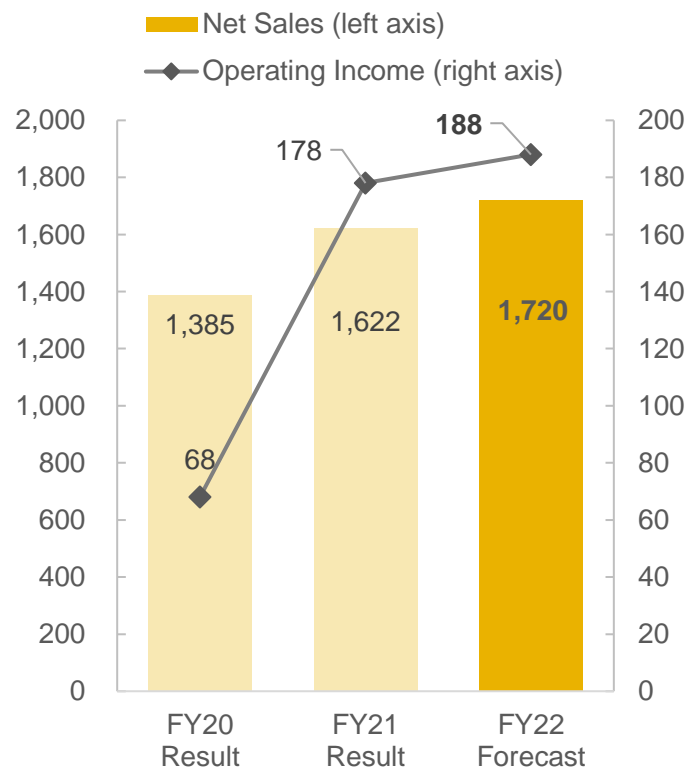
	FY2021	FY2022 Forecast			Vs. FY2021 Variance
	Result	1st half	2nd half	Total	
Net Sales	1,622	840	880	1,720	97
Operating Income	178	85	103	188	9
Ratio	11.0%	10.1%	11.7%	10.9%	-0.0%

vs. FY2021

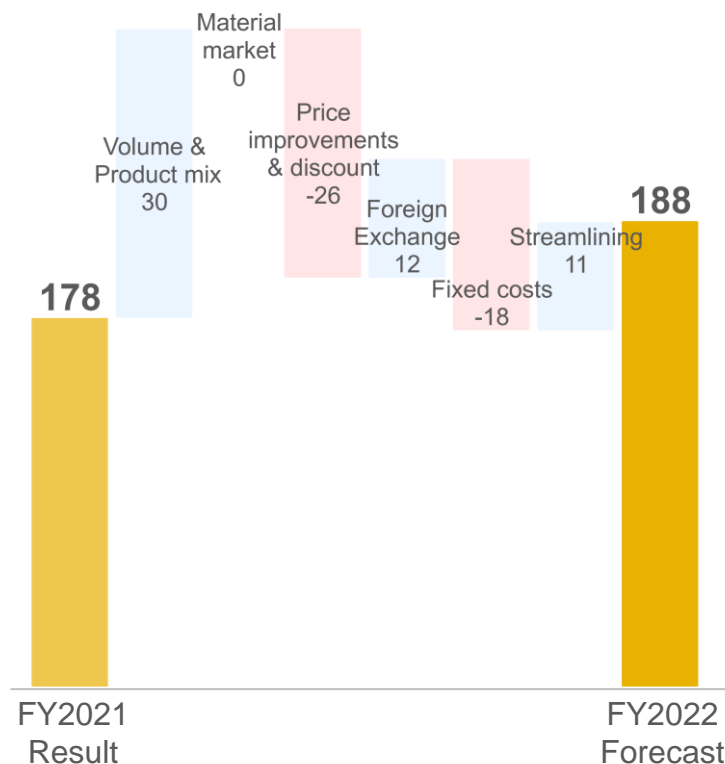
We expect automobile production to gradually recover, although the timing of the resolution of the impact of customers' production cutbacks due to semiconductor supply shortages and other factors is uncertain.

In the information and telecommunications related business, demand for HDD suspensions is expected to remain strong, although profitability is expected to deteriorate slightly due to a change in the product mix in Japan.

Results Trends



Variable Factor Analysis for Operating Income



Industrial Machinery & Others

(100 Million Yen)

	FY2021	FY2022 Forecast			Vs. FY2021 Variance
	Result	1st half	2nd half	Total	
Net Sales	1,031	550	590	1,140	108
Operating Income	107	53	72	125	17
Ratio	10.4%	9.6%	12.2%	11.0%	0.5%

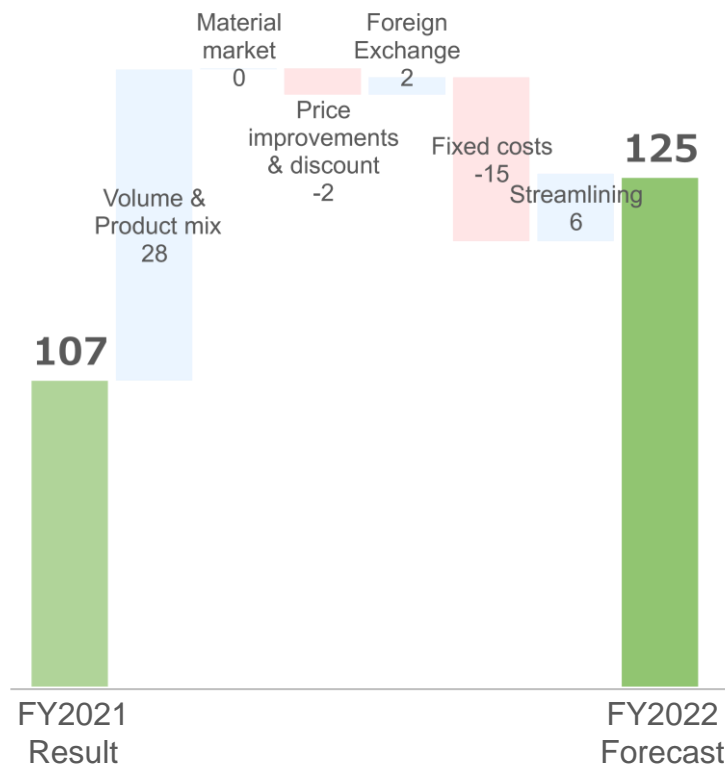
vs. FY2021

Further increase in orders for semiconductor process components is expected to drive the overall increase in sales and profit. In addition, an increase in orders for metal substrates and a recovery in the automotive-related business are expected to contribute to boosting profitability.

Results Trends



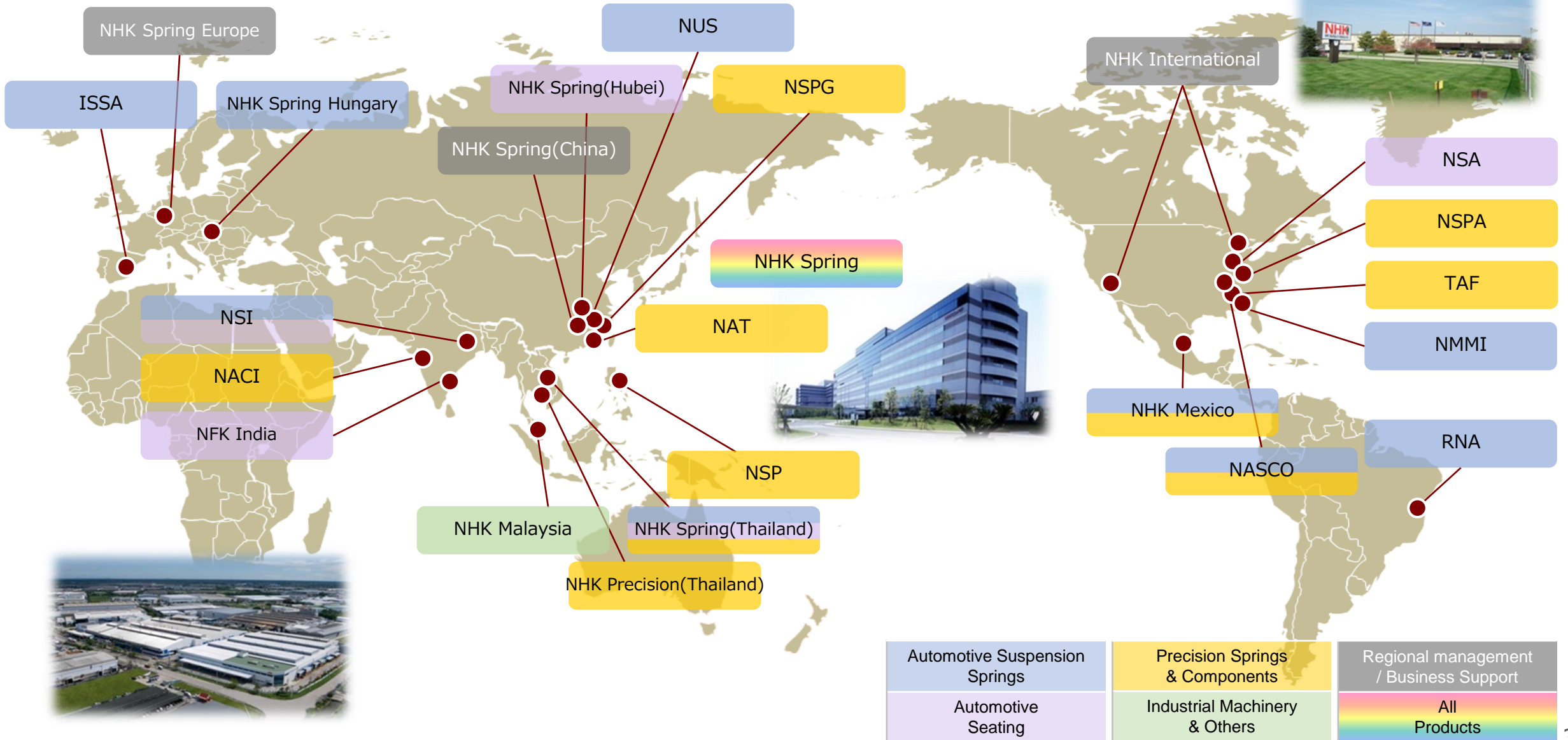
Variable Factor Analysis for Operating Income



Supplementary Materials

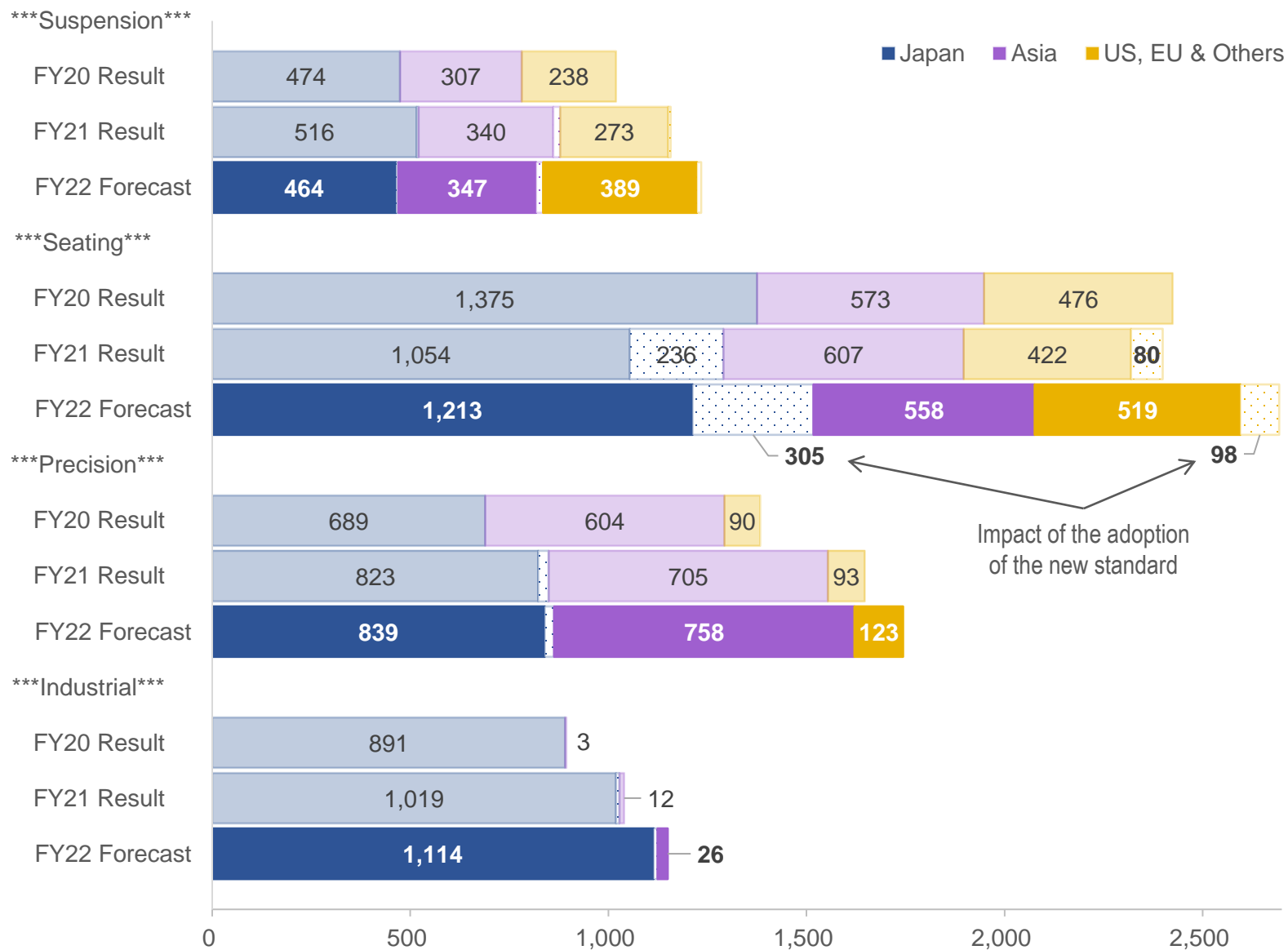
Supplementary Materials: Overseas Expansion

Major Overseas Operations



Supplementary Materials

Details of Net Sales (full-year)



(100 million Yen)

		Japan	Asia	US,EU &Others	Total
Automotive Suspension Spring	FY20 Result	474	307	238	1,020
	FY21 Result	516	340	273	1,129
	FY22 Forecast	464	347	389	1,200
Automotive Seating	FY20 Result	1,375	573	476	2,425
	FY21 Result	1,054	607	422	2,084
	FY22 Forecast	1,213	558	519	2,290
Precision Springs & Components	FY20 Result	689	604	90	1,385
	FY21 Result	823	705	93	1,622
	FY22 Forecast	839	758	123	1,720
Industrial Machinery & Others	FY20 Result	891	3	-	895
	FY21 Result	1,019	12	-	1,031
	FY22 Forecast	1,114	26	-	1,140
Total	FY20 Result	3,431	1,489	805	5,726
	FY21 Result	3,413	1,665	790	5,869
	FY22 Forecast	3,630	1,690	1,030	6,350

(100 million yen)

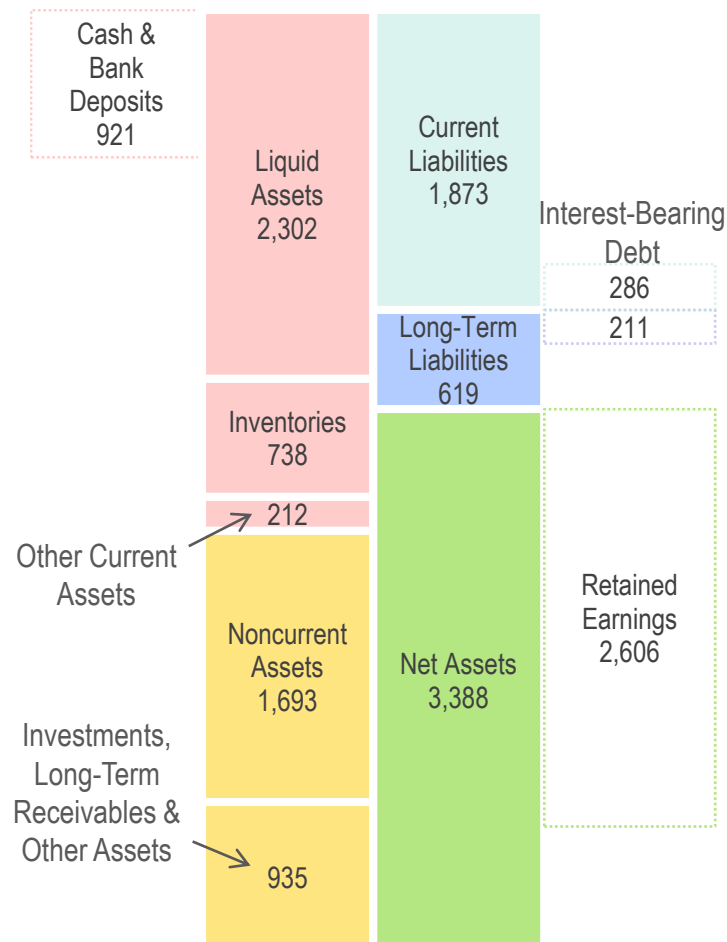
	FY2017	FY2018	FY2019	FY2020	FY2021	Increase /Decrease
Total Assets	5,683	5,731	5,326	5,607	5,880	273
Stockholder's Equity	2,928	2,811	2,709	2,839	3,226	386
Stockholder's Equity to Total Assets Ratio	51.5%	49.0%	50.9%	50.6%	54.9%	4.2%
Cash and Bank Deposits	952	985	745	793	921	127
Interest Bearing Debt	532	682	575	692	497	-194
Net Cash	419	303	170	100	423	322

Supplementary Materials

Balance Sheet Status

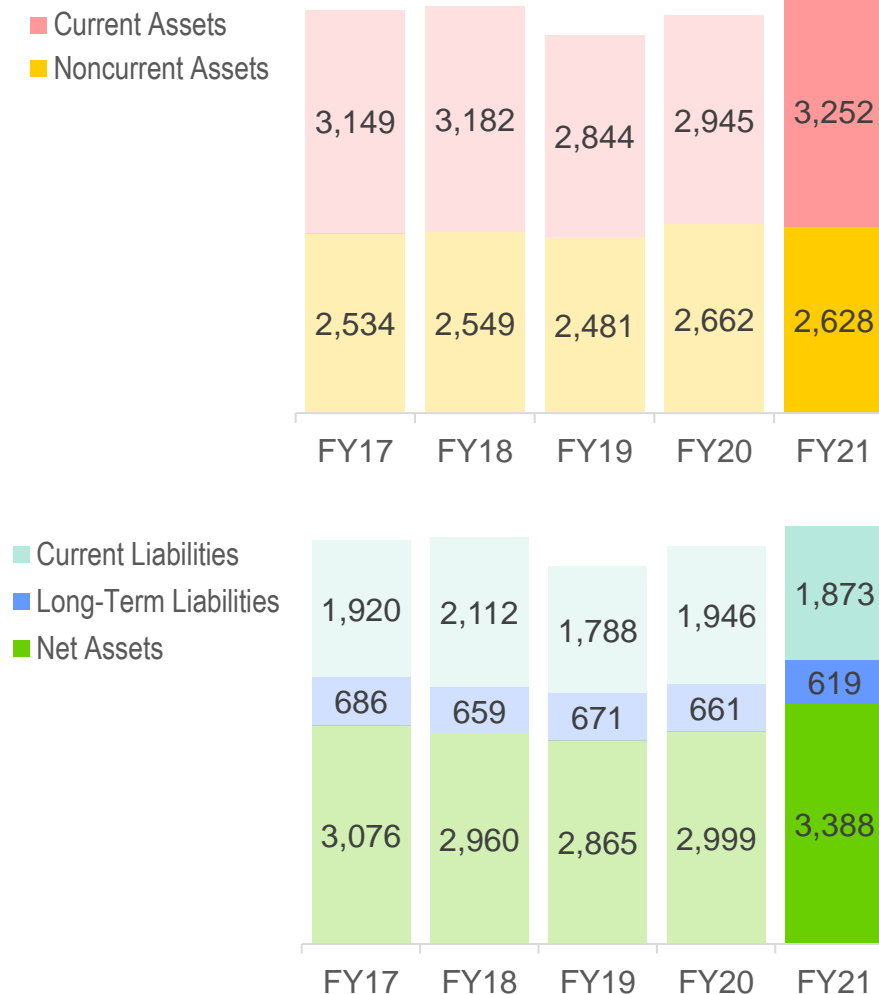
Balance Sheet as of 3/2022

(100 million yen)



Balance Sheet Trends

(100 million yen)



Assets

Inventories increased due to production adjustments by automakers and other factors.

In addition, cash and deposits temporarily increased due to the sale of real estate properties.

Liabilities

Balance of liabilities decreased due to repayment of loans as well as a decrease in operating debt due to a decrease in business transactions.

Net Assets

Foreign currency translation adjustments increased. Retained earnings increased due to net income.

Capital Investment / Depreciation & Amortization

by Business Segment

(100 million Yen)

		FY2020 Result			FY2021 Result	FY2022 Latest Forecast
			Initial Forecast	Previous Forecast		
Capital Investments	Automotive Suspension Springs	49	57	49	30	83
	Automotive Seating	62	57	49	50	74
	Precision Springs & Components	105	126	144	113	212
	Industrial Machinery & Others	24	38	36	30	69
	Company-wide sharing	7	13	11	7	16
	Total	249	293	292	232	456
	Vs. Previous year	-37.3%	17.4%	17.1%	-6.9%	96.4%
Depreciation & Amortization	Automotive Suspension Springs	59	71	68	66	69
	Automotive Seating	51	50	52	48	51
	Precision Springs & Components	109	114	114	114	119
	Industrial Machinery & Others	37	39	37	36	39
	Company-wide sharing	16	11	14	17	18
	Total	274	287	287	283	297
	Vs. Previous year	4.1%	4.6%	4.5%	2.9%	5.2%

Capital Investment / Depreciation & Amortization Cont'd

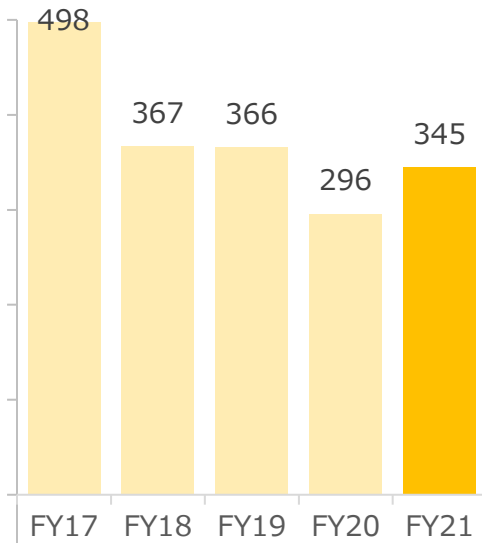
by Region

(100 million Yen)

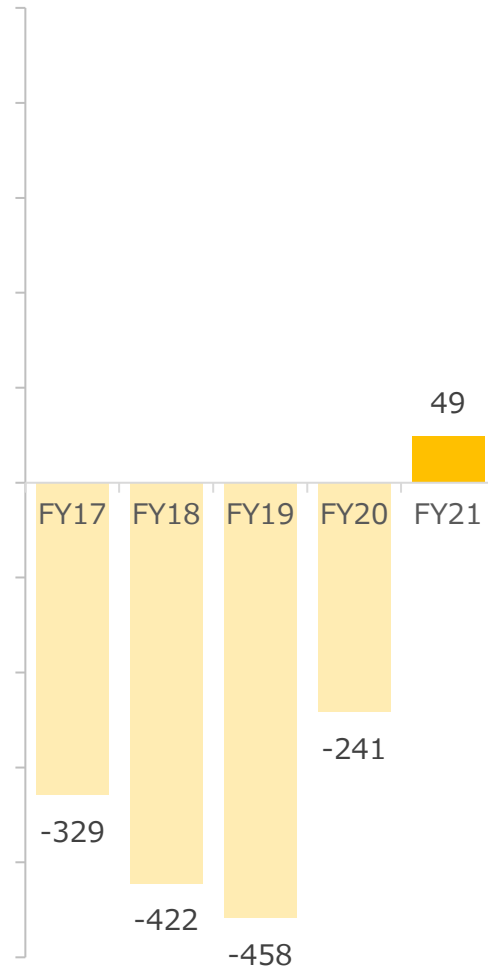
		FY2020 Result			FY2021 Result	FY2022 Latest Forecast
			Initial Forecast	Previous Forecast		
Capital Investments	Japan	138	168	167	130	234
	Asia	63	85	92	73	138
	America, Europe & Others	48	38	32	28	83
	Overseas total	111	124	125	102	222
	Total	249	293	292	232	456
Depreciation & Amortization	Japan	164	172	168	165	167
	Asia	71	71	74	73	83
	America, Europe & Others	39	43	44	44	46
	Overseas total	110	115	119	117	130
	Total	274	287	287	283	297

Supplementary Materials
Cash Flow Status

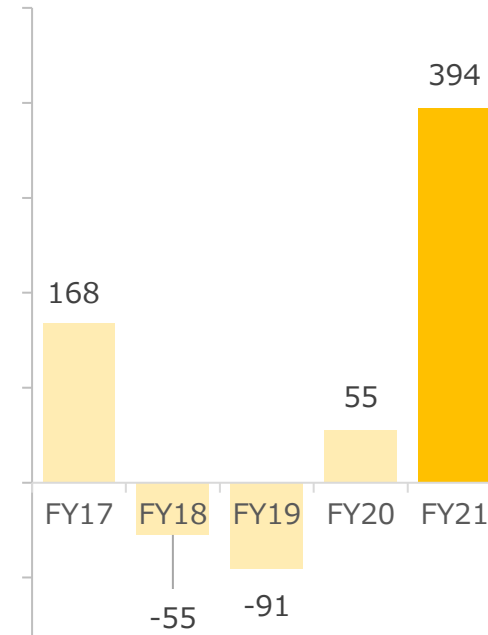
Operating CF



Investment CF

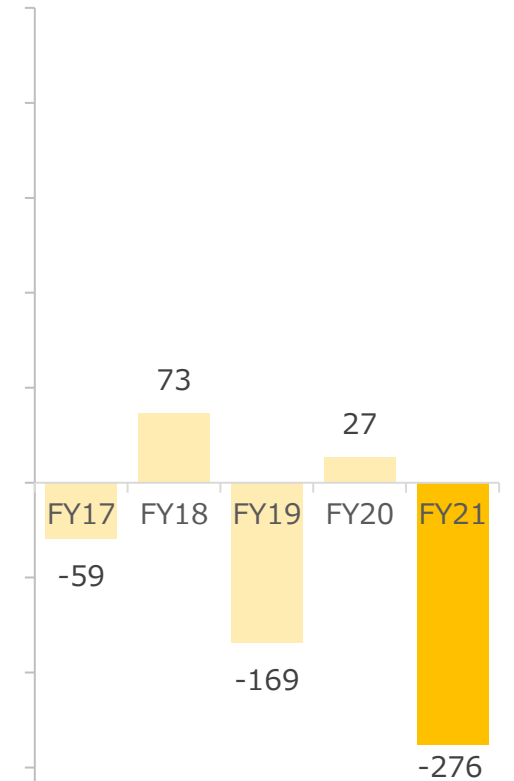


Free CF



Financial CF

(100 million Yen)



Toward the Achievement of Medium-term Plan 2023

(100 million yen)

	FY2020 Result	FY2021 Result	FY2022 Forecast	FY2023 Plan
Net Sales	5,726	5,869	6,350	6,500
Operating Income	104	213	380	400
Ratio	1.8%	3.6%	6.0%	6.2%
Ordinary Income	145	306	400	420
Ratio	2.5%	5.2%	6.3%	6.5%
Profit Attribute to Owners Parent	93	319	240	250
ROE - Return On Equity	3.4%	10.5%	7.3%	8.0%

Toward the Achievement of Medium-term Plan

The recovery pace in automobile production will be slower than our medium-term management plan assumption, due to the impact of the new coronavirus infection and semiconductor supply shortages. On the other hand, information and telecommunications related businesses, such as HDD suspensions and semiconductor process components are expected to perform well exceeding the pace of the medium-term management plan.

We will work to achieve the plan through various measures.

Net Sales / Operating Income by Business Segment

(100 million yen)

		FY2020 Result	FY2021 Result	FY2022 Forecast	FY2023 Plan
A utomotive Suspension Spring	Net Sales	1,020	1,129	1,200	1,210
	Operating Income	-46	-43	10	30
	Ratio	-4.6%	-3.9%	0.8%	2.5%
A utomotive Seating	Net Sales	2,425	2,084	2,290	2,400
	Operating Income	19	-28	57	80
	Ratio	0.8%	-1.4%	2.5%	3.3%
P recision Springs & Components	Net Sales	1,385	1,622	1,720	1,790
	Operating Income	68	178	188	180
	Ratio	4.9%	11.0%	10.9%	10.1%
I ndustrial Machinery & Others	Net Sales	895	1,031	1,140	1,100
	Operating Income	63	107	125	110
	Ratio	7.1%	10.4%	11.0%	10.0%
Total	Net Sales	5,726	5,869	6,350	6,500
	Operating Income	104	213	380	400
	Ratio	1.8%	3.6%	6.0%	6.2%

Automotive Suspension Springs & **A**utomotive Seating

Improved performance due to recovery in automobile production volume and rationalization.

Precision Springs & Components

Favorable sales of HDD suspensions for high-capacity data centers and motor cores.

Industrial Machinery & Others

Strong performance in semiconductor processing components, metal substrates, etc.

Net Sales / Operating Income by Region

(100 million yen)

		FY2020 Result	FY2021 Result	FY2022 Forecast	FY2023 Plan
Japan	Net Sales	3,431	3,413	3,630	4,090
	Operating Income	100	201	262	270
	Ratio	2.9%	5.9%	7.2%	6.6%
Asia	Net Sales	1,489	1,665	1,690	1,500
	Operating Income	64	102	130	110
	Ratio	4.3%	6.1%	7.7%	7.3%
America & Europe & Others	Net Sales	805	790	1,030	910
	Operating Income	-59	-90	-12	20
	Ratio	-7.4%	-11.4%	-1.2%	2.2%
Total	Net Sales	5,726	5,869	6,350	6,500
	Operating Income	104	213	380	400
	Ratio	1.8%	3.6%	6.0%	6.2%

Japan

Information and telecommunication related business led our business performance, such as HDD suspensions and semiconductor process components.

Asia

HDD suspensions led the business performance.

America, Europe & Others

Suspension springs business in US turned profitable, and European business improved.

Capital Investment / Depreciation & Amortization

(100 million yen)

		FY2020 Result	FY2021 Result	FY2022 Forecast	FY2023 Plan	Forecast FY2021-23 Total	Initial Plan FY2021-23 Total
Capital Investments	Japan	138	130	234	171	535	536
	Overseas	111	102	222	117	441	343
	Total	249	232	456	288	976	880
Depreciation & Amortization	Japan	164	165	167	179	511	535
	Overseas	110	117	130	119	366	349
	Total	274	283	297	298	878	885

Major capital investments newly added to the 2023 Mid-Term Management Plan

- *Motor core production facilities
- *HDD suspension line expansion
- *Expansion of semiconductor process component and metal substrate production capacity
- *Expansion of Mexico coil spring production line

Answers to Frequently Asked Questions

Question

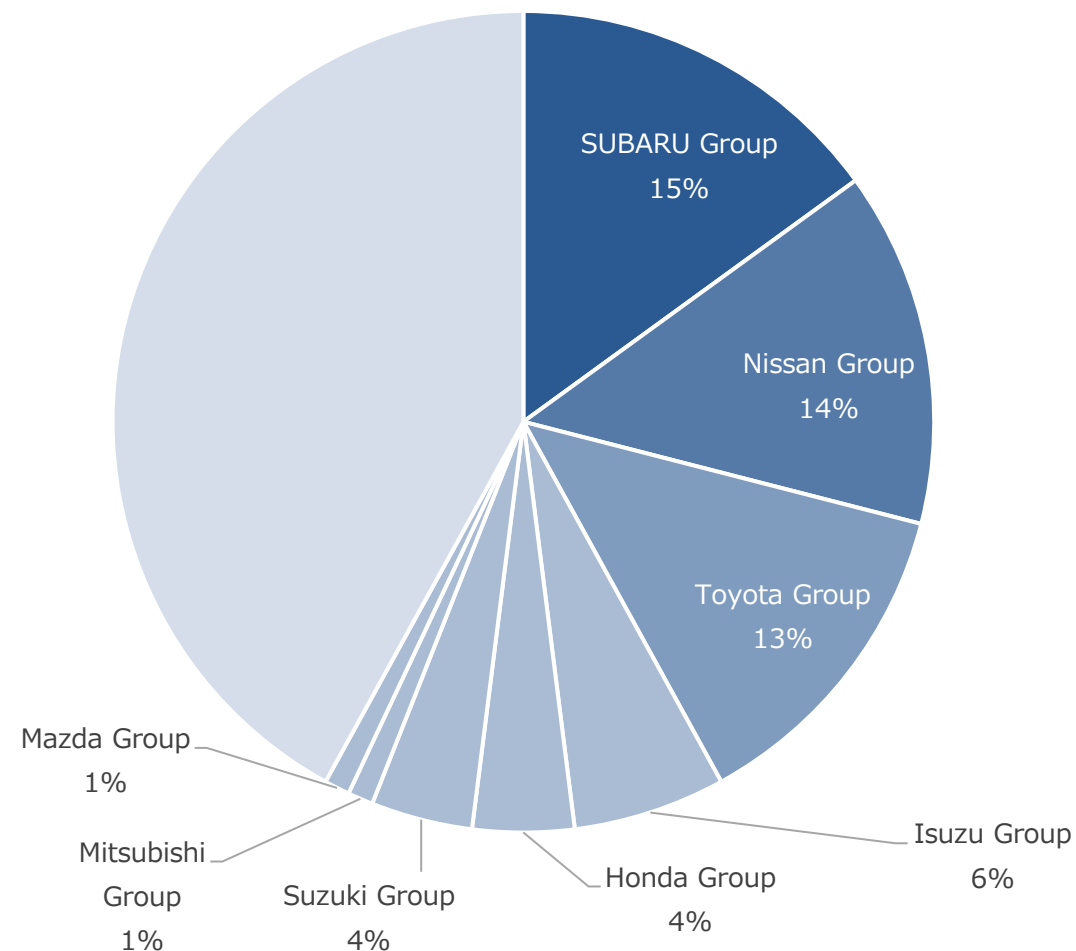
: What is your sales breakdown to each of the major car makers?

Answer

: Our results for the year ended March 2022 are shown in the table below.

Major car makers	FY2020	FY2021
SUBARU Group	16%	15%
Nissan Group	17%	14%
Toyota Group	12%	13%
Isuzu Group	5%	6%
Honda Group	4%	4%
Suzuki Group	4%	4%
Mitsubishi Group	1%	1%
Mazda Group	1%	1%
Top 3 Companies	45%	42%

(Note) The percentages show share versus total net sales.



Motor Core

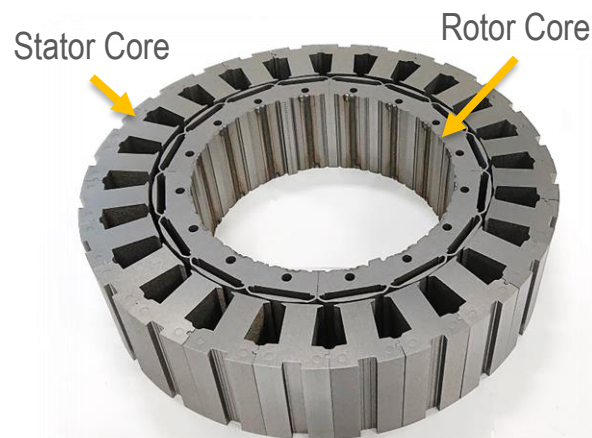
NHK produce Motor Cores, which are laminated iron cores used in the motors -- drive motors and/or power generators-- for EV and HV vehicles. They are made by some hundred layers of 0.25-0.35 mm thickness electromagnetic steel sheets which are stamped out one by one, and are fastened together by caulking or welding.

The motor core consists of the Rotor Core, which has a magnet inserted and serves as the rotating part of the motor, and the Stator Core, which is the fixed winding part. Electric power from battery is supplied to the motors through inverters, and Rotor Cores --which contains magnets-- are pulled and repelled by rotating magnetic field generated in the Stator Cores-- which are wound with coils--, causing Rotor Cores high speed rotation. Thin plate laminated iron cores can easily pass through magnetic field lines, and have ability to generate stronger magnetic force.

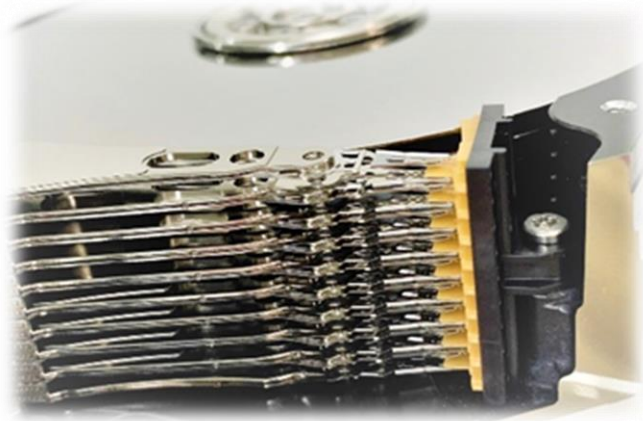
NHK Motor Cores are diameter of around 200mm and height of around 150mm, which is a relatively large size for the precision stamped products that NHK produce; but NHK has built up an ability over the many years, to produce dimensional accuracy as micron level, through our production of automotive parts and HDD (hard disk drive) parts, to be able to produce this kind of large, ultra-high precision stamped products.

The press dies --which is the key to the production of Motor Core-- are manufactured in-house, from designing, production to maintenance. In addition to our Atsugi Plant in Japan, NHK is able to produce the same quality motor cores, at our global operations in Mexico and China.

Motor Core



Suspension for HDD (Hard Disk Drive) Read-Write Head



Suspensions for HDD are unique spring products, holding read-write head in Hard Disk Drive devices.

In recent years, HDDs have been used mainly in data centers for social networking sites and video sharing sites, rather than for personal computers. In data centers, large-capacity HDDs are lined up in the hundreds of thousands, to store massive amounts of gigabyte-sized files, and each HDD is equipped with many HDD suspensions. In the photo on the left, there are 18 suspensions per HDD; Total number of HDD suspension in an entire data center is huge.

Suspensions for high-capacity HDDs incorporate ultra-compact actuators that move the tiny parts that read and write data in minute increments, enabling data on the disk to be read and written at higher densities.

We call DSA (Refer Note 1.) the micro actuator embedded in the center, and CLA (Refer Note 2.) the micro actuator embedded in the tip of the actuator. If we compare them to the human arm, the DSA moves the wrist and the CLA moves the fingertips. We have also developed and mass-produced a TSA (Refer Note 3.) that incorporates both DSA and CLA as an even higher performance product. It is capable of delicate and dynamic movements and contributes to further increasing the capacity of HDDs used in data centers.

In the future, we plan to increase the volume of more sophisticated TSAs suitable for ultra-large capacity HDDs.

Note 1 : DSA stands for “Dual Stage Actuators”

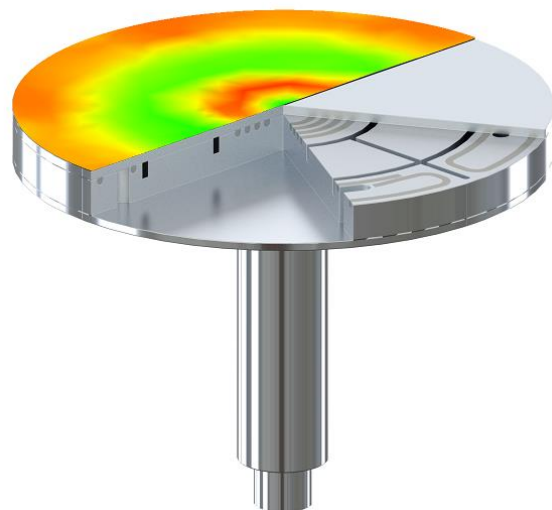
Note 2 : CLA stands for “Co-Located Actuators”

Note 3 : TSA stands for “Triple Stage Actuators”



Parts for Semiconductor Manufacturing Equipment

Stage heater with multi-zone temperature distribution control function for film deposition equipment



In semiconductors, conductors and insulators are drawn in a fine and complicated pattern on a silicon substrate to form a circuit.

Our stage heaters, which are mainly made of metal such as aluminum alloy and stainless steel, are broadly adopted in film deposition processes such as CVD and ALD*, and they make it possible to realize a complicated internal structure by the advanced bonding technology that we have cultivated over many years.

*CVD stands for Chemical Vapor Deposition

*ALD stands for Atomic Layer Deposition

In making full use of our own heater element design technology and analysis technology for simulation, it is possible to arrange multiple heater elements, refrigerant channels, and heat insulating space, which enables to realize not only equalize temperature distribution, but also active temperature distribution control, that partially generates a difference in the range of several tens of degrees.

Ceramics spray-coated cooling plate for etching equipment

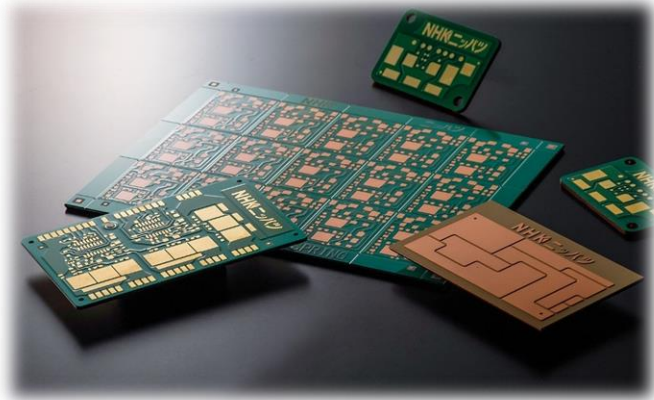


Regarding to etching equipment, we are manufacturing important stage parts called cooling plates, on which silicon wafers are loaded during process. Most of them are made from aluminum alloy ; NHK have the strength of integrated production --from material procurement to precision processing and ceramic spray coating--, and applying our advanced bonding technology, common to the heater manufacturing.

In these years, in addition to the parts at the bottom of the chamber -- heater and cooling plate which support work in process wafers--, we have also focused on developing the parts of the upper side of the chamber -- called shower heads, for the purpose of supplying required gas in the process --, and this sales are also increasing.

IMS (Integrated Metal Substrate)

IMS with high heat dissipation and high reliability insulation layer



Integrated Metal Substrates (IMS) are circuit plates, circuits are formed via an insulating layer on metal base, such as aluminum or copper, and their excellent heat dissipation are characteristic of IMS. Taking advantage of this heat-radiating performance, IMS is used in the fields of automotive, industrial, and consumer applications, to efficiently dissipate the heat generated by semiconductor components mounted on IMS.

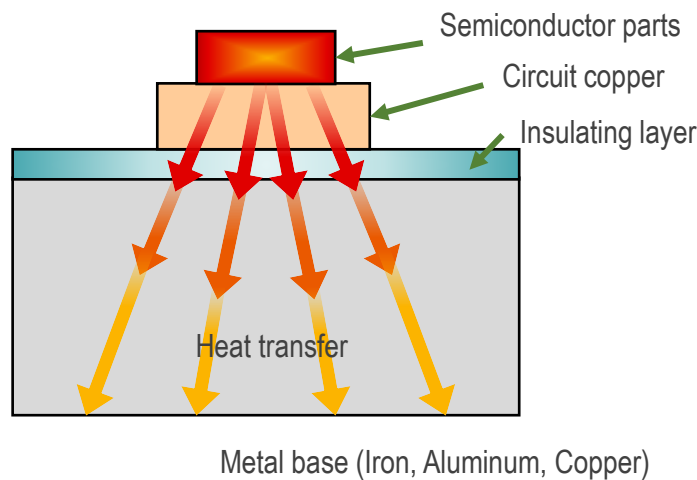
In the automotive field, our products are increasingly used in DC-DC converters and charger modules for electric and hybrid vehicles, and we are aiming to use them in drive inverter circuits in their future. In industrial applications, in addition to general-purpose inverters and inverter circuits for air conditioners, our IMS are widely used as power modules inside power conditioners for renewable energy.

Our IMS is specialized in the development and manufacturing of high heat radiation and highly reliable insulating layers.

Our IMS is characterized by our strength in integrated production, from the development of high heat-dissipating and highly reliable insulating layers, to manufacturing and finishing into IMS.

We have been developing IMS since 1980s, and have been leading the industry by introducing high heat dissipation insulating materials to the market successively.

Cross-sectional structure of IMS





NHK SPRING CO.,LTD.

- The predictions and plans by NHK Spring Co., Ltd. listed in this document are forecasts related to future results and performance, and contain risks and uncertainties. Please note that the actual results may differ from the forecasts due to fluctuations in important variables, such as economic conditions, market trends, foreign exchange trends, and so forth.
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