Financial Results

for 1st half of the Fiscal Year Ending March 2024

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

NHK SPRING CO.,LTD.

NHK SPRING CO.,LTD.

Overview of the Financial Results for 1st half of the Year Ending March 2024 Overview of the Financial Forecast for the Year Ending March 2024

Executive Vice President & CFO and
Representative Member of the Board

Hidefumi Yoshimura

Results for 1st half of the year ending March 2024

NHK SPRING CO.,LTD.

(100 million yen)

			FY2022 1st half Results	FY2023 1st half Forecast as of '23/5	FY2023 1st half Results	Vs. FY2022 1st half Results	Vs. Forecast as of '23/5
Net Sales			**3,326**	**3,450**	**3,621**	**295**	**171**
Operating profit			**172**	**80**	**79**	**-93**	**-0**
Ratio			5.2%	2.3%	2.2%	-3.0%	-0.1%
Ordinary profit			**279**	**110**	**187**	**-92**	**77**
Ratio			8.4%	3.2%	5.2%	-3.2%	2.0%
Profit Attribute to Owners of Parent			**198**	**60**	**143**	**-55**	**83**
Extraordinary profits/losses			–	–	13	13	13
Average Rate	US$		133.5	130.0	141.3	7.9	11.3
	Thai Baht		3.6	3.8	3.9	0.3	0.1
Current Rate	US$	this year	144.8	130.0	149.6	4.8	19.6
		previous year	122.4	133.5	133.5	11.1	-
	Thai Baht	this year	3.9	3.8	4.1	0.2	0.3
		previous year	3.4	3.8	3.8	0.4	-

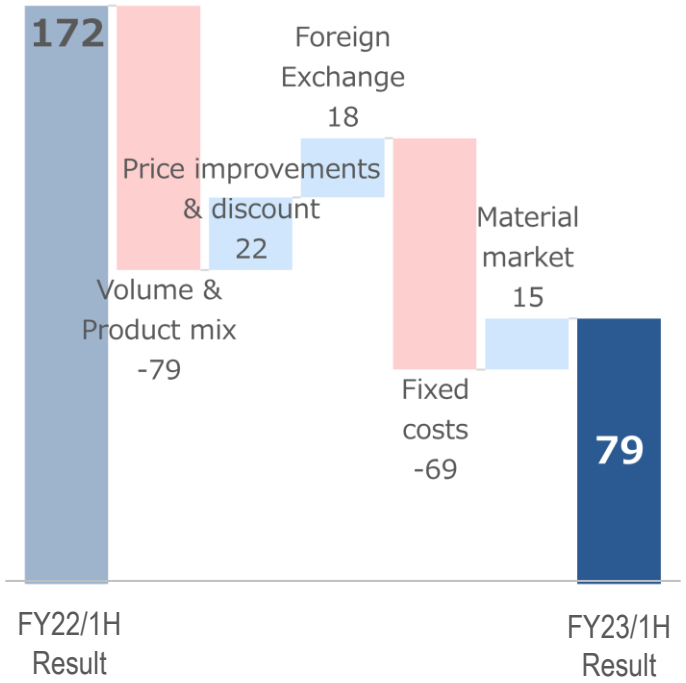
Variable Factor Analysis for Operating Profit

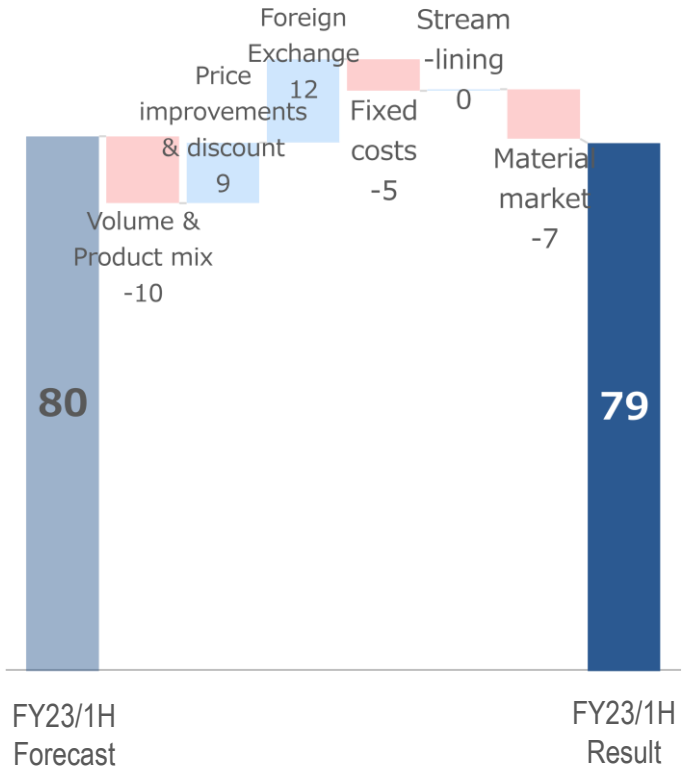
NHK SPRING CO.,LTD.

(100 Million Yen)

	FY2022 1st half Results	FY2023 1st half Forecast	FY2023 1st half **Results**	Vs. FY2022 1st half Results	Vs. Forecast
Net Sales	3,326	3,450	**3,621**	295	171
Operating Profit	172	80	**79**	-93	-0
Ratio	5.2%	2.3%	**2.2%**	-3.0%	-0.1%

Variable Factor Analysis（Vs. 1H Previous year / Forecast）





Vs. FY2022 1st half

Of the increase in sales, 40% was due to the impact of yen depreciation on foreign subsidiaries, and 30% was due to the reflection of soaring steel material prices in selling prices, which were significantly affected by exchange rate and material market fluctuations.

The automotive-related business showed an upward trend in sales as automakers began to recover from production adjustments due to semiconductor supply shortages.

On the other hand, operating profit fell below the previous year's level due to a decline in the volume of HDD-related components and semiconductor processing components, which had been strong until the first half of the previous year.

Vs. Forecast

Operating profit was in line with the initial forecast due to a larger than expected volume decline in the relatively profitable HDD-related business, which offset the positive impact of increased volume and yen depreciation in the automotive seating business.

Forecast for the year ending March 2024

NHK SPRING CO.,LTD.

(100 million yen)

			FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Net Sales			**6,932**	**7,500**	**7,600**	**667**	**100**
Operating Profit			**288**	**350**	**270**	**-18**	**-80**
Ratio			4.2%	4.7%	3.6%	-0.6%	-1.1%
Ordinary Profit			**373**	**400**	**400**	**26**	**-**
Ratio			5.4%	5.3%	5.3%	-0.1%	-0.0%
Profit Attribute to Owners of Parent			**215**	**250**	**250**	**34**	**-**
Extraordinary profits/losses			-70	–	13	83	13
Average Rate	US$		135.0	130.0	143.0	8.0	13.0
	Thai Baht		3.7	3.8	4.0	0.3	0.2
Current Rate	US$	this year	133.5	130.0	145.0	11.5	15.0
		previous year	122.4	133.5	133.5	-	-
	Thai Baht	this year	3.8	3.8	4.0	0.2	0.2
		previous year	3.4	3.8	3.8	-	-

Forecast for the year ending March 2024

Variable Factor Analysis for Operating Profit

NHK SPRING CO.,LTD.

(100 Million Yen)

	FY2022	FY2023		Vs. FY2022	Vs. Initial
	Results	Initial Forecast	Latest Forecast	Results	Forecast
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Operating Profit	288	350	**270**	-18	-80
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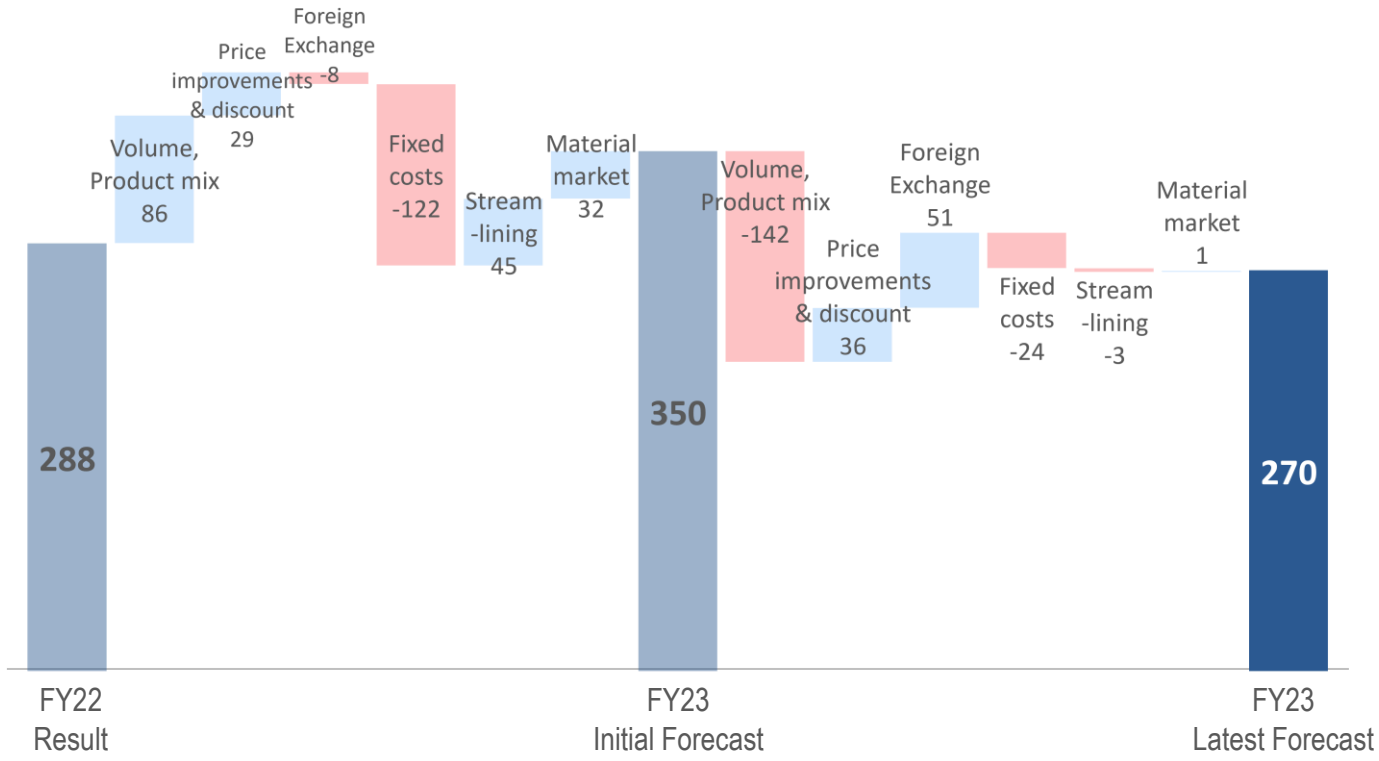
Variable Factor Analysis



Vs. Forecast

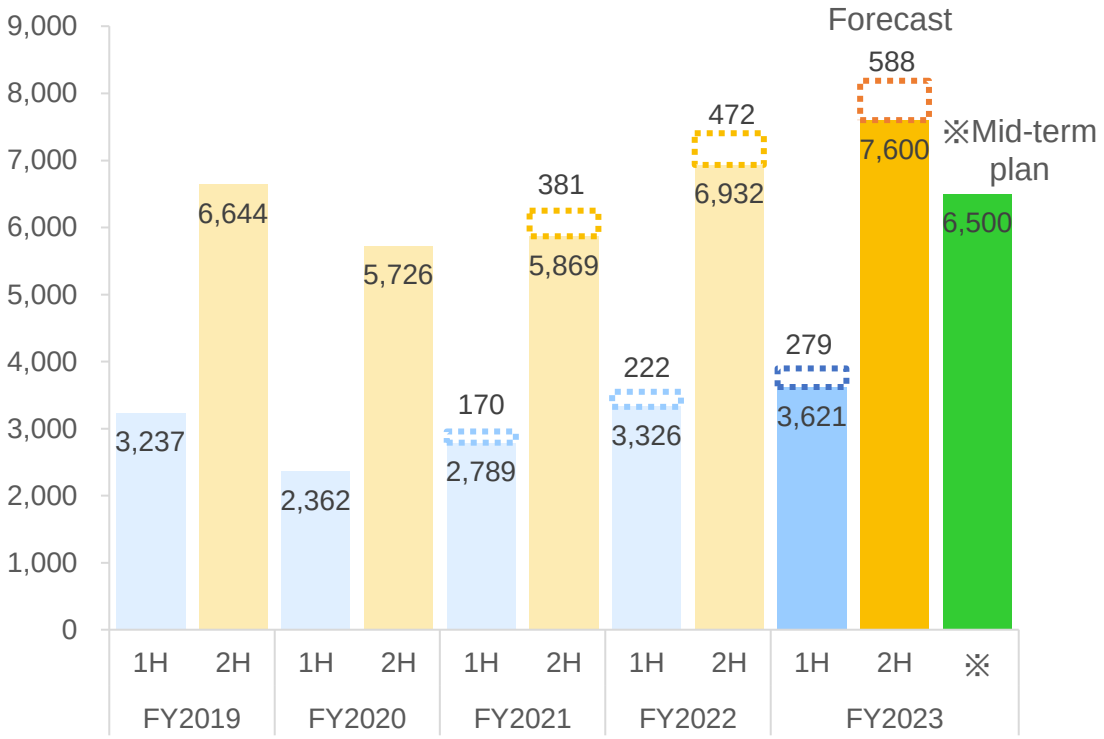
The impact of the volume decline in the relatively profitable HDD-related business is expected to be significant, resulting in higher sales and lower profit for the group as a whole, although the increase in unit volume and the weaker yen in the automotive seating business will contribute to the increase.

Result Trends

NHK SPRING CO.,LTD.

Net Sales

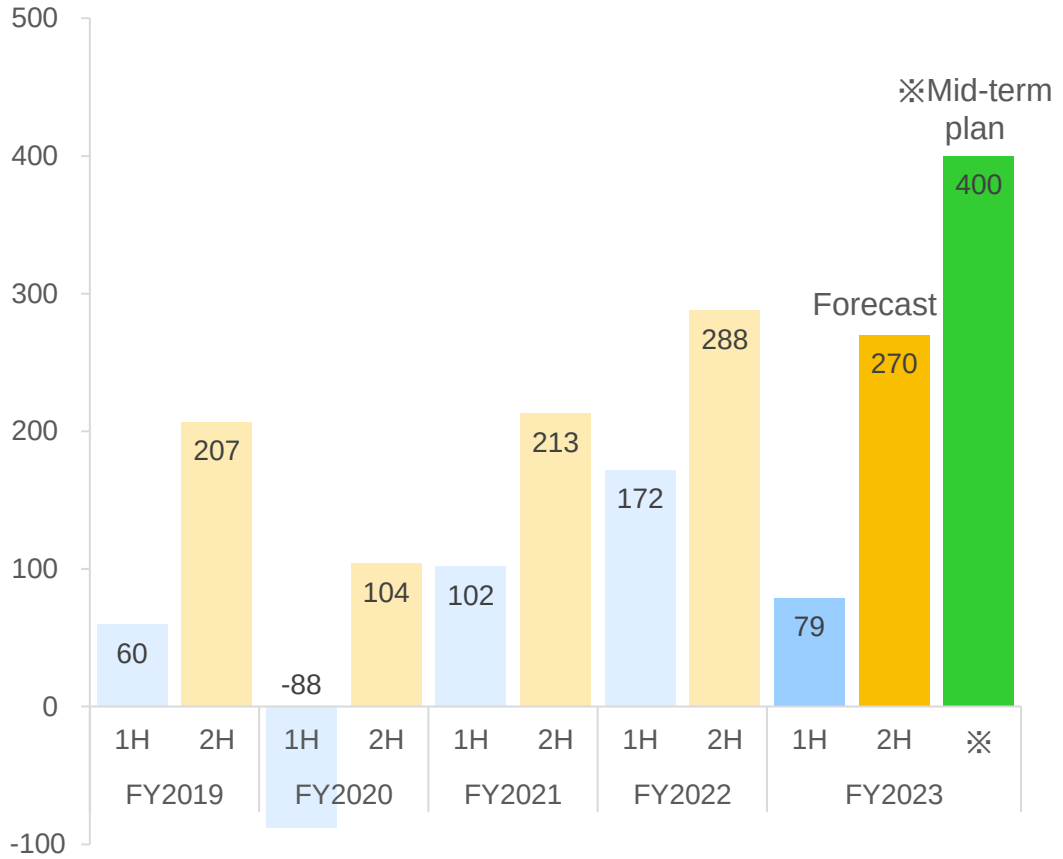
(100 million Yen)



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 ended March 31, 2022.

Operating Profit

(100 million Yen)

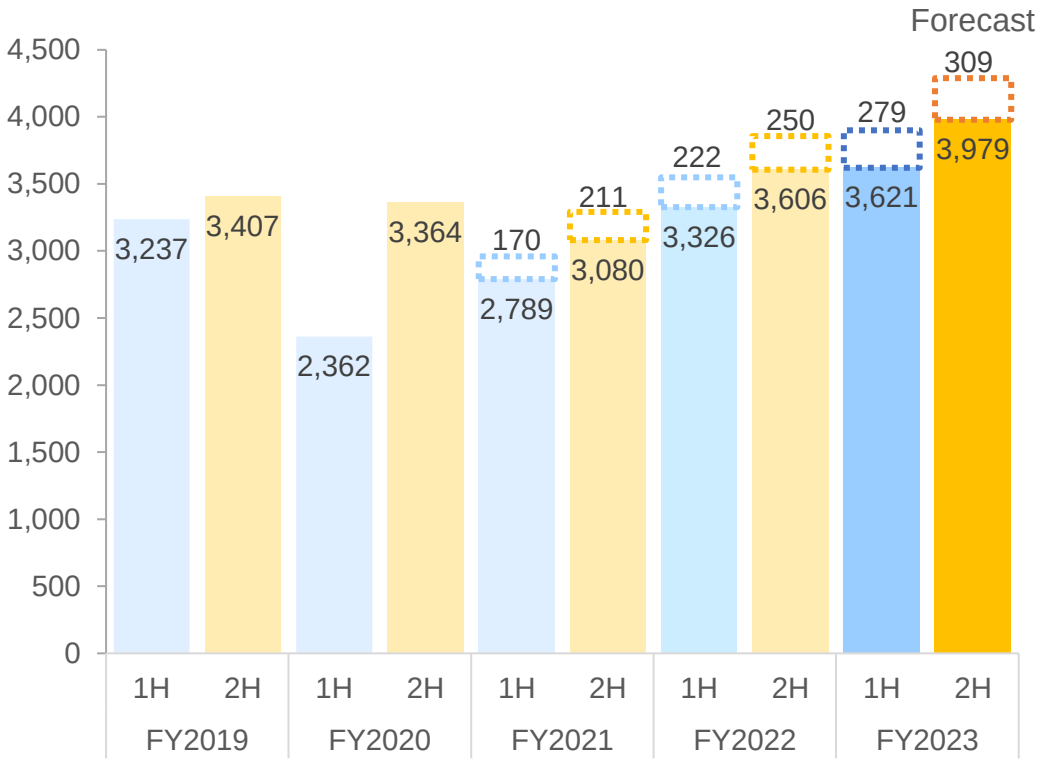


Result Trends in each half-year period

NHK SPRING CO.,LTD.

Net Sales

(100 million Yen)



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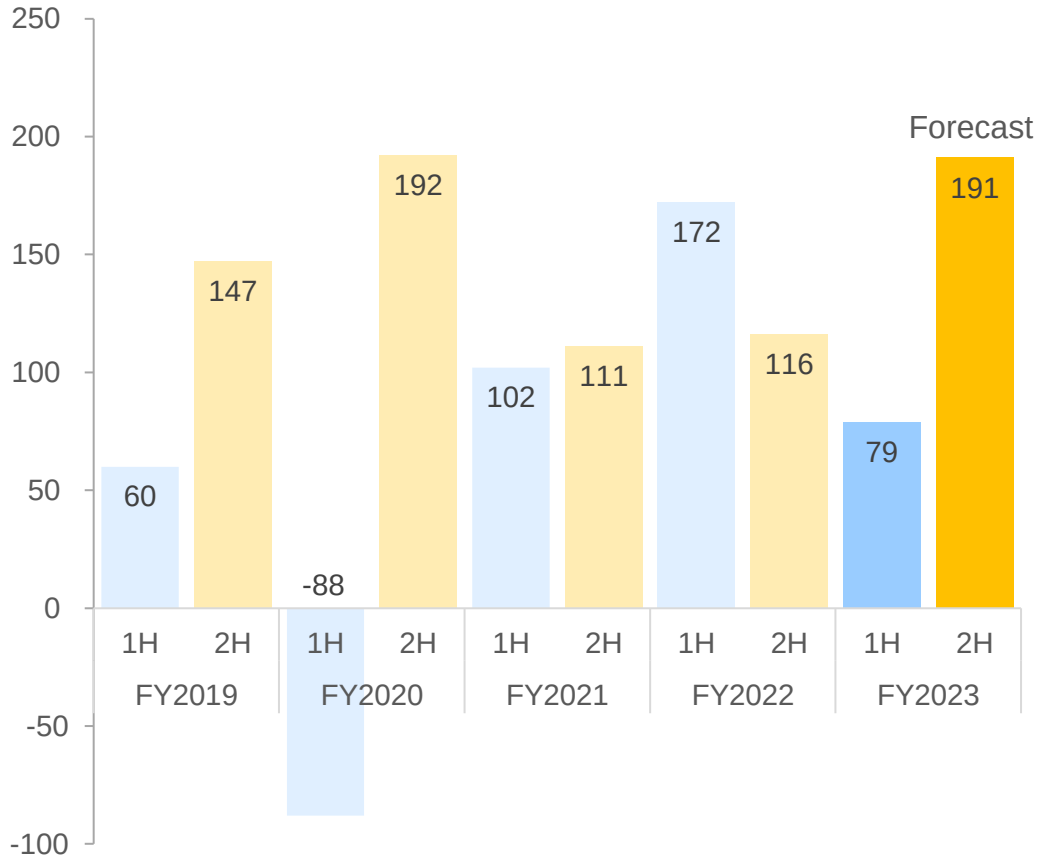
Operating Profit

(100 million Yen)



Extraordinary Profits/Losses

NHK SPRING CO.,LTD.

Extraordinary profits/losses

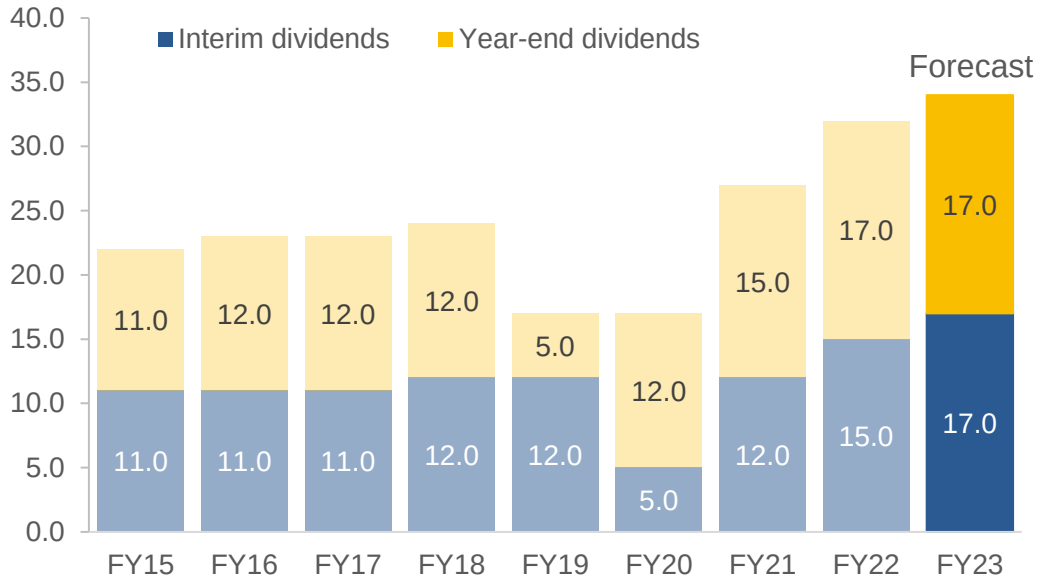
(100 million yen)

Breakdown		Details	Amount
Extraordinary profits	Gain on sales of investment securities	Profits from sale of stocks	**13**
	Total		**13**

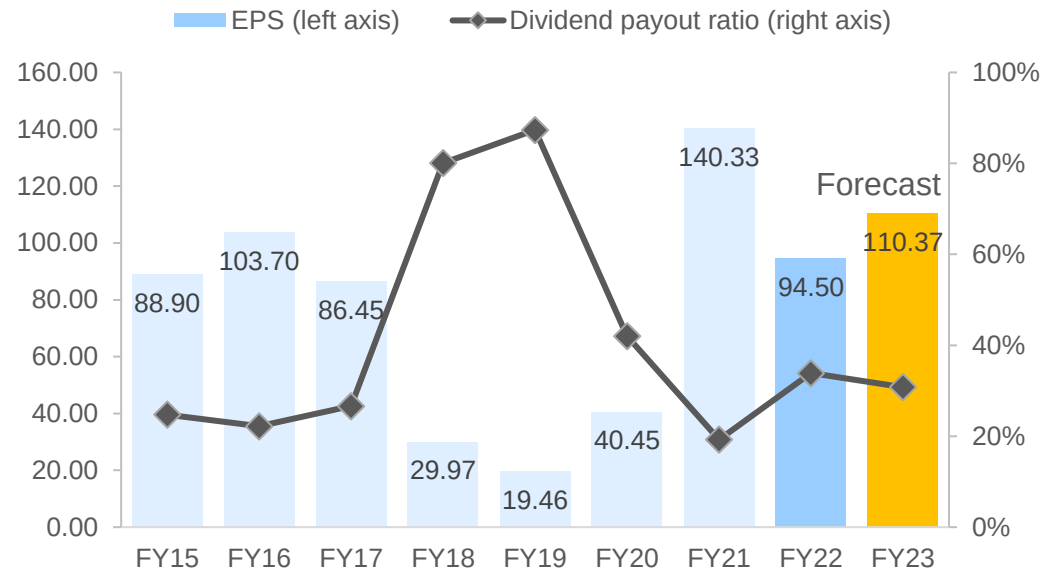
Dividends

NHK SPRING CO.,LTD.

Dividend Per Share (DPS)



Earnings Per Share (EPS)



	End of Q2	Year end	**Total**	Dividend payout ratio
Result for the year ended Mar.2023	15.0 yen	17.0 yen	**32.0 yen**	33.9%
Forecast for the year ending Mar.2024	17.0 yen	17.0 yen	**34.0 yen**	30.8%

NHK SPRING CO.,LTD.

Details of the Financial Results for 1st half of the Year Ending March 2024

Results for 1st half of the year ending March 2024

Net Sales / Operating Profit by Business Segment

NHK SPRING CO.,LTD.

(100 million yen)

		FY2022 1st half	FY2023 1st half Forecast	FY2023 1st half Results	Vs. FY2022 1st half	Vs. Forecast
Automotive Suspension Spring	Net Sales	681	754	**786**	104	32
	Operating Profit	-17	-8	**-35**	-17	-27
	Ratio	-2.6%	-1.1%	**-4.5%**	-1.9%	-3.4%
Automotive Seating	Net Sales	1,247	1,426	**1,555**	307	129
	Operating Profit	25	40	**77**	51	37
	Ratio	2.1%	2.8%	**5.0%**	2.9%	2.2%
Precision Springs & Components	Net Sales	840	736	**747**	-92	11
	Operating Profit	98	19	**6**	-91	-12
	Ratio	11.7%	2.6%	**0.9%**	-10.8%	-1.7%
Industrial Machinery & Others	Net Sales	556	534	**532**	-23	-1
	Operating Profit	66	29	**31**	-35	2
	Ratio	11.9%	5.4%	**5.8%**	-6.1%	0.4%
Total	Net Sales	3,326	3,450	**3,621**	295	171
	Operating Profit	172	80	**79**	-93	-0
	Ratio	5.2%	2.3%	**2.2%**	-3.0%	-0.1%

Vs. FY2022 1st half

In the automotive-related business, despite a decline in volume at some bases in China, overall sales increased due to a recovery from production adjustments by automakers caused by semiconductor supply shortages. In addition, sales increased significantly due to the impact of the yen's depreciation on the yen value of overseas subsidiaries, as well as the reflection of soaring steel material prices in selling prices.

In the non-automotive business, slowdown in the HDD market that has continued since the second half of the previous year and a decline in orders for semiconductor process parts led to lower sales and profits, although the weak yen boosted profits.

Vs. Forecast

In the automotive business, sales increased, but operating profit was in line with the initial forecast due to the impact of higher labor and power costs in North America in the suspension spring business and lower sales in the profitable HDD-related business.

Results for 1st half of the year ending March 2024

Net Sales / Operating Profit by Region

NHK SPRING CO.,LTD.

(100 million yen)

		FY2022 1st half	FY2023 1st half Forecast	FY2023 1st half **Results**	Vs. FY2022 1st half	Vs. Forecast
Japan	Net Sales	1,842	1,990	**2,084**	241	94
	Operating Profit	123	55	**84**	-39	29
	Ratio	6.7%	2.8%	**4.0%**	-2.7%	1.3%
Asia	Net Sales	948	890	**896**	-52	6
	Operating Profit	74	36	**36**	-38	0
	Ratio	7.9%	4.0%	**4.1%**	-3.8%	0.0%
America & Europe & Others	Net Sales	534	570	**640**	106	70
	Operating Profit	-25	-11	**-40**	-14	-29
	Ratio	-4.8%	-1.9%	**-6.4%**	-1.5%	-4.4%
Total	Net Sales	3,326	3,450	**3,621**	295	171
	Operating Profit	172	80	**79**	-93	-0
	Ratio	5.2%	2.3%	**2.2%**	-3.0%	-0.1%

Vs. FY2022 1st half

In Japan, sales increased mainly in the automotive seating business, but both sales and profits declined in profitable HDD-related business and semiconductor process components.

In Asia, both sales and profits declined due to lower orders for products for Japanese automakers in China and lower orders for HDD-related components in Thailand and China.

In America, Europe and Others, sales increased due to the recovery of the North American automobile market and the impact of yen conversion, but higher fixed costs, including labor and energy costs, pushed down profits.

Vs. Forecast

In Japan, sales and income increased due to strong performance of the automotive seating business and the positive impact of yen depreciation, despite a decline in HDD-related components sales volume.

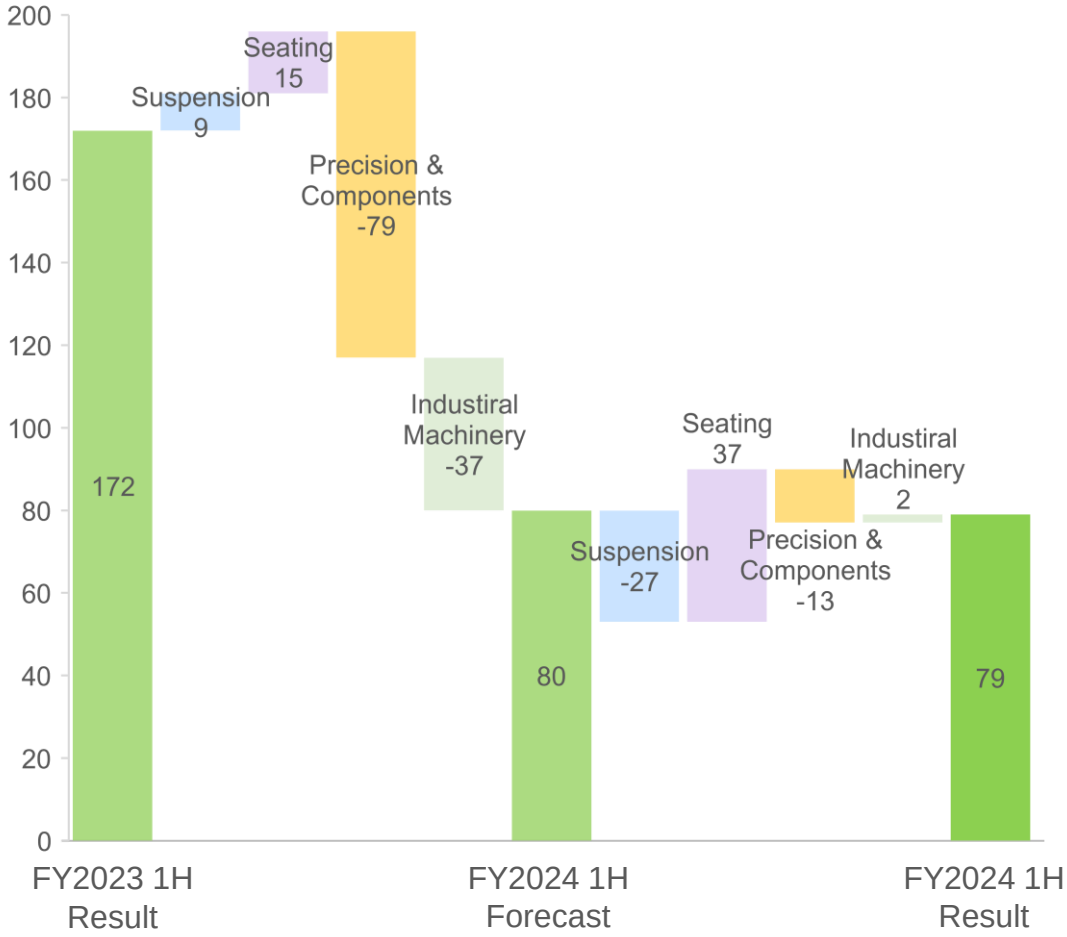
In America, Europe and others, sales increased, but higher fixed costs at the U.S. base pushed down profits.

Operating Profit Trends by Segment

NHK SPRING CO.,LTD.

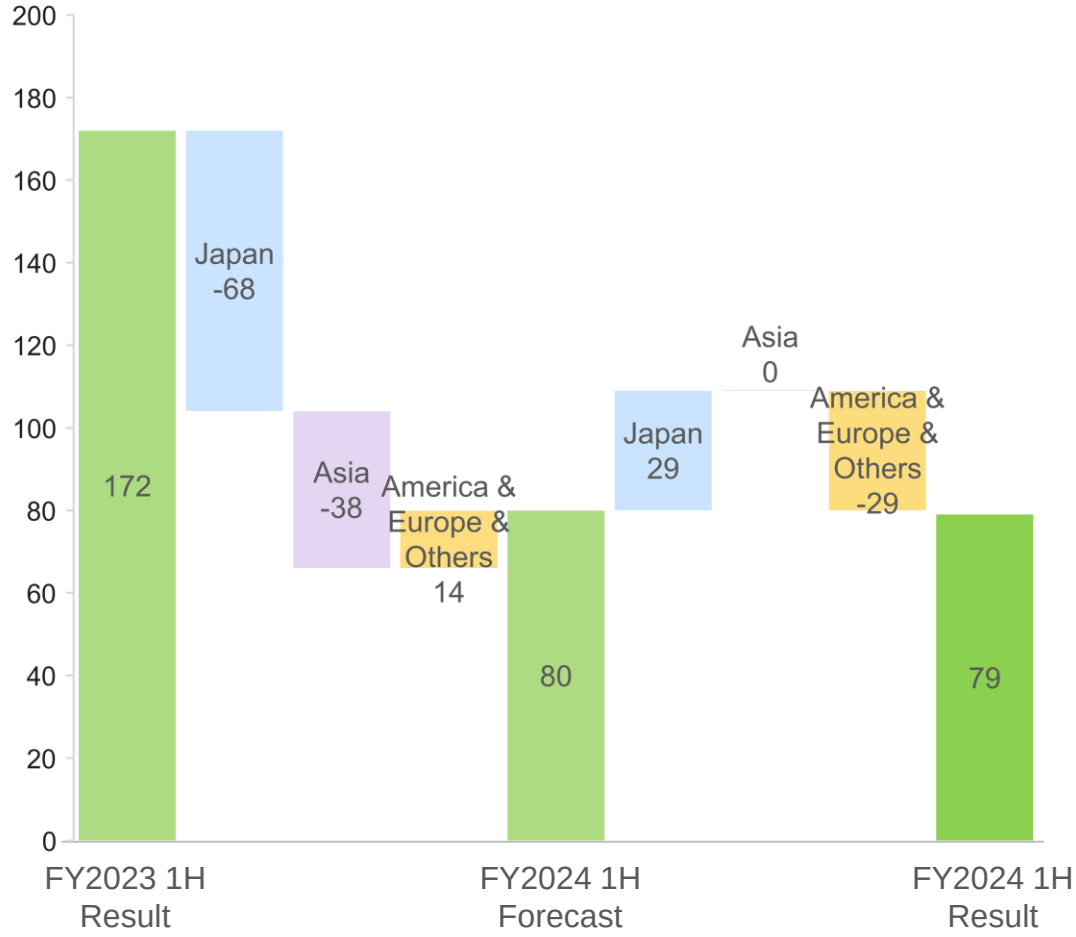
By Business Segment

(100 million Yen)



By Region

(100 million Yen)



Automotive Suspension Spring

NHK SPRING CO.,LTD.

(100 Million Yen)

	FY2022 1st half Results	FY2023 1st half Forecast	FY2023 1st half **Results**	Vs. FY2022 1st half Results	Vs. Forecast
Net Sales	681	754	**786**	104	32
Operating Profit	-17	-8	**-35**	-17	-27
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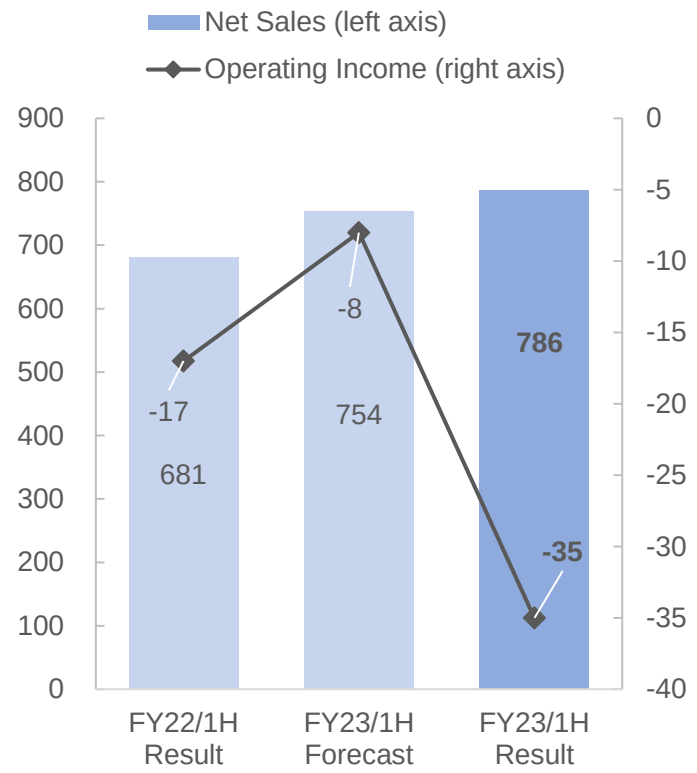
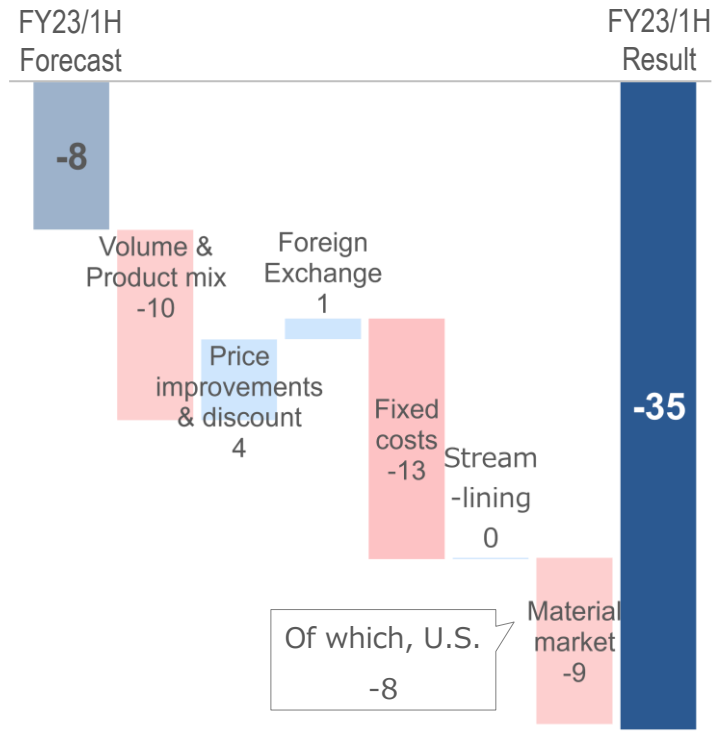
Results Trends



Variable Factor Analysis for Operating Profit



Vs. FY2022 1st half

The impact of the semiconductor shortage has eased, and the domestic business showed a general trend toward volume growth.

The U.S. and European operations also reported higher sales due to the effect of exchange rates, but profits declined due to soaring labor costs caused by the tight labor market, deterioration in productivity due to lack of retention of human resources and higher fixed costs such as power and utility expenses.

Vs. Forecast

Sales increased from the initial forecast due to the effect of exchange rate changes at overseas subsidiaries.

In terms of profit and loss, the drop in orders for products for Japanese automakers in China and increased expenses due to delayed productivity improvement in the North American business had a significant impact, resulting in higher sales and lower profit.

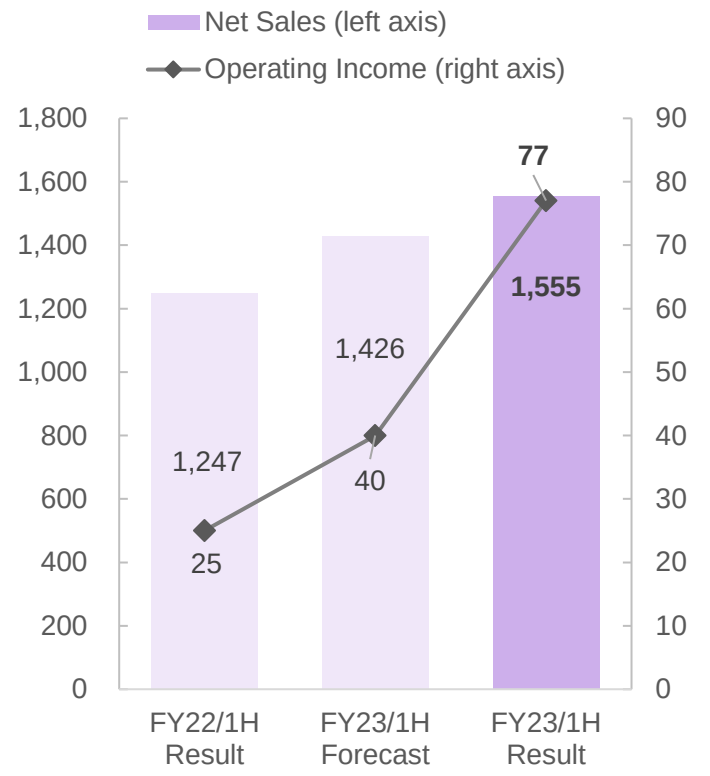
Automotive Seating

NHK SPRING CO.,LTD.

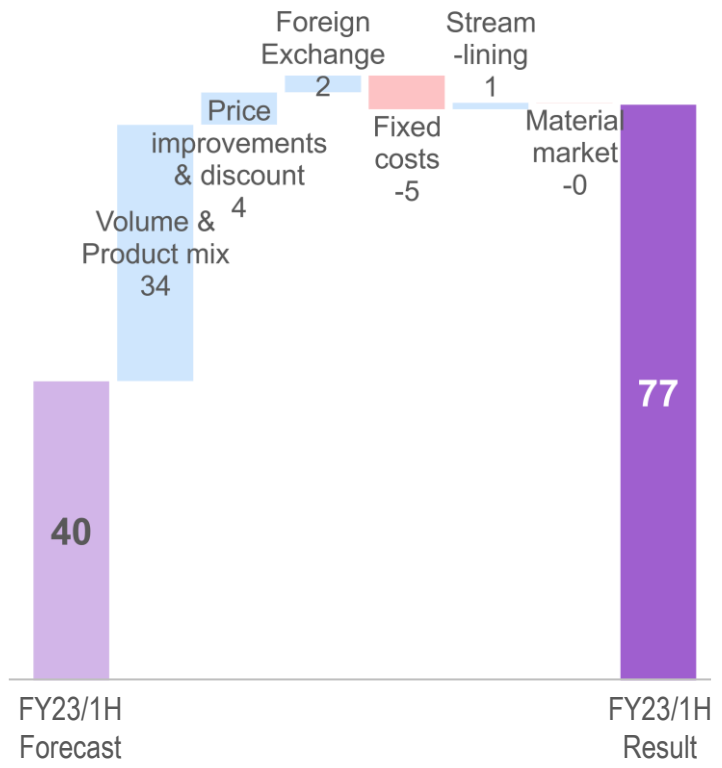
(100 Million Yen)

	FY2022	FY2023 1st half		Vs. FY2022	Vs. Forecast
	1st half Results	Forecast	Results	1st half Results	
Net Sales	1,247	1,426	**1,555**	307	129
Operating Profit	25	40	**77**	51	37
Ratio	2.1%	2.8%	**5.0%**	2.9%	2.2%

Results Trends



Variable Factor Analysis for Operating Profit



Vs. FY2022 1st half

The impact of the decrease in production volume due to the shortage of semiconductors has been mostly resolved, and volume recovered mainly in Subaru, Toyota, and Nissan. Both sales and income increased significantly due to the increase in yen equivalent value of overseas subsidiaries as a result of yen depreciation.

Vs. Forecast

Subaru business in Japan and the U.S. performed better than expected, resulting in an increase in both sales and profit, although the Chinese market and some customers in Japan didn't reach the expected volume.

Precision Springs & Components

NHK SPRING CO.,LTD.

(100 Million Yen)

	FY2022 1st half Results	FY2023 1st half Forecast	FY2023 1st half **Results**	Vs. FY2022 1st half Results	Vs. Forecast
Net Sales	840	736	**747**	-92	11
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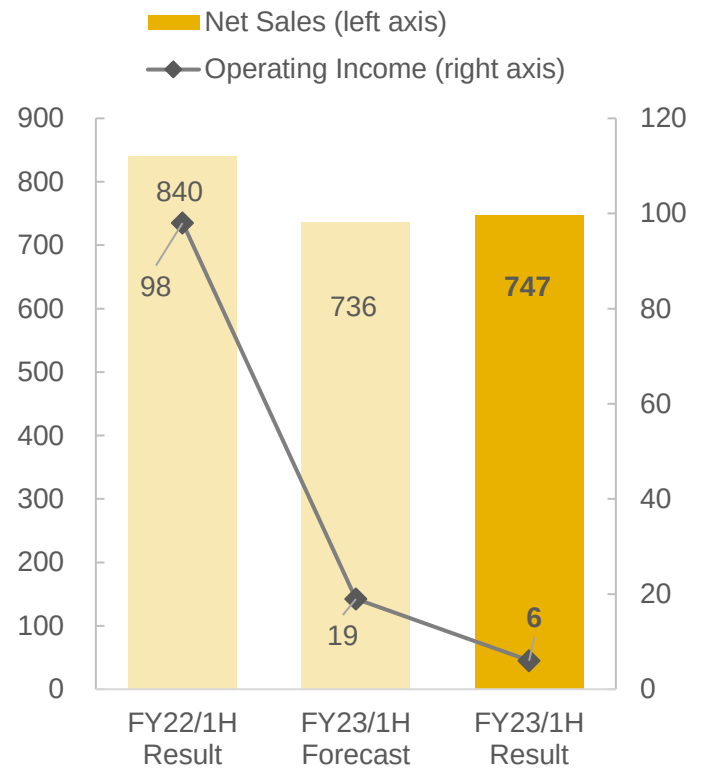
Results Trends



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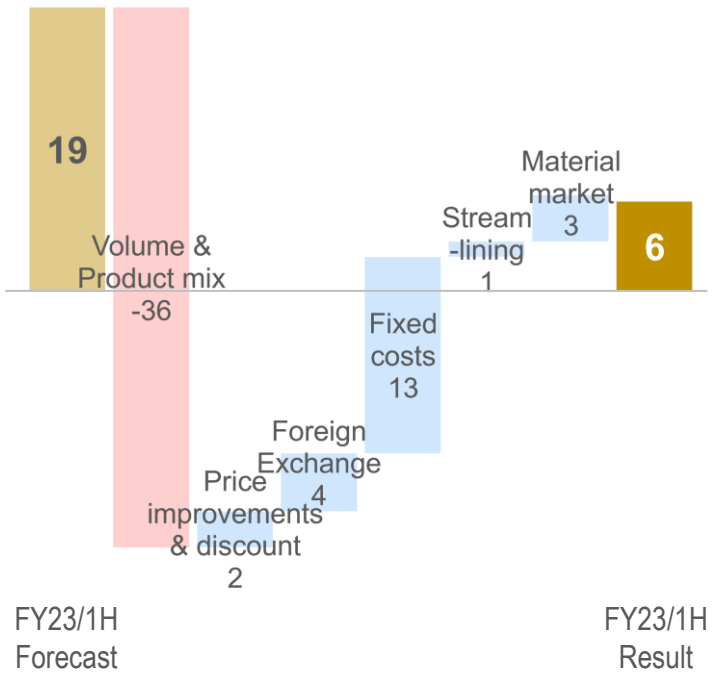

Vs. FY2022 1st half

In the automotive-related field, sales were generally on a recovery trend due to the recovery from production adjustments caused by semiconductor supply shortages and other factors.

In the non-automotive sector, sales and profits declined sharply due to decline in HDD-related product volumes, which had been highly profitable until the first half of the previous fiscal year.

Vs. Forecast

Sales of automotive-related components in all regions except China generally increased in volume.

While HDD-related components were affected by lower-than-expected volume due to production adjustments by HDD manufacturer.

In terms of profit and loss, resulting in lower sales and profit.

Industrial Machinery & Others

NHK SPRING CO.,LTD.

(100 Million Yen)

	FY2022 1st half Results	FY2023 1st half Forecast	FY2023 1st half **Results**	Vs. FY2022 1st half Results	Vs. Forecast
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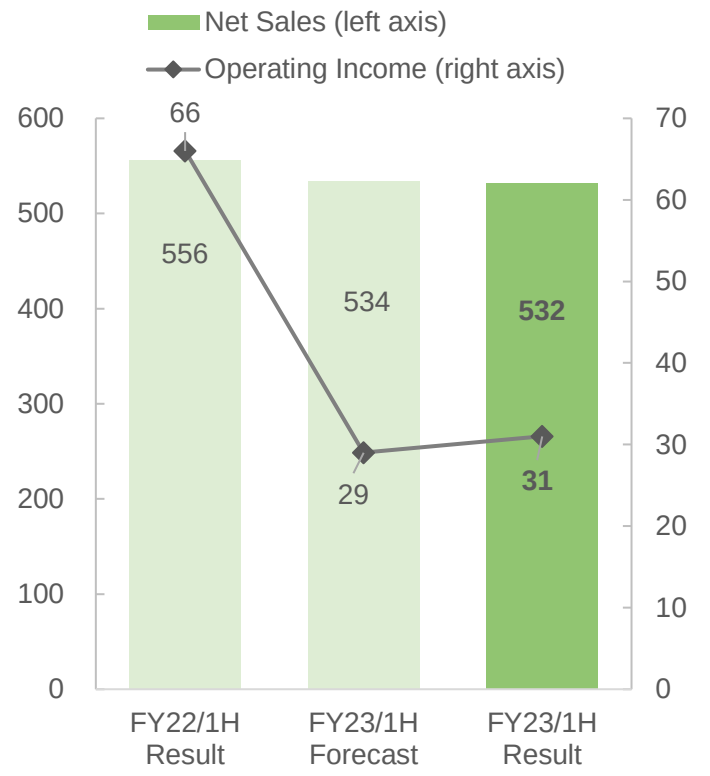
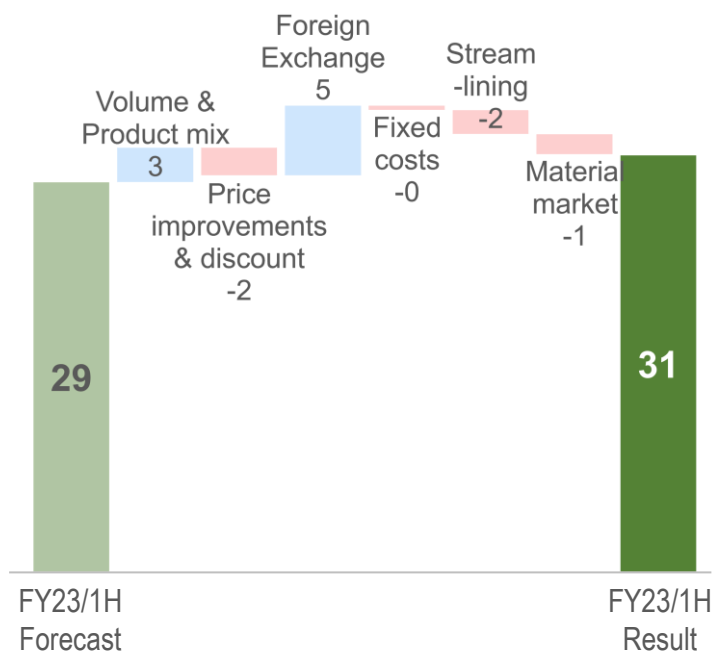
Results Trends



Variable Factor Analysis for Operating Profit



Vs. FY2022 1st half

The volume of semiconductor process components decreased due to the sluggish semiconductor market, resulting in lower sales and profit, although sales of related businesses increased due to the recovery of automobile production and the positive impact of yen depreciation.

Vs. Forecast

The weaker yen contributed to lower sales and higher income, although sales and profit were in line with the initial forecast due to lower orders for Integrated Metal Substrates for automotive applications, golf shafts, marine products, and other products.

NHK SPRING CO.,LTD.

Details of the Financial Forecast for the Year Ending March 2024

Forecast for the year ending March 2024

NHK SPRING CO.,LTD.

(100 million yen)

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		previous year	122.4	133.5	133.5	-	-
	Thai Baht	this year	3.8	3.8	4.0	0.2	0.2
		previous year	3.4	3.8	3.8	-	-

Forecast for the year ending March 2024

Net Sales / Operating Profit by Business Segment

NHK SPRING CO.,LTD.

(100 million yen)

		FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Automotive Suspension Spring	Net Sales	1,468	1,591	**1,695**	226	104
	Operating Profit	-27	21	**0**	27	-21
	Ratio	-1.9%	1.3%	**0.0%**	1.9%	-1.3%
Automotive Seating	Net Sales	2,737	2,975	**3,245**	507	270
	Operating Profit	73	118	**162**	89	44
	Ratio	2.7%	4.0%	**5.0%**	2.3%	1.0%
Precision Springs & Components	Net Sales	1,594	1,797	**1,560**	-34	-237
	Operating Profit	114	125	**44**	-70	-81
	Ratio	7.2%	7.0%	**2.8%**	-4.4%	-4.2%
Industrial Machinery & Others	Net Sales	1,131	1,137	**1,100**	-31	-37
	Operating Profit	127	86	**64**	-63	-22
	Ratio	11.3%	7.6%	**5.8%**	-5.5%	-1.7%
Total	Net Sales	6,932	7,500	**7,600**	667	100
	Operating Profit	288	350	**270**	-18	-80
	Ratio	4.2%	4.7%	**3.6%**	-0.6%	-1.1%

Automotive Suspension Springs

Profits are expected to be almost in line with the initial forecast, except for in the US and Europe, are expected to fall far short of the initial profit/loss target.

Automotive Seating

The volume forecast is higher than the previous forecast, and profit/loss is also expected to exceed the plan in line with the increase in volume.

Precision Springs & Components

In automotive parts, the trend of volume increase continued from the first half, except in China.

Sales and profits of HDD-related components are expected to fall far short of the initial sales plan due to a delayed recovery in customer demand, resulting in lower sales and profits.

Industrial Machinery & Others

Sales and profits are expected to decline due to lower volumes of semiconductor processing components and Integrated Metal Substrates.

Forecast for the year ending March 2024

Net Sales / Operating Profit by Region

NHK SPRING CO.,LTD.

(100 million yen)

		FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Japan	Net Sales	3,910	4,280	**4,350**	439	70
	Operating Profit	247	217	**219**	-28	2
	Ratio	6.3%	5.1%	**5.0%**	-1.3%	-0.0%
Asia	Net Sales	1,867	2,012	**1,843**	-24	-169
	Operating Profit	104	125	**81**	-23	-44
	Ratio	5.6%	6.2%	**4.4%**	-1.2%	-1.8%
America & Europe & Others	Net Sales	1,153	1,208	**1,407**	253	199
	Operating Profit	-63	8	**-30**	33	-38
	Ratio	-5.5%	0.7%	**-2.1%**	3.4%	-2.8%
Total	Net Sales	6,932	7,500	**7,600**	668	100
	Operating Profit	288	350	**270**	-18	-80
	Ratio	4.2%	4.7%	**3.6%**	-0.6%	-1.1%

Japan

In Japan, HDD-related component volume is expected to decline more than initially anticipated, but we expect to secure higher sales and profit due to higher sales in the automotive-related sector, especially in the automotive seating business, and the positive effect of the weaker yen.

Asia

Sales and profits are expected to decrease from the initial plan due to decrease in orders for products for Japanese automaker in China and for HDD-related products in Thailand and China.

America, Europe & Others

Sales are expected to increase due to the recovery of the North American automobile market and the impact of yen conversion. Operating profit is expected to fall short of the initial plan, as the deficit in the first half of the fiscal year could not be covered, although we will try to recover in the second half of the fiscal year.

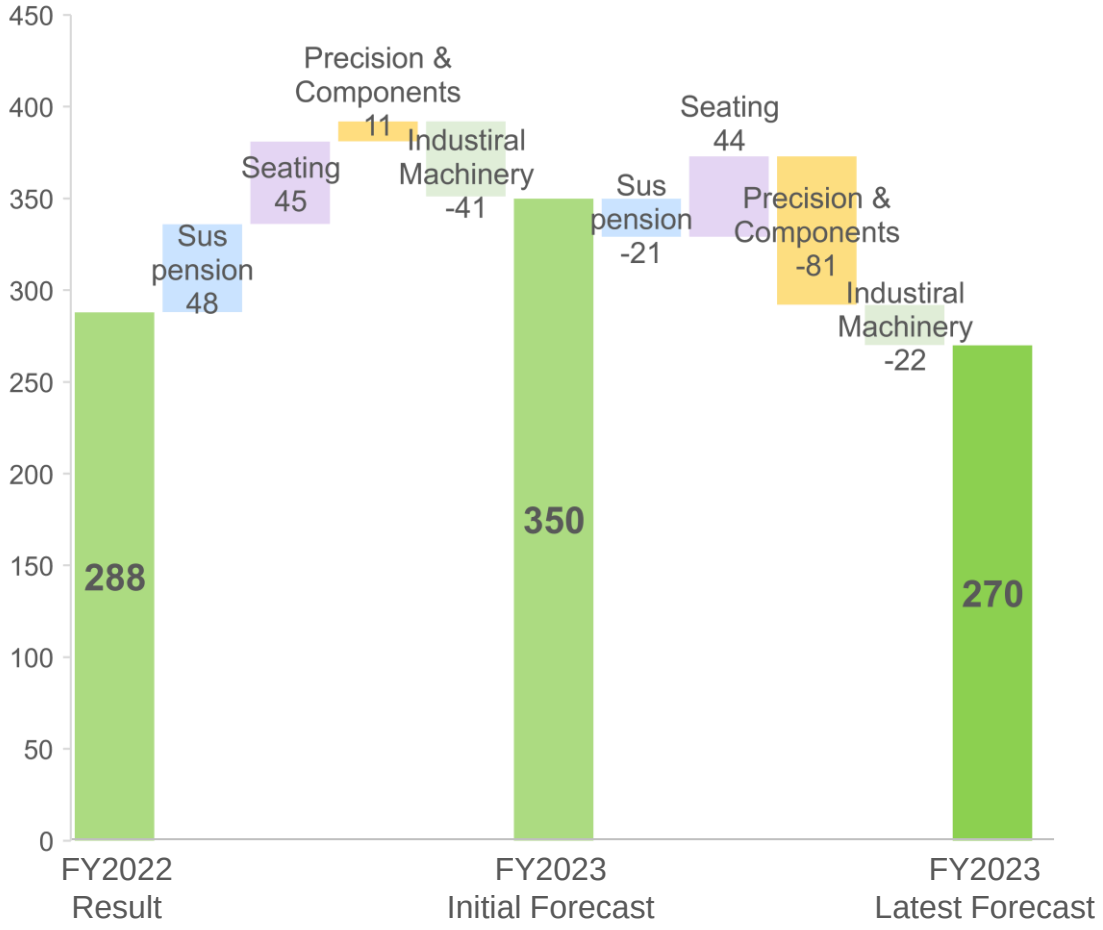
Forecast for the year ending March 2024

Variable Factor Analysis for Operating Profit

NHK SPRING CO.,LTD.

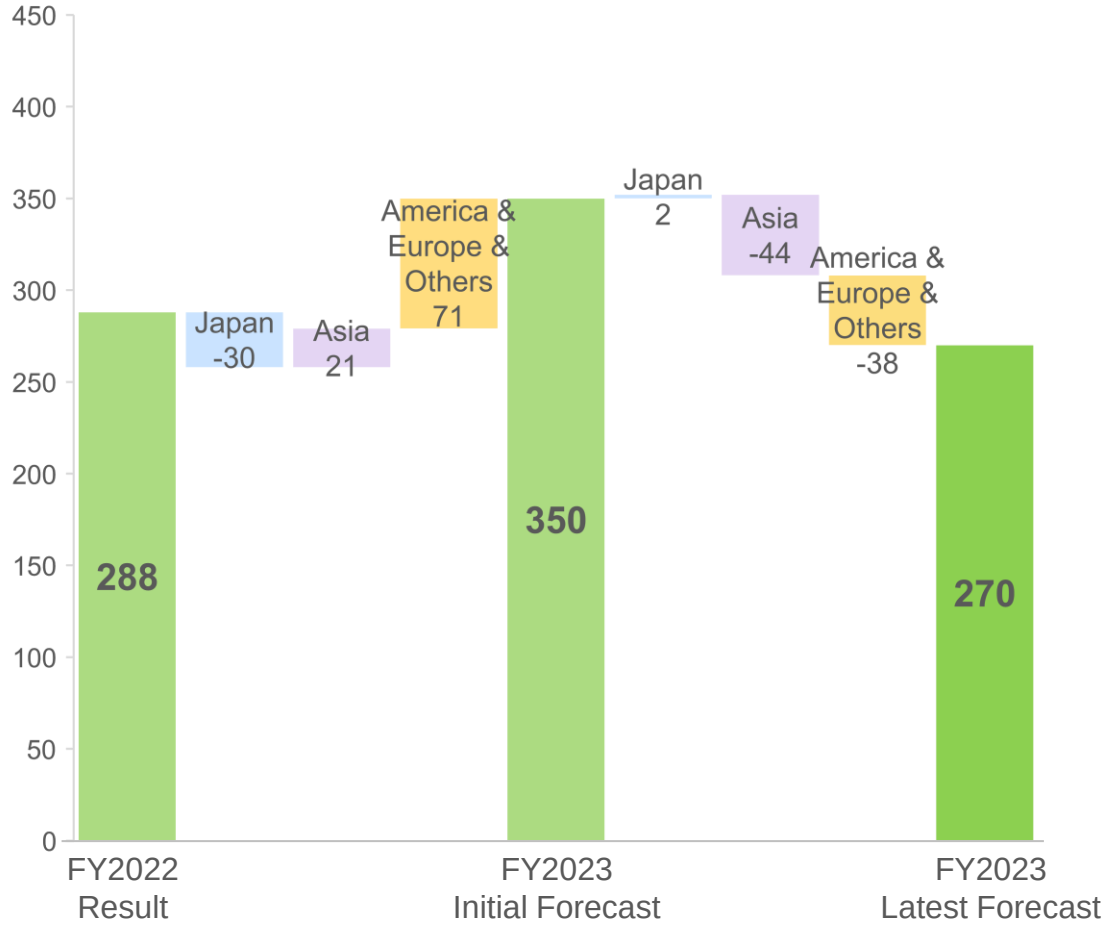
By Business Segment

(100 million Yen)



By Region

(100 million Yen)



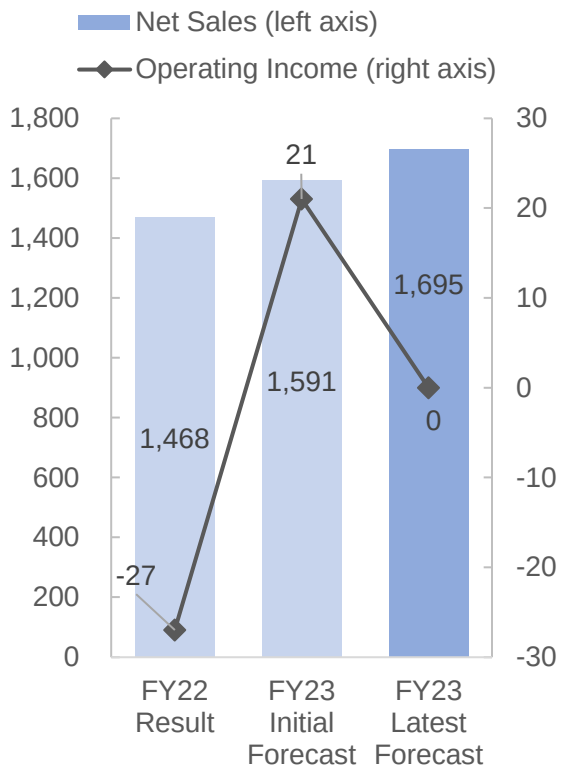
Automotive Suspension Spring

NHK SPRING CO.,LTD.

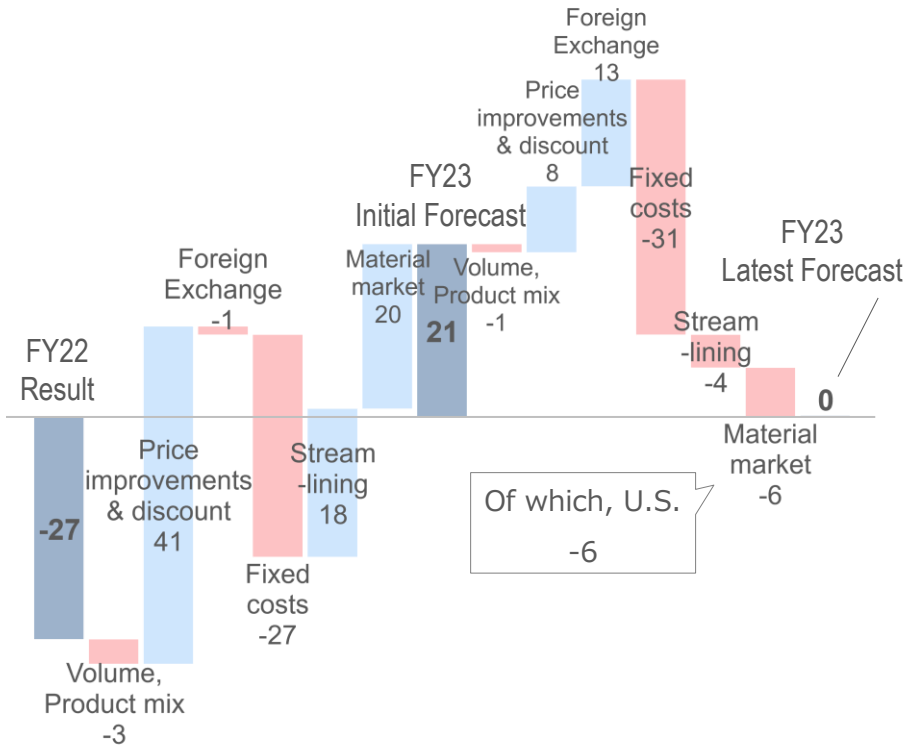
(100 Million Yen)

	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Net Sales	1,468	1,591	**1,695**	226	104
Operating Profit	-27	21	**0**	27	-21
Ratio	-1.9%	1.3%	**0.0%**	1.9%	-1.3%

Results Comparison



Variable Factor Analysis for Operating Profit



Vs. Initial Forecast

Profit levels in Japan, Thailand, and China are expected to be generally in line with the initial forecast due to improved selling prices, the effect of yen depreciation, and recovery of material market conditions.

For the US/Europe business in the second half, the loss is expected to narrow compared to the first half due to improved selling prices and productivity improvement efforts, but on a full-year basis, it is expected to fall short of the initial profit target.

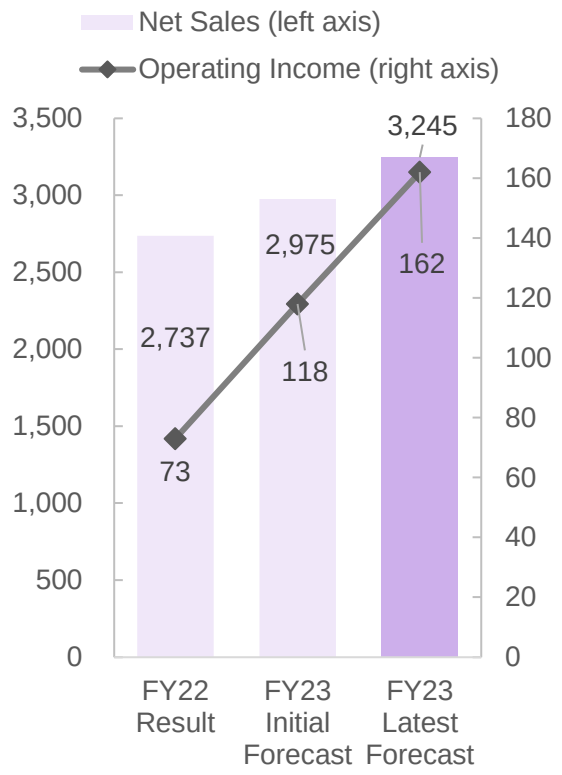
Forecast for the year ending March 2024 : Analysis by Business Segment

Automotive Seating

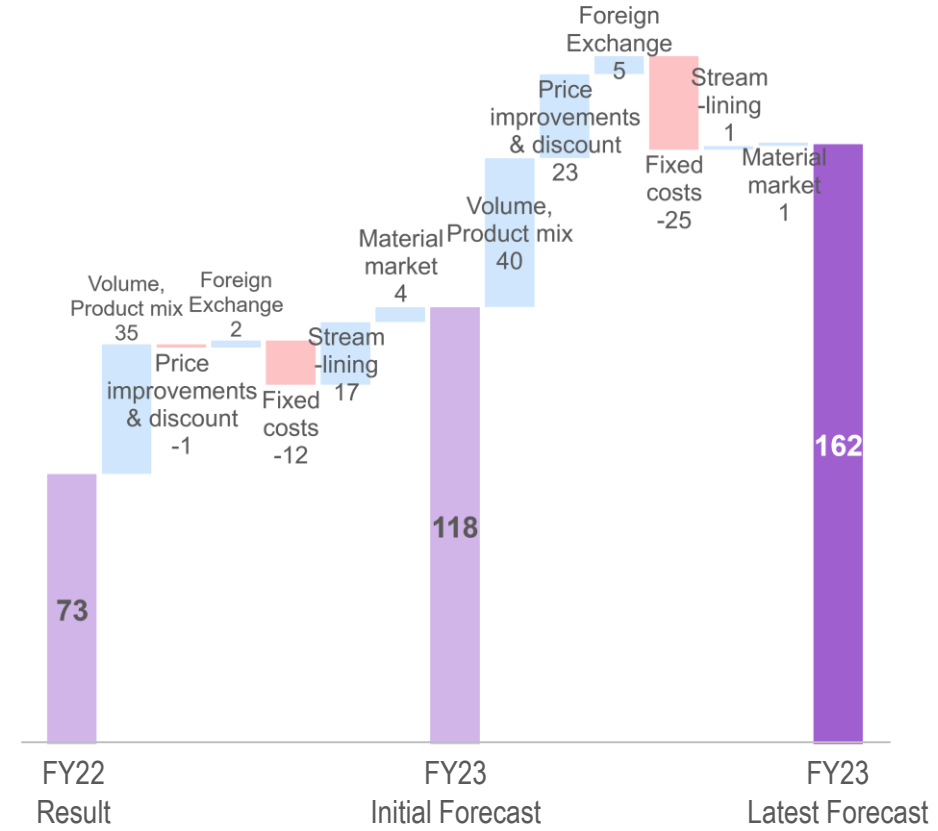
(100 Million Yen)

	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Net Sales	2,737	2,975	**3,245**	507	270
Operating Profit	73	118	**162**	89	44
Ratio	2.7%	4.0%	**5.0%**	2.3%	1.0%

Results Comparison



Variable Factor Analysis for Operating Profit



Vs. Initial Forecast

Sales are expected to exceed the previous forecast at all bases except China.

Business in the Subaru, Toyota, and Nissan regions are expected to be particularly strong, and the automotive seating business is expected to drive the consolidated group's overall income and expenditures in the current fiscal year.

Forecast for the year ending March 2024 : Analysis by Business Segment

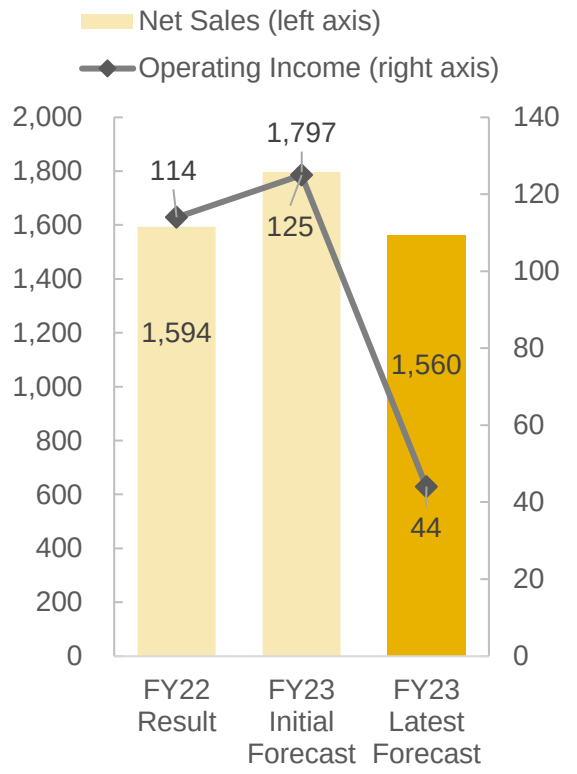
Precision Springs & Components

NHK SPRING CO.,LTD.

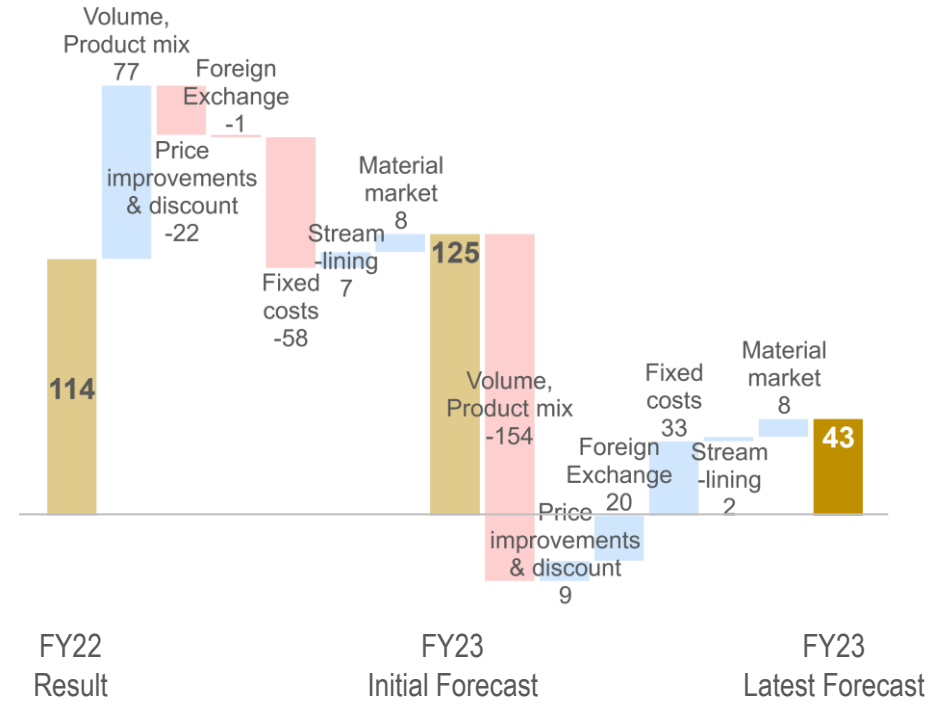
(100 Million Yen)

	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Net Sales	1,594	1,797	**1,560**	-34	-237
Operating Profit	114	125	**44**	-70	-81
Ratio	7.2%	7.0%	**2.8%**	-4.4%	-4.2%

Results Comparison



Variable Factor Analysis for Operating Profit



Vs. Initial Forecast

In the automotive parts business, volume is generally on an upward trend, with the exception of the China base.

Sales of HDD-related components fell far short of the initial sales plan due to a delay in the recovery of customer demand, although a recovery was initially expected in the second half of the year or later. Despite efforts to boost profits due to the weak yen and curb fixed costs, we expect to fall short of its initial profit target.

Forecast for the year ending March 2024 : Analysis by Business Segment

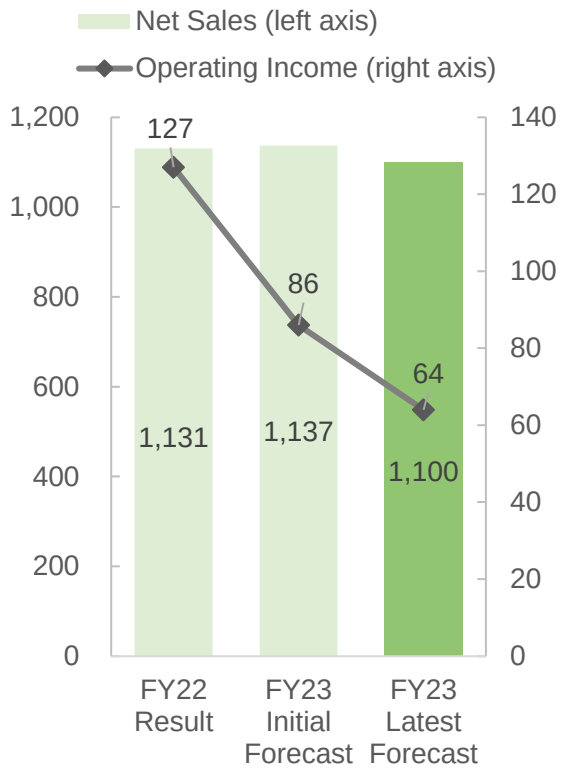
Industrial Machinery & Others

NHK SPRING CO.,LTD.

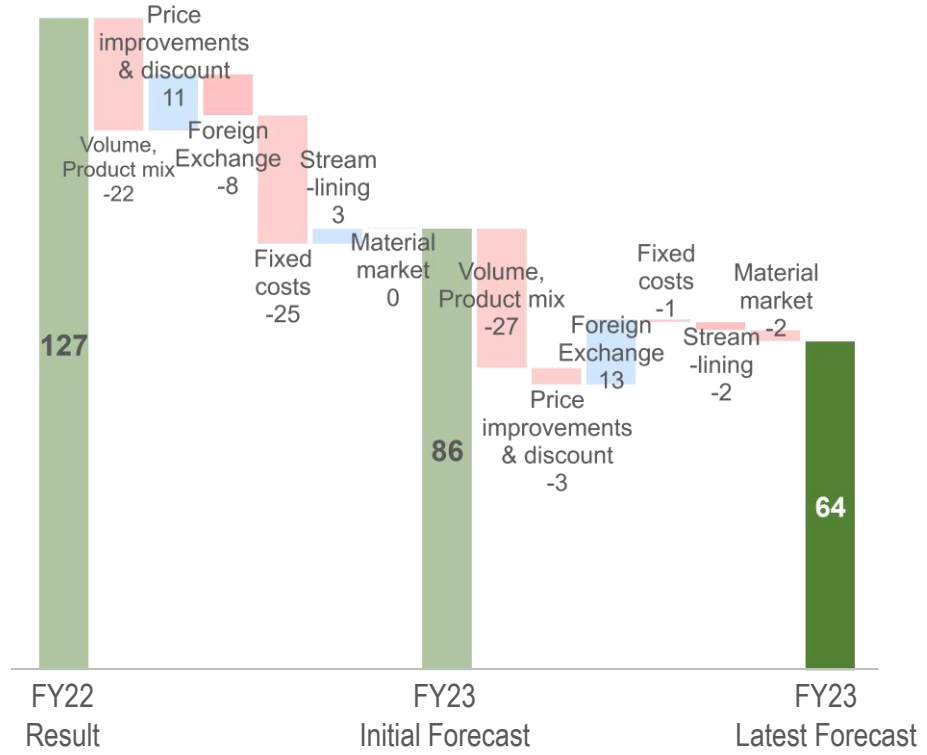
(100 Million Yen)

	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	Vs. FY2022 Results	Vs. Initial Forecast
Net Sales	1,131	1,137	**1,100**	-31	-37
Operating Profit	127	86	**64**	-63	-22
Ratio	11.3%	7.6%	**5.8%**	-5.5%	-1.7%

Results Comparison



Variable Factor Analysis for Operating Profit



Vs. Initial Forecast

Sales volume of semiconductor processing components and Integrated Metal Substrates are expected to fall below the initial forecast, although the weak yen will contribute to sales.

Sales of leisure products such as golf shafts and marine products are also expected to fall short of the initial revenue/expense target due to customers' inventory adjustments.

NHK SPRING CO.,LTD.

FY2023 Medium Term Plan
State of progress

2023 Medium Term Plan Target

NHK SPRING CO.,LTD.

（100 million Yen）

【Target for Net Sales and Income】

- Net Sales 6,500
- Operating Profit 400 （Ratio 6.2%）
- Ordinary Profit 420 （Ratio 6.5%）
- Profit Attributable to Owners of Parent 250 （Ratio 3.8%）

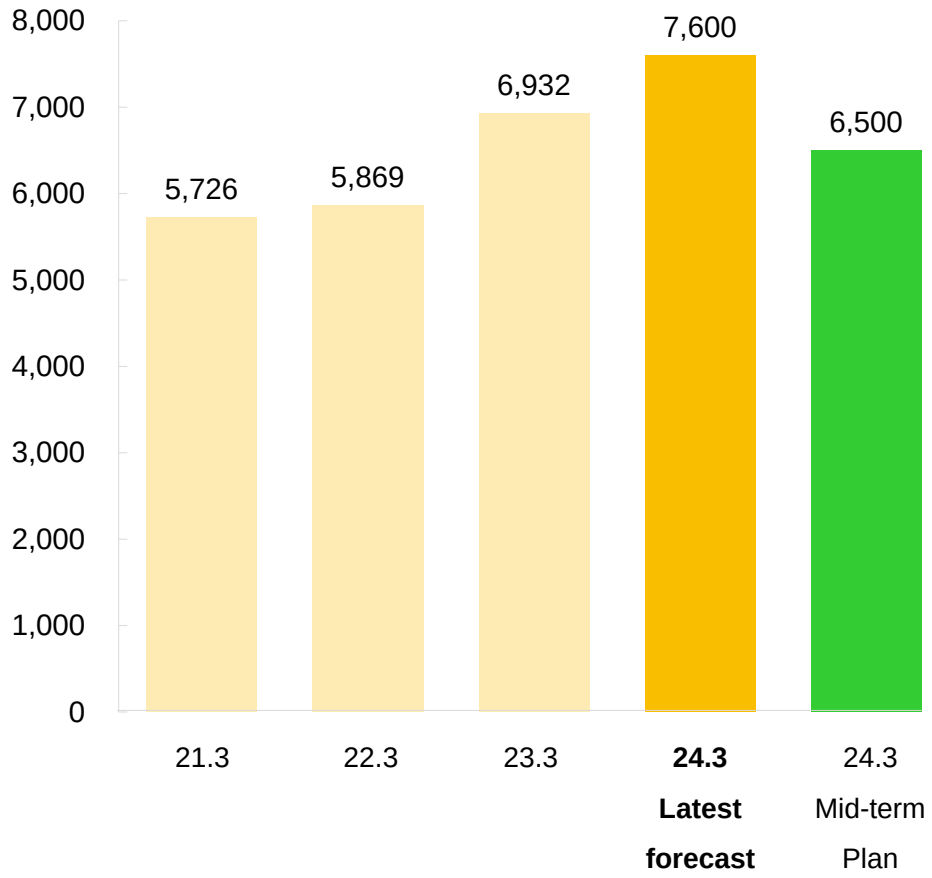
【Target for Financial Indicator】

- Ordinary margin : 6.5%
- ROE : 8.0%
- Dividend payout ratio : aiming approx. 30%

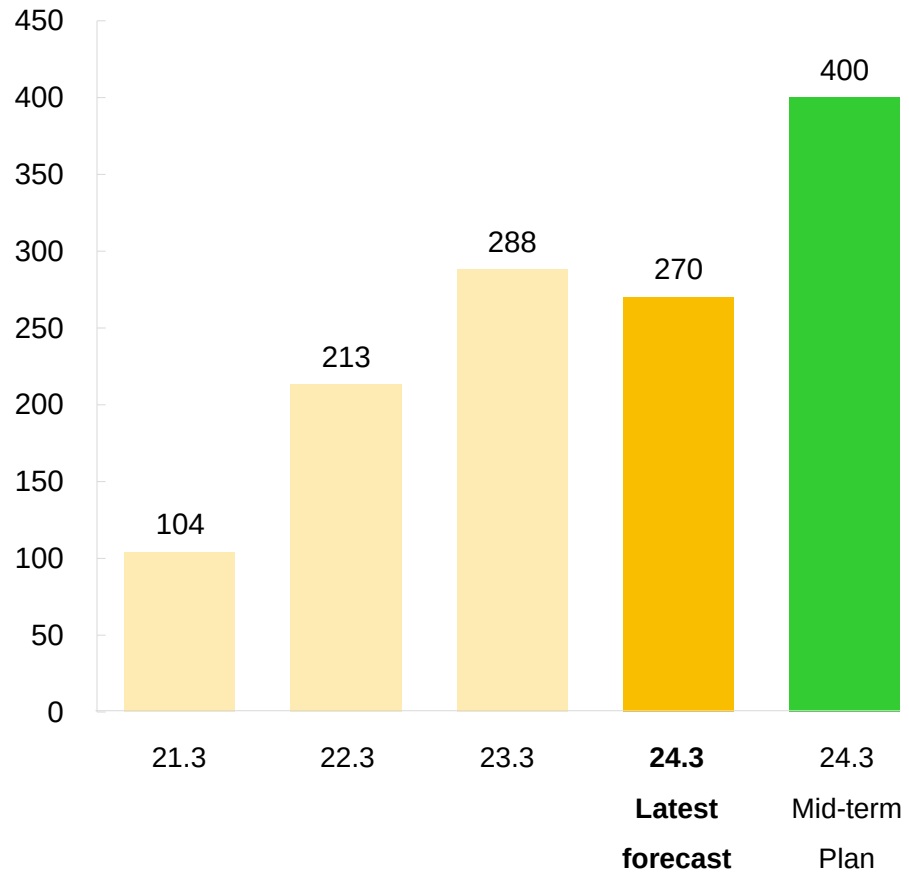
Trend from FY2020 to 2023

NHK SPRING CO.,LTD.

Net Sales



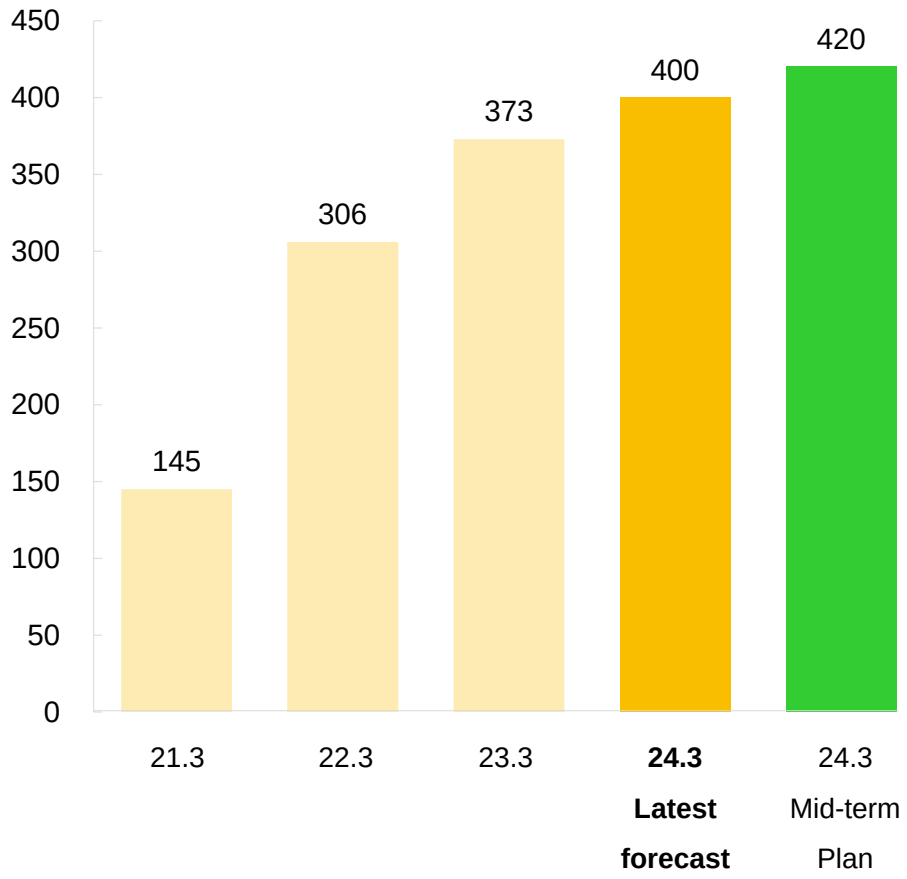
Operating Profit



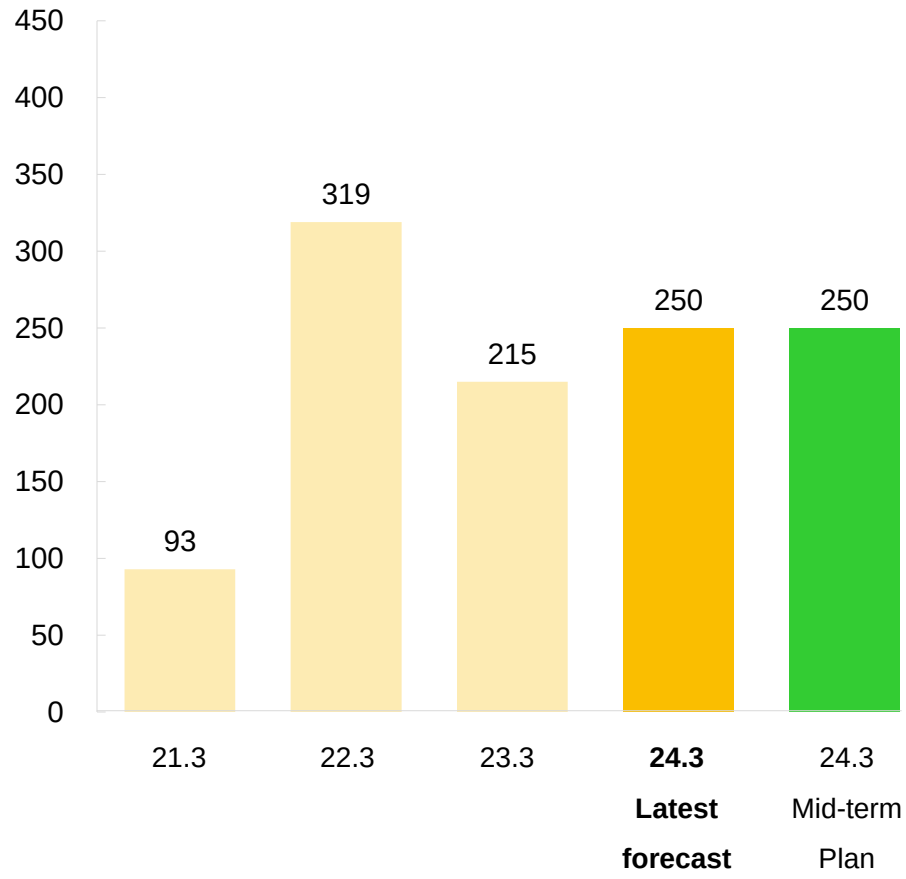
Trend from FY2020 to 2023 Cont'd

NHK SPRING CO.,LTD.

Ordinary Profit



Profit Attributable to Owners of Parent



Trend from FY2020 to 2023 Cont'd

NHK SPRING CO.,LTD.

Ordinary margin / ROE / Dividend payout ratio

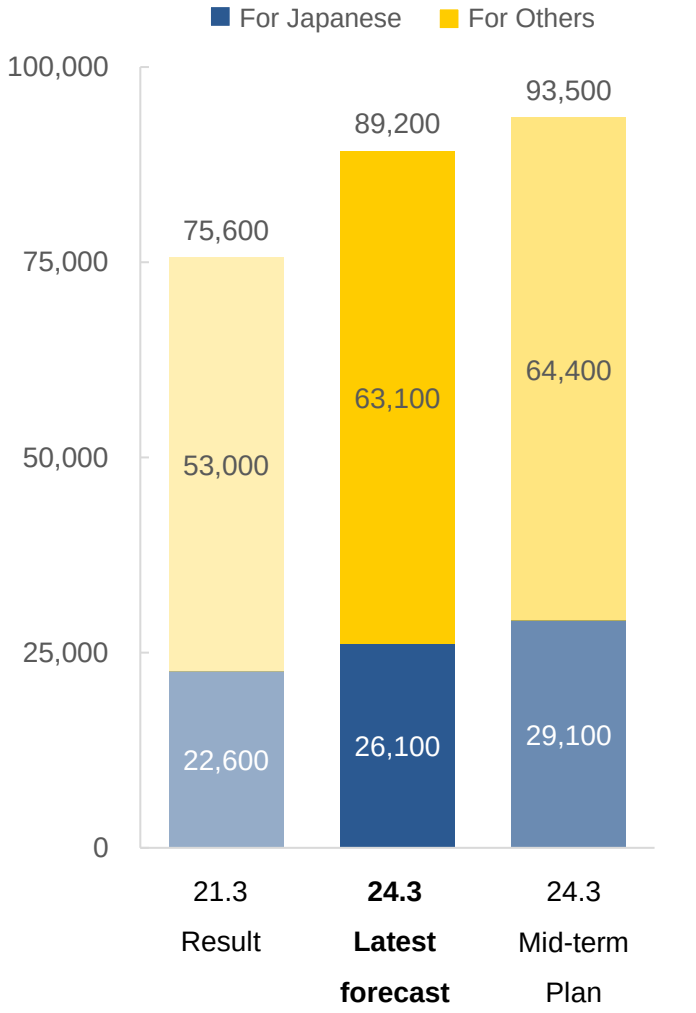
	21.3	22.3	23.3	**24.3 Latest forecast**	24.3 Medium Term plan
Ordinary margin	2.5%	5.2%	5.4%	**5.3%**	6.5%
ROE	3.4%	10.5%	6.4%	**6.8%**	8.0%
Dividend payout ratio	42.0%	19.2%	33.9%	**30.8%**	30.0%

Sales assumptions（Automobiles production Trend）

NHK SPRING CO.,LTD.

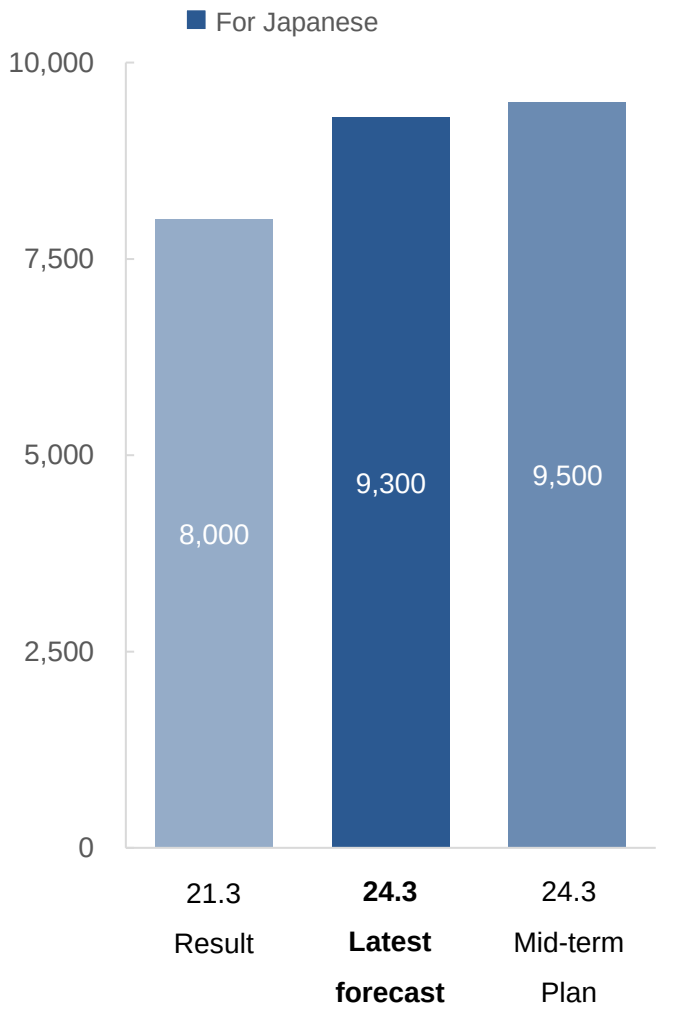
Global

(thousand unit)



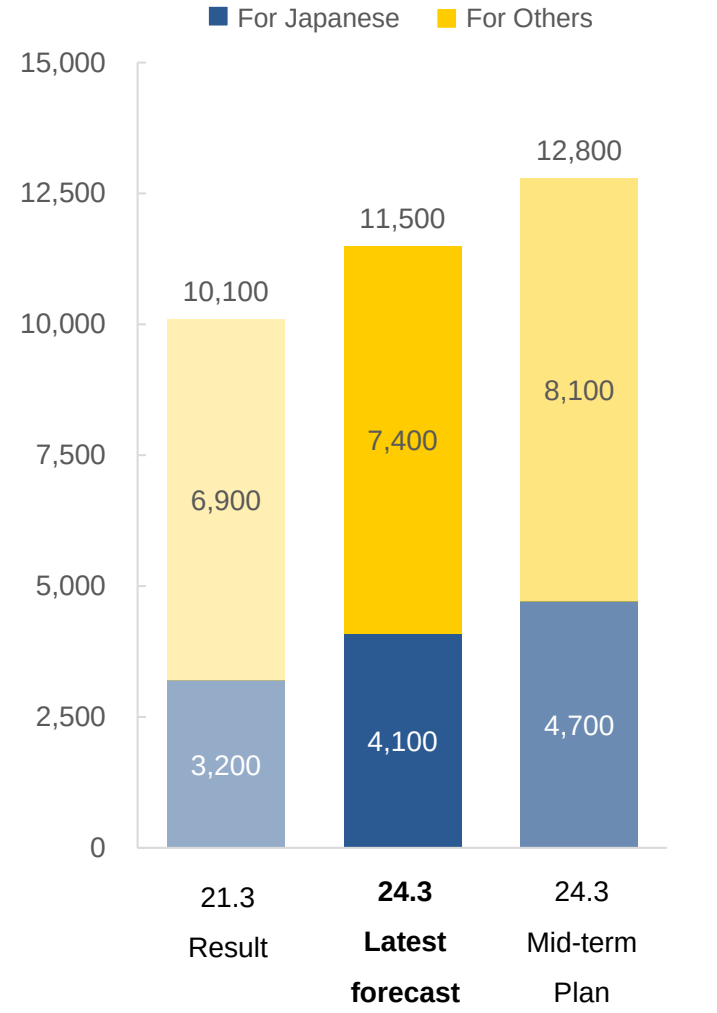
Japan

(thousand unit)



North America

(thousand unit)

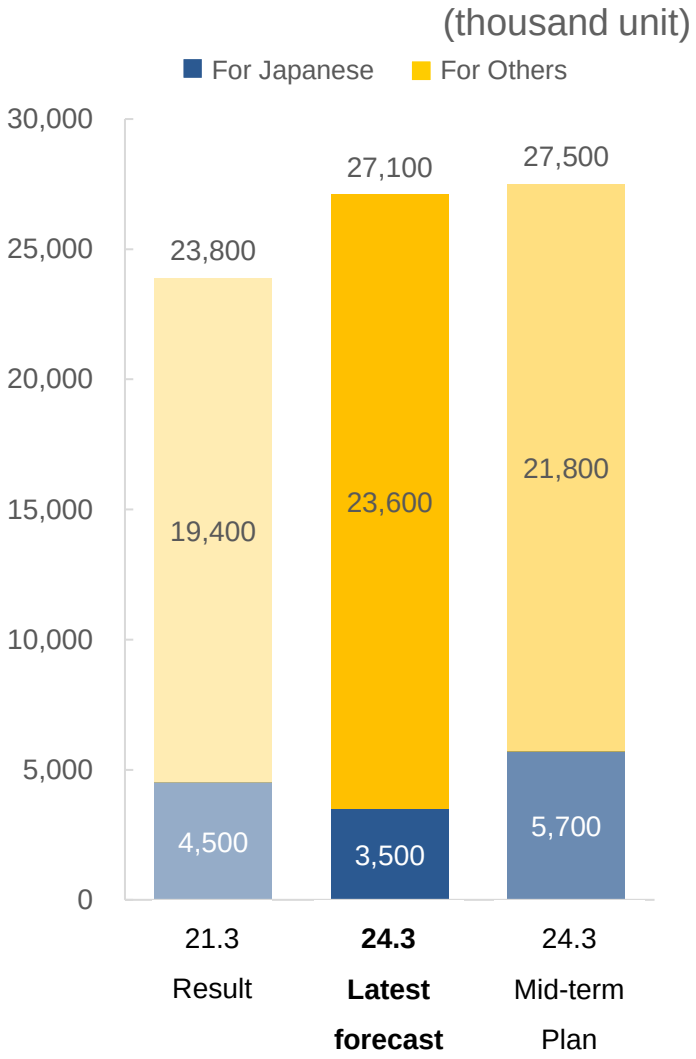


Sales assumptions（Automobiles production Trend）

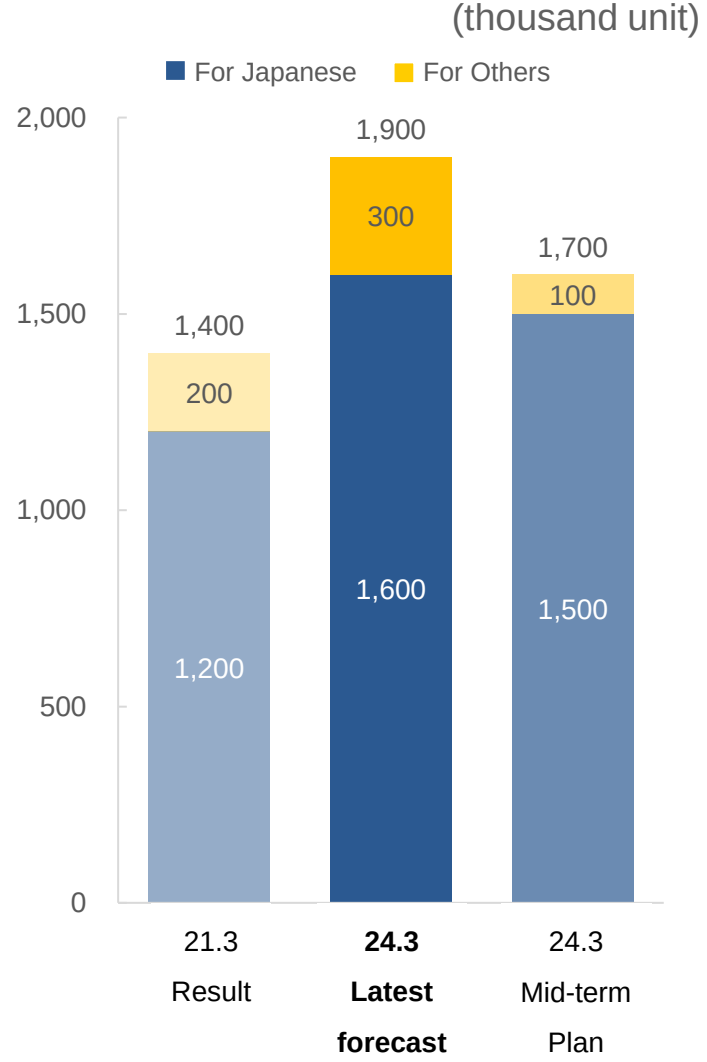
NHK SPRING CO.,LTD.

Cont'd

China



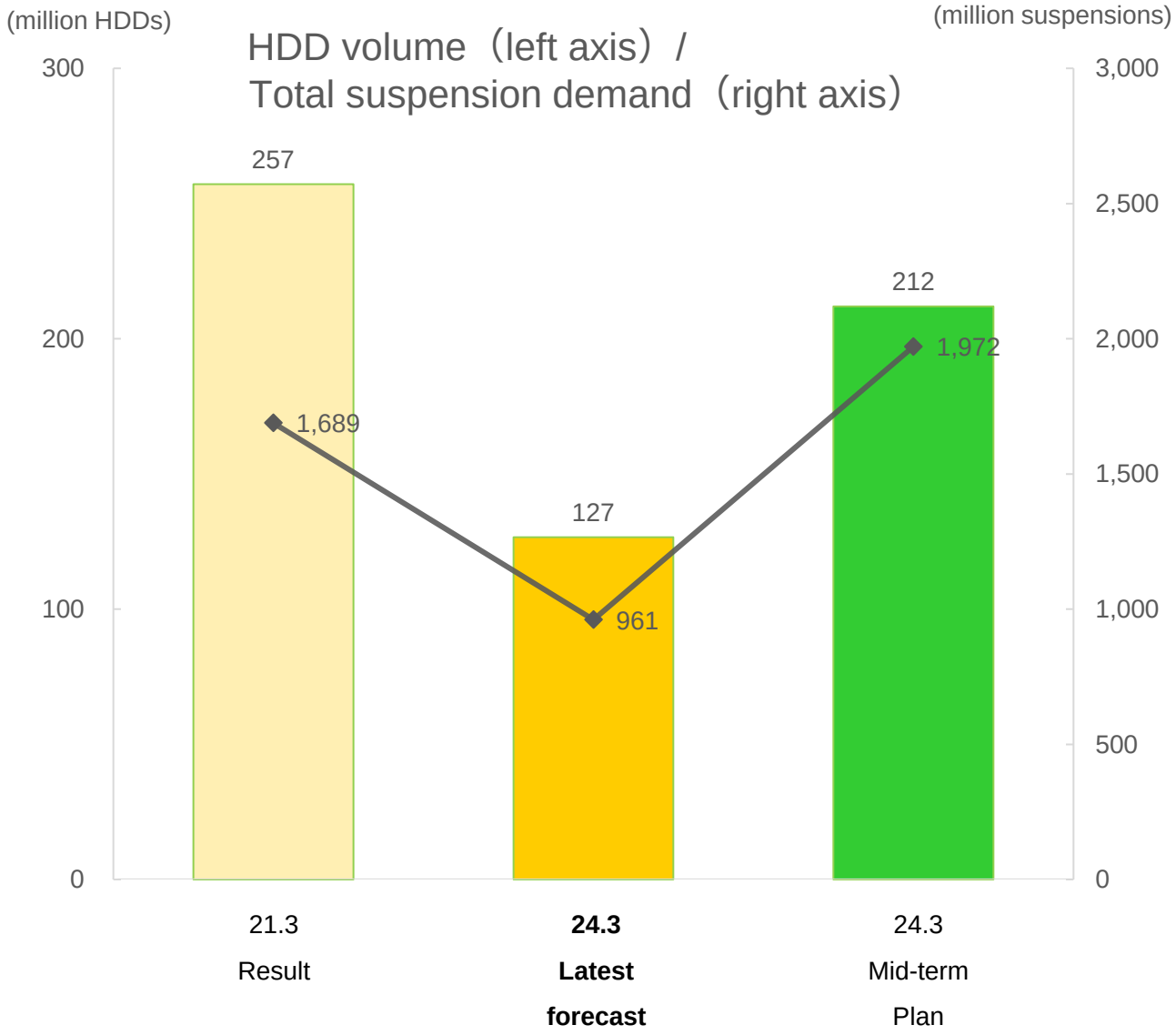
Thailand



- In the mid-term business plan, based on the assumption of recovery from the effects of the COVID-19, we forecasted a 24% increase in FY 2023 compared to FY 2020 on a global basis, and a significant 16%~27% increase in each region.
- Due to the global shortage of semiconductors, automobile production has not recovered to the volume projected in the mid-term business plan.

Sales assumptions（HDD production Trend）

NHK SPRING CO.,LTD.



- The recovery has been slower than initially expected, as demand for HDDs began slumping in the second half of 2022 in reaction to the panic buy caused by the COVID-19.

  ⇒The main reason for this is that cloud service providers are directing their investments toward AI, and are restraining their investments in storage.

- Global data creation continues to increase and HDD still have a price advantage over semiconductor memory, so HDD demand is expected to grow steadily in the future.

Difference from Medium-term Plan (Analysis by Segment / Variable Factor)

NHK SPRING CO.,LTD.

- Net Sales increased by 110 billion yen as compared to the FY2023 in the mid-term plan.
  Operating Profit decreased by 13 billion yen as compared to the FY2023 in the mid-term plan.
- Foreign exchange impact is 88.6 billion yen on Net Sales and 1.8 billion yen on Operating Profit.

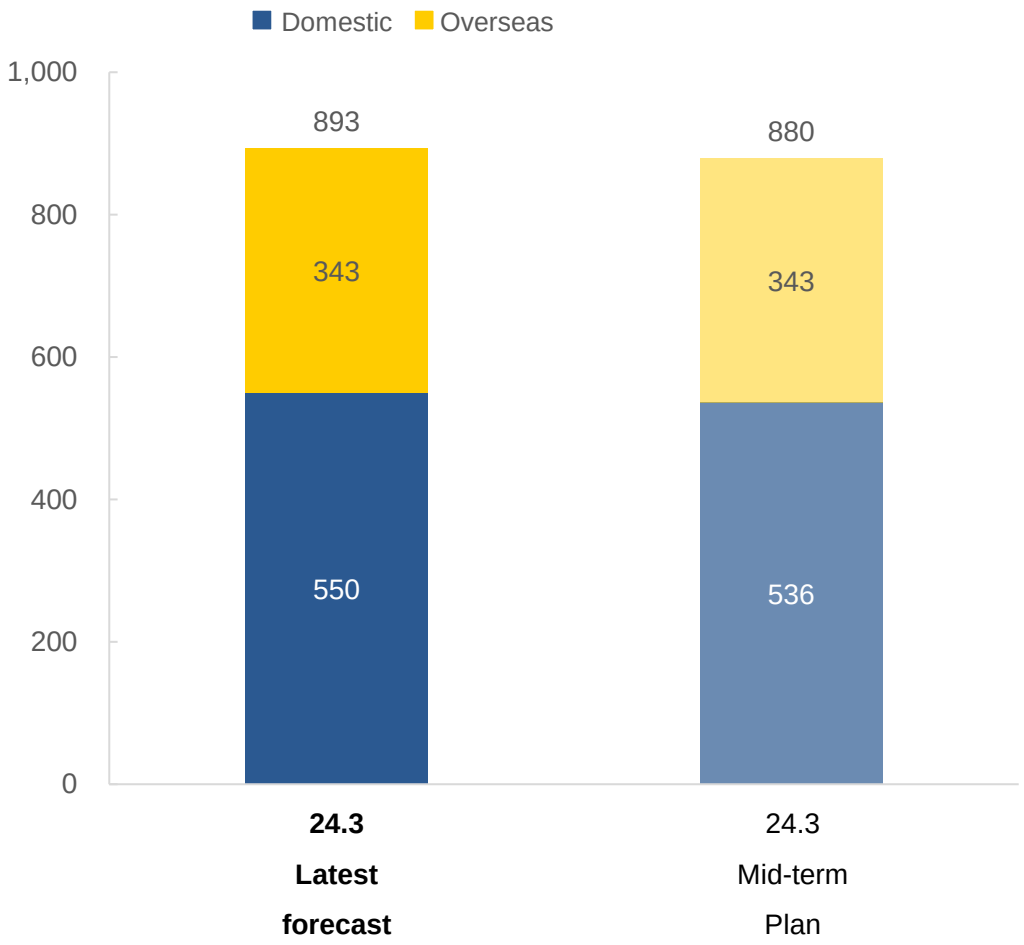
(100 million Yen)

		FY2023 Medium Term plan	**FY2023 Latest Forecast**	Variance	Breakdown of variance			
					Exchange impact	Steel Soaring Recovery	Auxiliary cost Escalation recovery	Volume, others
Automotive Suspension Spring	Net sales	1,210	**1,695**	485	288	224	41	-68
	Operating Profit	30	**0**	-30	-2	30	3	-60
	Ratio	2.5%	**0.0%**	-2.5%	-	-	-	-
Automotive Seating	Net sales	2,400	**3,245**	845	409	160	9	267
	Operating Profit	80	**162**	82	15	16	0	51
	Ratio	3.3%	**5.0%**	1.7%	-	-	-	-
Precision Springs & Components	Net sales	1,790	**1,560**	-230	181	73	9	-493
	Operating Profit	180	**44**	-136	5	5	-2	-144
	Ratio	10.1%	**2.8%**	-7.3%	-	-	-	-
Industrial Machinery & Others	Net sales	1,100	**1,100**	0	8	36	4	-47
	Operating Profit	110	**64**	-46	0	-10	-3	-34
	Ratio	10.0%	**5.8%**	-4.2%	-	-	-	-
Total	Net sales	6,500	**7,600**	1,100	886	493	63	-341
	Operating Profit	400	**270**	-130	18	41	-2	-187
	Ratio	6.2%	**3.6%**	-2.6%	-	-	-	-

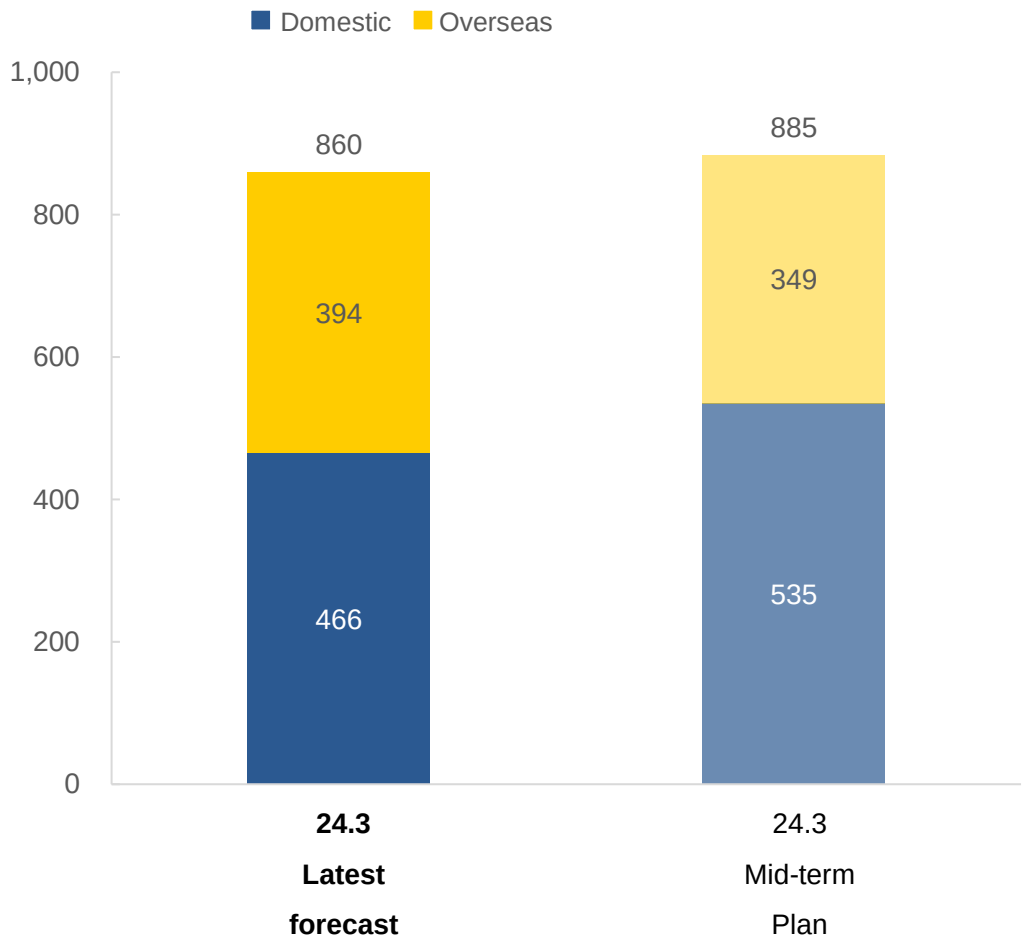
Capital Investment / Depreciation & Amortization

NHK SPRING CO.,LTD.

(FY2021～2023 Total) Capital Investment



(FY2021～2023 Total) Depreciation & Amortization

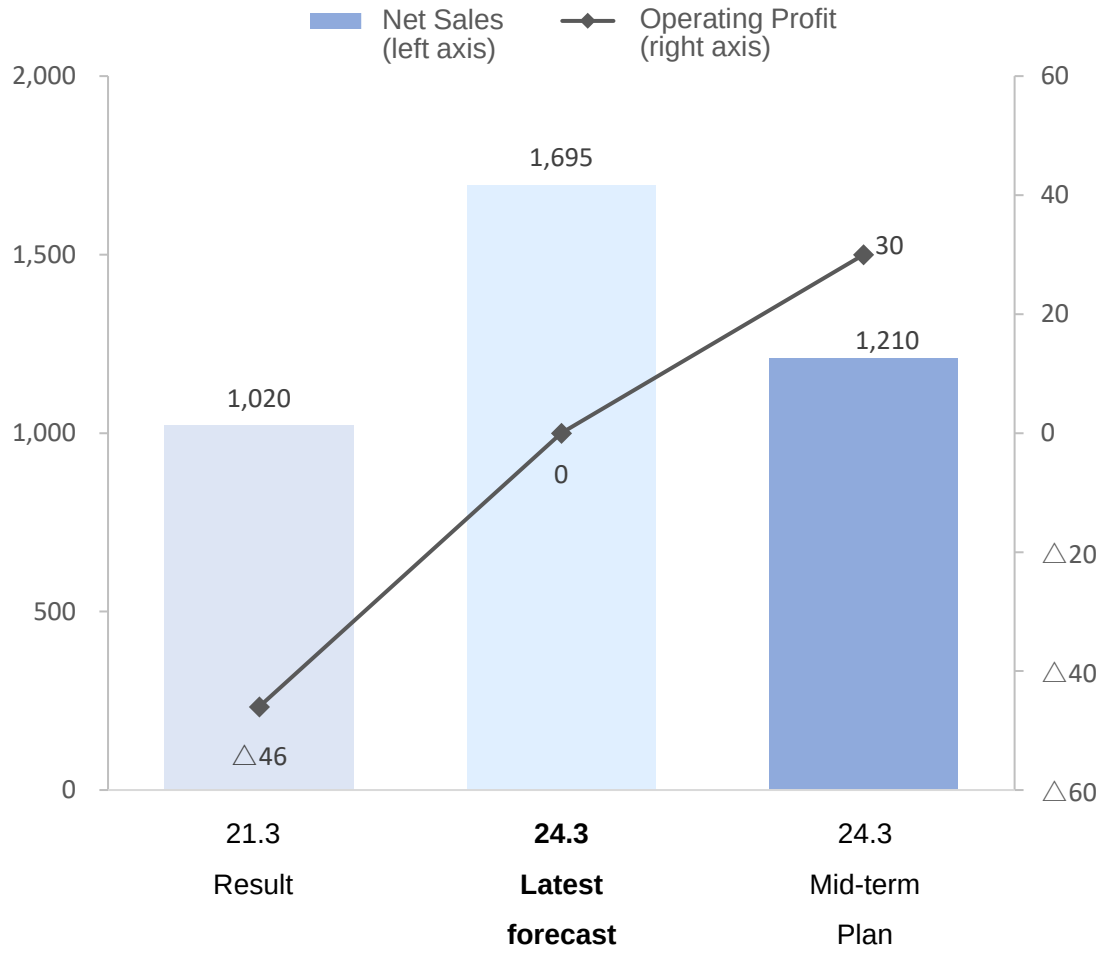


Progress of each business (Automotive Suspension Springs)

NHK SPRING CO.,LTD.

- Cost of sales increased significantly due to soaring steel market prices and rising labor costs, although sales are on a recovery trend.
- We will promote fixed cost reduction by improving unprofitable products to appropriate selling prices, improving productivity, and reducing manpower through automation.
- In North America in particular, earnings have not improved due to delays in recovering rising labor and material costs and a deteriorating employment environment.

Performance Comparison（100 Million Yen）



Challenges and Initiatives of the 2023 mid-term plan

◆ Creation of new technologies and products

Development of XT coil springs, etc. with new taper molding that are 34% lighter than conventional products that can withstand the same load.

◆ Turnaround of loss-making U.S. bases and improvement of profitability of European bases

Severe conditions continue due to soaring labor costs and delays in productivity improvement. Continue to promote profit improvement.

◆ Establishment of optimal production system

Leaf springs） Completed transfer of assembly processes to affiliated companies.
Coil Spring, Stabilizer） We will consider changing the number of production shifts and reviewing the global supply system.

◆ Thorough reduction of production costs

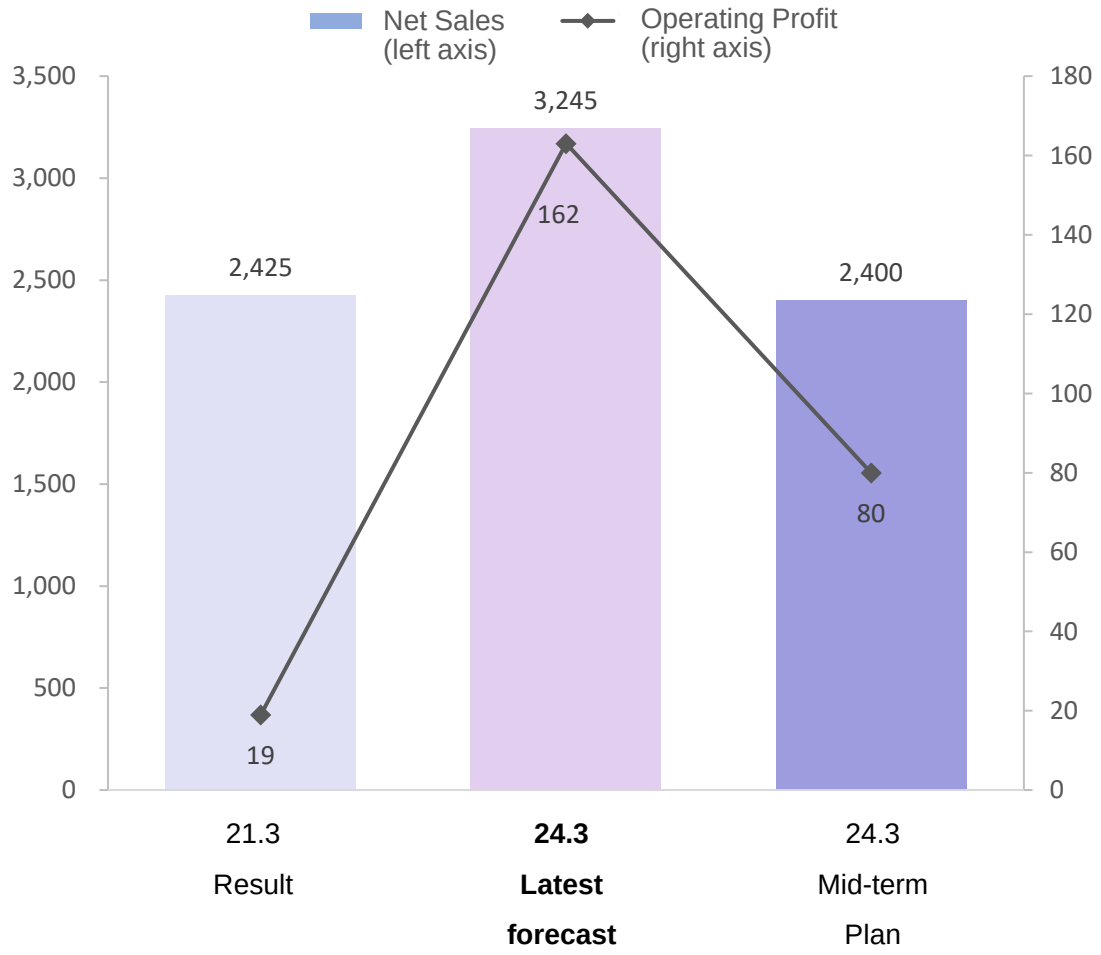
We will continue to strive to reduce and rationalize fixed costs.

Progress of each business (Automotive Seating)

NHK SPRING CO.,LTD.

- Net sales and operating profit are both expected to exceed the mid-term plan by a wide margin.

Performance Comparison（100 Million Yen）



Challenges and Initiatives of the 2023 mid-term plan

◆ **Steady response to model change**

Steady response as planned.

◆ **Improvement of profitability of new plant in North America**

Completion of transfer to new plant Improved profitability by logistics improvement, etc.

◆ **Reduction of development costs and shortening of development period by improvement of analysis technology**

Continued activities aimed at halving the number of static strength tests.

◆ **Steady response to customer quality requirements**

Further improvement by reviewing development procedures, introducing AI visual inspection, etc.

◆ **Development of seats required in the era of automated driving**

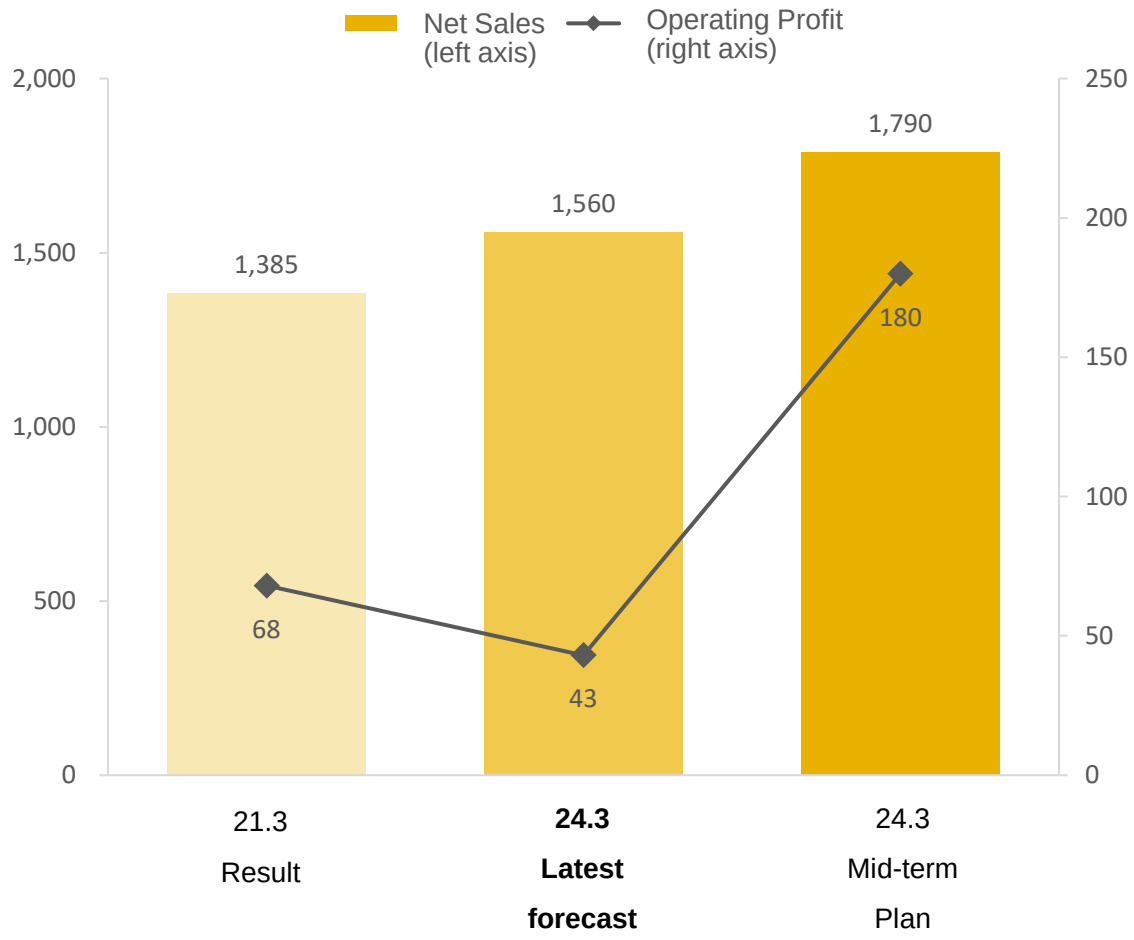
Promoting development of our original items required for automatic driving.

Progress of each business (Precision Springs and Components)

NHK SPRING CO.,LTD.

- In the automobile-related business, both sales and profits declined due to decrease in production volume caused by a shortage of semiconductors and other factors.
- In the information and telecommunication related business, both sales and income decreased due to delayed recovery from the slump in demand for HDD caused by the panic buyout in the wake of the COVID-19.

Performance Comparison（100 Million Yen）



Challenges and Initiatives of the 2023 mid-term plan

◆ Steady response to accelerating electrification

- Expansion of motor core production capacity in Mexico
- Expansion of thin leaf springs for HEVs and EVs

◆ Appropriate response to increasing HDD nearline demand and market share increase

Further productivity improvement in anticipation of recovery in HDD demand

◆ Cost reduction through productivity improvement, utilization of AI, etc.

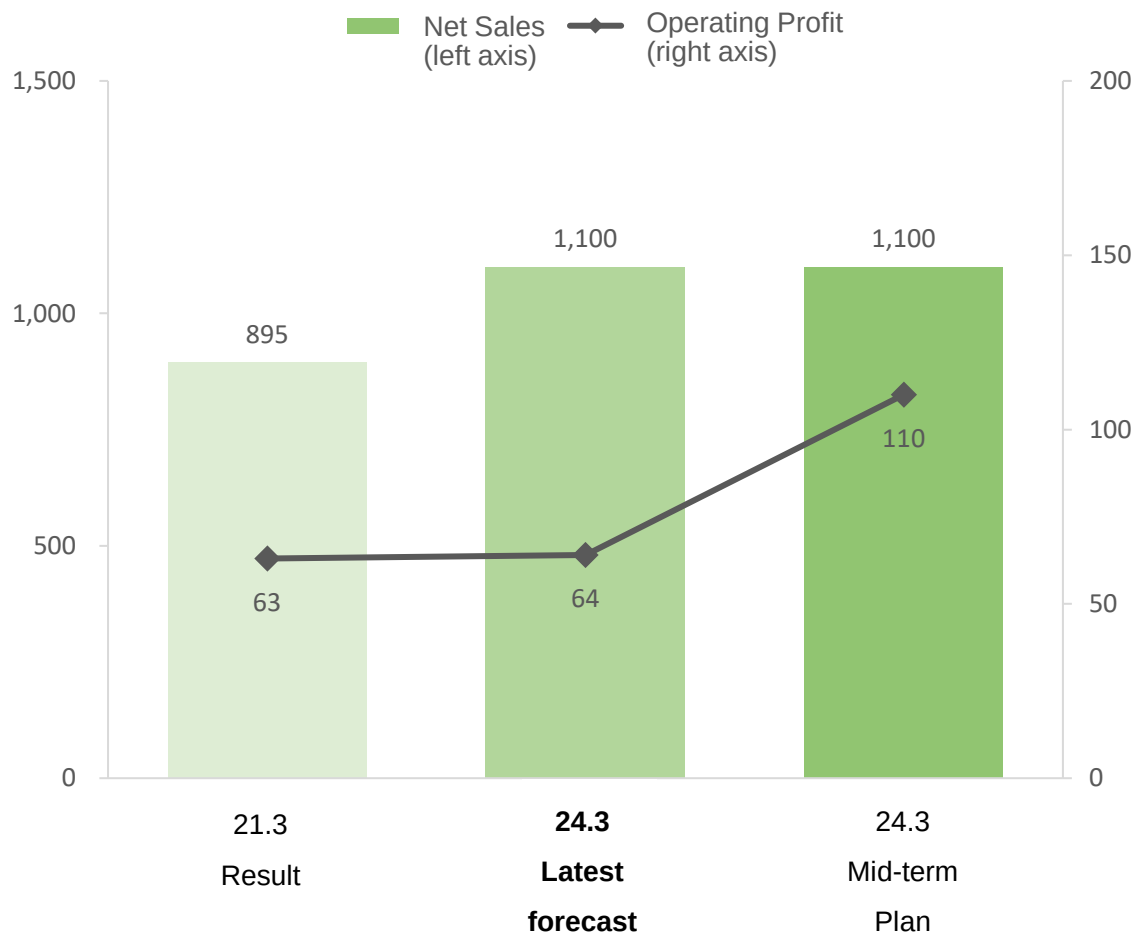
Promote data processing and analysis using AI.

Progress of each business (Industrial Machinery and Others)

NHK SPRING CO.,LTD.

- Sales and income declined due to a drop in demand for semiconductor production equipment.

Performance Comparison（100 Million Yen）



Challenges and Initiatives of the 2023 mid-term plan

◆ **Semiconductor process components**

Prolonged memory market slump and full-fledged recovery of demand is not expected until FY2024 or later.

◆ **Integrated Metal Substrates**

Expansion of production capacity in Japan (Komagane Plant) and Malaysia

◆ **Pipe support products, security-related products**

Improvement of profitability through selection and concentration

◆ **Accelerate each development theme and expand sales of new products**

Shower head products and next generation thermal spraying products

NHK SPRING CO.,LTD.

About the progress of the project

President & CEO
Representative Member of the Board

Takashi Kayamoto

Background and Project Measures

NHK SPRING CO.,LTD.

Automotive Suspension Springs	-Increasing the value of Automotive Suspension Springs -Optimal production system	**Profitability Improvement Project** -Price improvement of Automotive Suspension Springs -Negotiation of appropriate price for cost increase -Productivity improvement
Automotive Seating	Improving customer satisfaction	**SUBARU Project** -Establishment of a management system with QCDD -Development of seats adapted to needs
Motor Core	Further acceleration of electrification	**Motor Core Project** -Expand new sales by leveraging strengths -Accelerate business by increasing competitiveness and differentiation

NHK SPRING CO.,LTD.

Automotive Suspension Springs Initiatives Profitability Improvement Project

Details of Measures

NHK SPRING CO.,LTD.

Increasing the value of Automotive Suspension Springs

-Price improvement
-Price pass-through of inflationary increases

Labor productivity improvement

-Productivity improvement based on rising labor costs
-Thorough manpower saving

Equipment productivity improvement

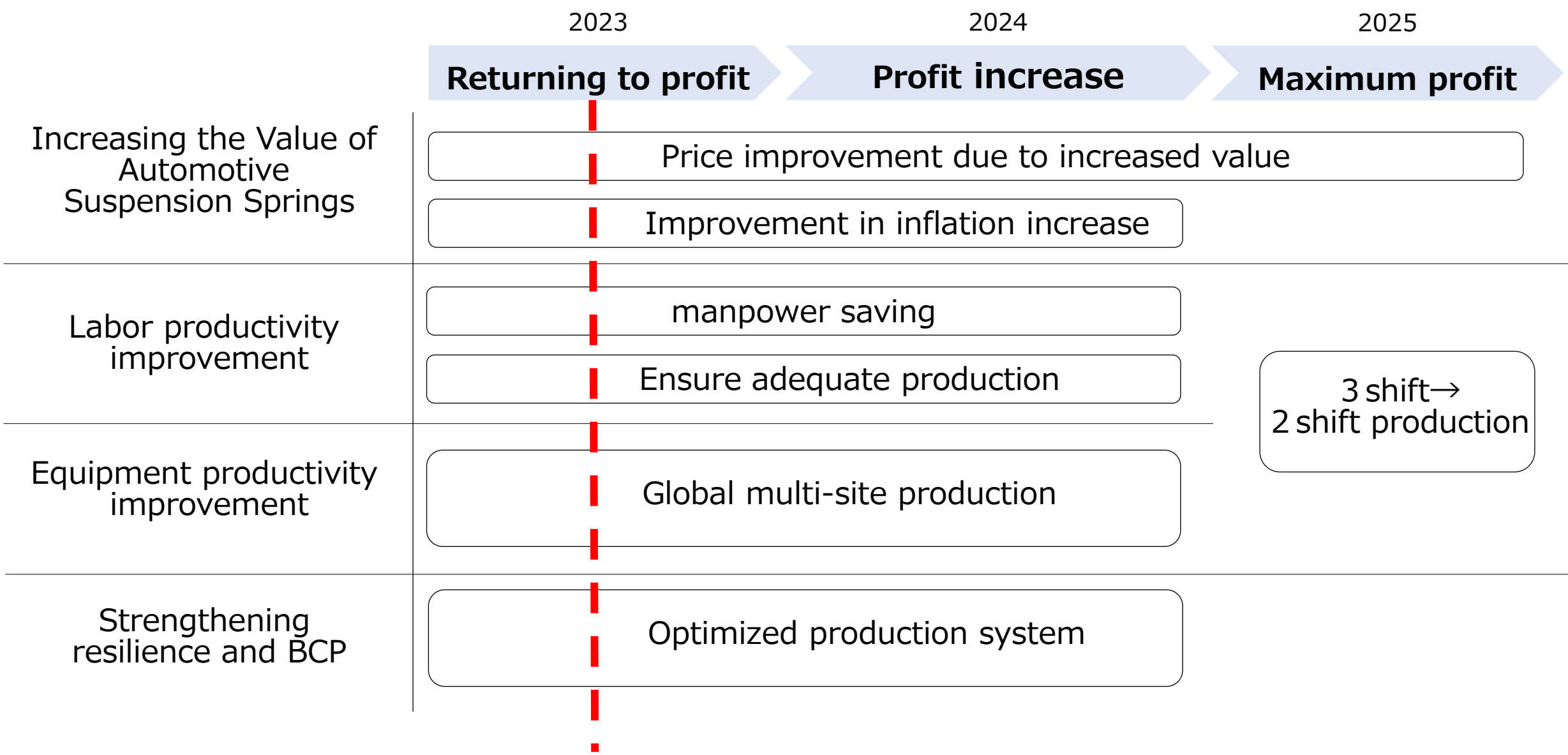
Aim for optimal production between sites based on global utilization rates

Strengthening resilience and BCP

Review of global supply structure for stable supply and production flexibility

Roadmap (At the time of announcement of May 2023 financial results)

NHK SPRING CO.,LTD.



Measure Details

NHK SPRING CO.,LTD.

Increased the value of Automotive Suspension Springs

Material cost + Auxiliary material cost
▶Most of the cost has been recovered , but some under negotiation

Labor cost
▶Under negotiation

Existing product
▶Strengthening activities to gain recognition of value

New product
▶Receive orders at a fair price when changing models

Labor Productivity Improvement

Productivity improvement based on rising labor costs

Thorough labor saving

▶Reduction of labor cost by reducing prototyping time

Reduction of scrap due to improved yield

Reduction of auxiliary material costs

Measure Details

NHK SPRING CO.,LTD.

Improve facility productivity/Strengthen resilience and BCP

・Stable supply aiming for optimal production between sites based on global capacity utilization ratio

▶ **15%** of North American production switched to other countries

NHK SPRING CO.,LTD.

Automotive Seating Initiatives
SUBARU Project

What's needed to improve customer evaluations and strengthen relationships？

NHK SPRING CO.,LTD.

Q:Quality
Quality creation from the development and design stages

C:Cost
Eliminate design rework and achieve cost targets

D:Delivery date
Clarification of processes and driving progress by Project Manager

D:Development
-Pursuit of the essence of seating
-Virtual development

Establishment of Project Management (PM) structure
-Centralized management of the entire project progress and a single point of contact with the client
-Specialized teams focus on their own tasks to improve efficiency

Customer Evaluation
Improve QCDD and respond quickly, leading to evaluation and building even stronger relationships

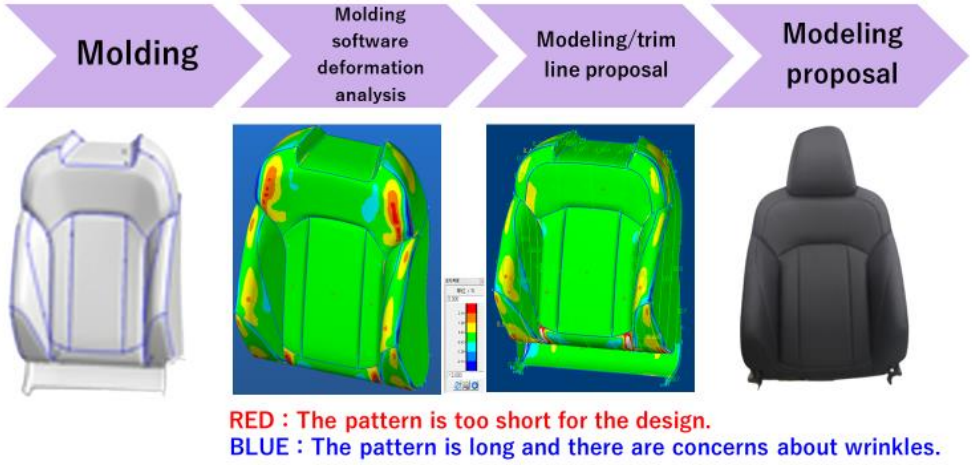
Results for new models

NHK SPRING CO.,LTD.

Q:Quality

・Quality from the development and design stages

▶Appearance score **14% increase**
(Compared to previous model)



C:Cost

・Eliminate design rework and achieve cost targets

▶Design changes **35% reduction**
(Compared to previous model)

Results for new models

NHK SPRING CO.,LTD.

D:Delivery date

・Clarification of processes and driving progress by Project Manager

▶Smooth start-up by following the cycle below

Project Progress

As needed across Departments
Identification of scope of impact
Improve accuracy

Planning a recovery plan

Securing a necessary resources
Briefing for stakeholders

Promote planning of priority events

Set up preconfirmation meetings
Reporting of milestones

Changes/Adjustments

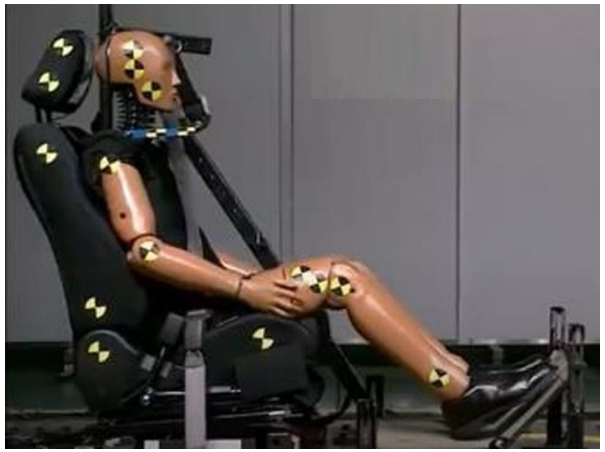
Action Plan
Progress Management
Promotion of stagnant projects

D:Development

・Pursuit of the essence of the seat
・Virtual development

▶Reduced number of design changes due to Front loading*
40% test reduced
(compared to previous model)

*Weave critical quality-related processes into the first half of development



NHK SPRING CO.,LTD.

Motor Core Initiatives
Motor Core Project

Details of Measures

NHK SPRING CO.,LTD.

Establishment of global production system

～Responding to increased orders～

-Construction of new production building (Atsugi Plant)
-Land acquisition (Mexico)
-Production capacity expansion (China)

Increased die fabrication capacity

-Increase and train more designers
-Expansion of machining facilities
-Add design and manufacturing base in Thailand

Development of new construction methods

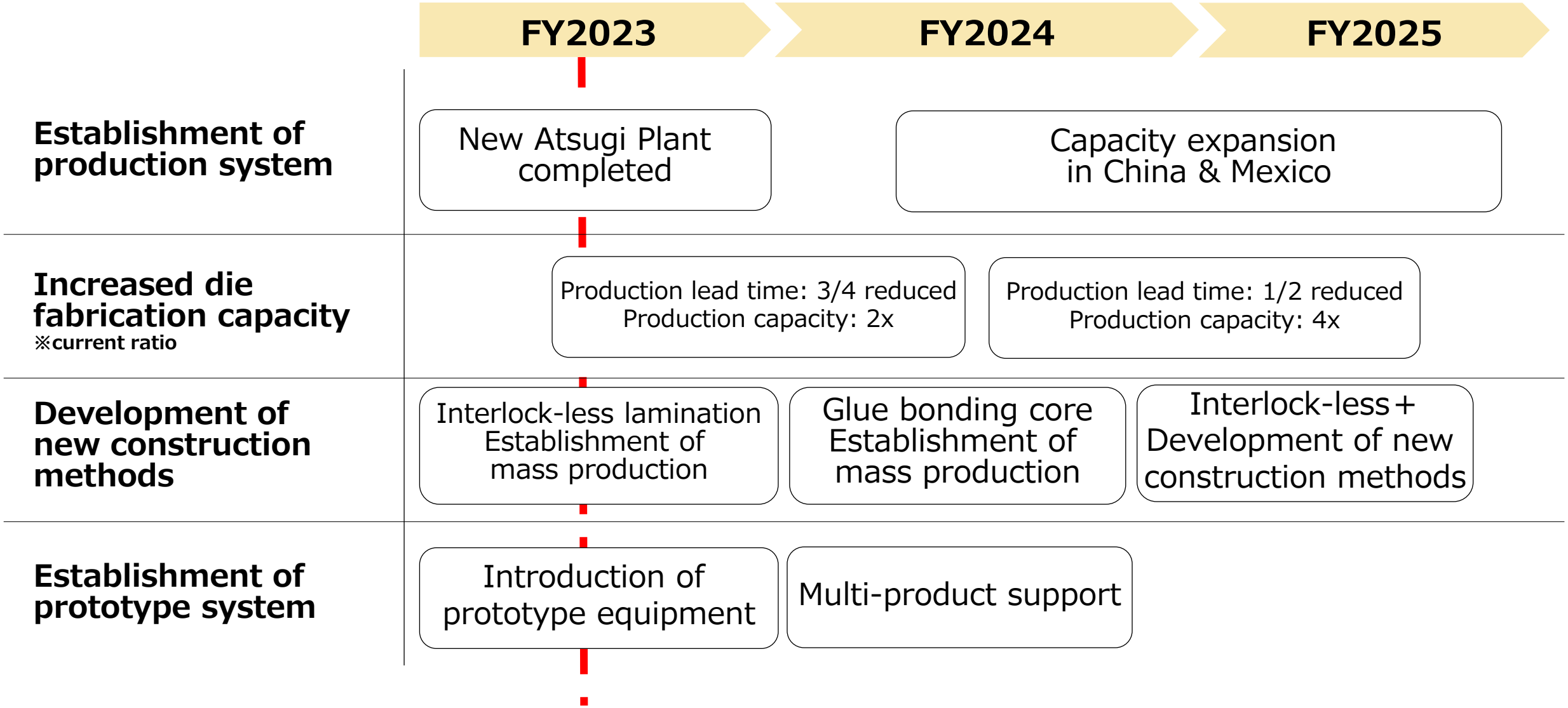
-Interlock-less lamination
-Glue bonding core
-Interlock-less＋ Development of new construction methods

Proactive response to prototypes

-Reinforcement of design system
-Reinforcement of prototype production system
-Introduction of dedicated press machine for prototype production

Roadmap (At the time of announcement of May 2023 financial results)

NHK SPRING CO.,LTD.



Progress

NHK SPRING CO.,LTD.

Establishment of Global Production System

~Responding to an increase in orders received~

- Construction of new production building (Atsugi Plant)
  ▶Completed (Mass production scheduled to start in July 2025)
- Land acquisition (Mexico)
  ▶New production building to be constructed
- Production capacity expansion (China)
  ▶ Investment will be postponed due to changes in the market environment.

Increased die fabrication capacity

- Increase and train more designers
  ▶Completed doubling of design capacity (Atsugi + Thailand)
- Reinforcement of machining facilities
  ▶Introduction of new machine tools in the second half of 2023
- Die design and manufacturing base added in Thailand
  ▶Die designing is underway in Thailand.
  Parts machining will start in the second half of 2023.

Progress

NHK SPRING CO.,LTD.

Development of new construction methods

- Interlock-less method
  ▶Establishment of mass production method completed
- Glue bonding core
  ▶Trying on a mass production machine
- Interlock-less＋new construction methods
  ▶Lightweight and high-strength Amorphous material prototype under evaluation

Proactive response to prototypes

- Reinforcement of design system
  ▶Dedicated project members
- Reinforcement of prototype system
  ▶January 2024 voluntary prototype trial
  - System Development
- Introduced press dedicated to prototype
  ▶Scheduled for introduction in December 2023

Reinforcement of organization

NHK SPRING CO.,LTD.

Dedicated motor core project members

Cost Planning and Business Strategy	Overseas Launch
Equipment	Patent Strategy
Die	Technology, Design & Evaluation
Die・Analysis	Quality

▶ Organized by 24 members, with members assigned exclusively to each of the above themes.

Established EV Sales Dept

▶Organized with 7 members to further expand sales activities.

NHK SPRING CO.,LTD.

Supplementary Materials

Supplementary Materials: Overseas Expansion

Major Overseas Operations

NHK SPRING CO.,LTD.

NHK Spring Europe B.V.

NHK-UNI Spring (Guangzhou) Co., Ltd.

NHK INTERNATIONAL CORPORATION

IBERICA DE SUSPENSIONES, S.L.

NHK Seating (Hubei) Co., Ltd.

NHK Spring Precision (Guangzhou) Co., Ltd.

NHK SEATING OF AMERICA INC.

NHK SPRING HUNGARY KFT.

NHK SPRING PRECISION OF AMERICA, INC.

NHK Spring (China) Co., Ltd.

NHK Spring Co.,Ltd.

NHK OF AMERICA SUSPENSION COMPONENTS INC.

NHK SPRING INDIA LTD.

NAT Peripheral (H.K.) Co., Ltd.

TOPURA AMERICA FASTENER, INC.

NHK Automotive Components India Private Limited

NHK SPRING MEXICO, S.A.DE C.V.

NEW MATHER METALS, INC.

NHK SPRING PHILIPPINES,INC.

RASSINI-NHK AUTOPEÇAS LTDA.

NHK MANUFACTURING (MALAYSIA) SDN. BHD.

NHK SPRING (THAILAND) CO., LTD.

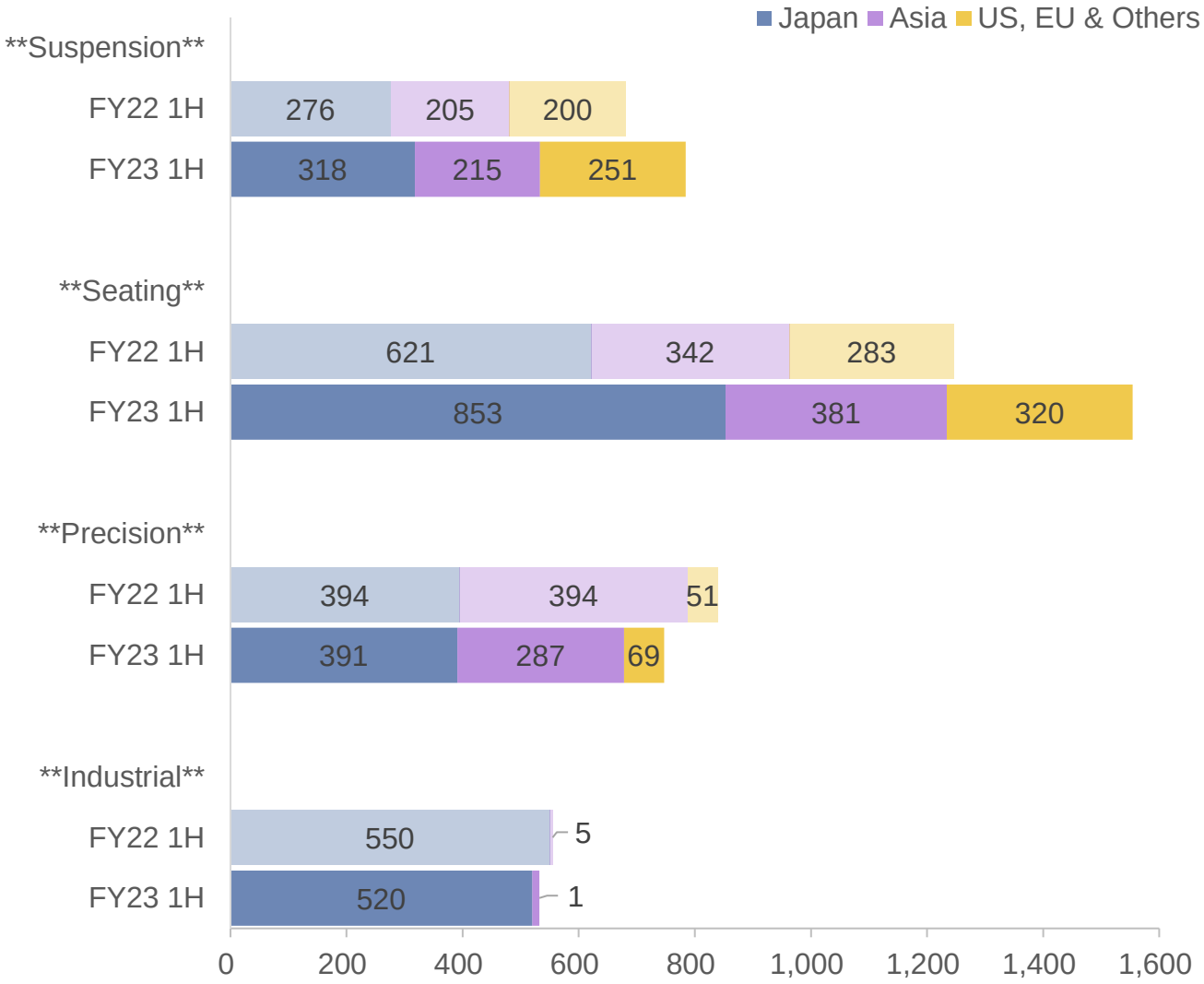
NHK PRECISION (THAILAND) CO., LTD.

Automotive Suspension Springs	Precision Springs & Components	Regional management / Business Support
Automotive Seating	Industrial Machinery & Others	All Products

Supplementary Materials

Details of Net Sales (half-year)

NHK SPRING CO.,LTD.



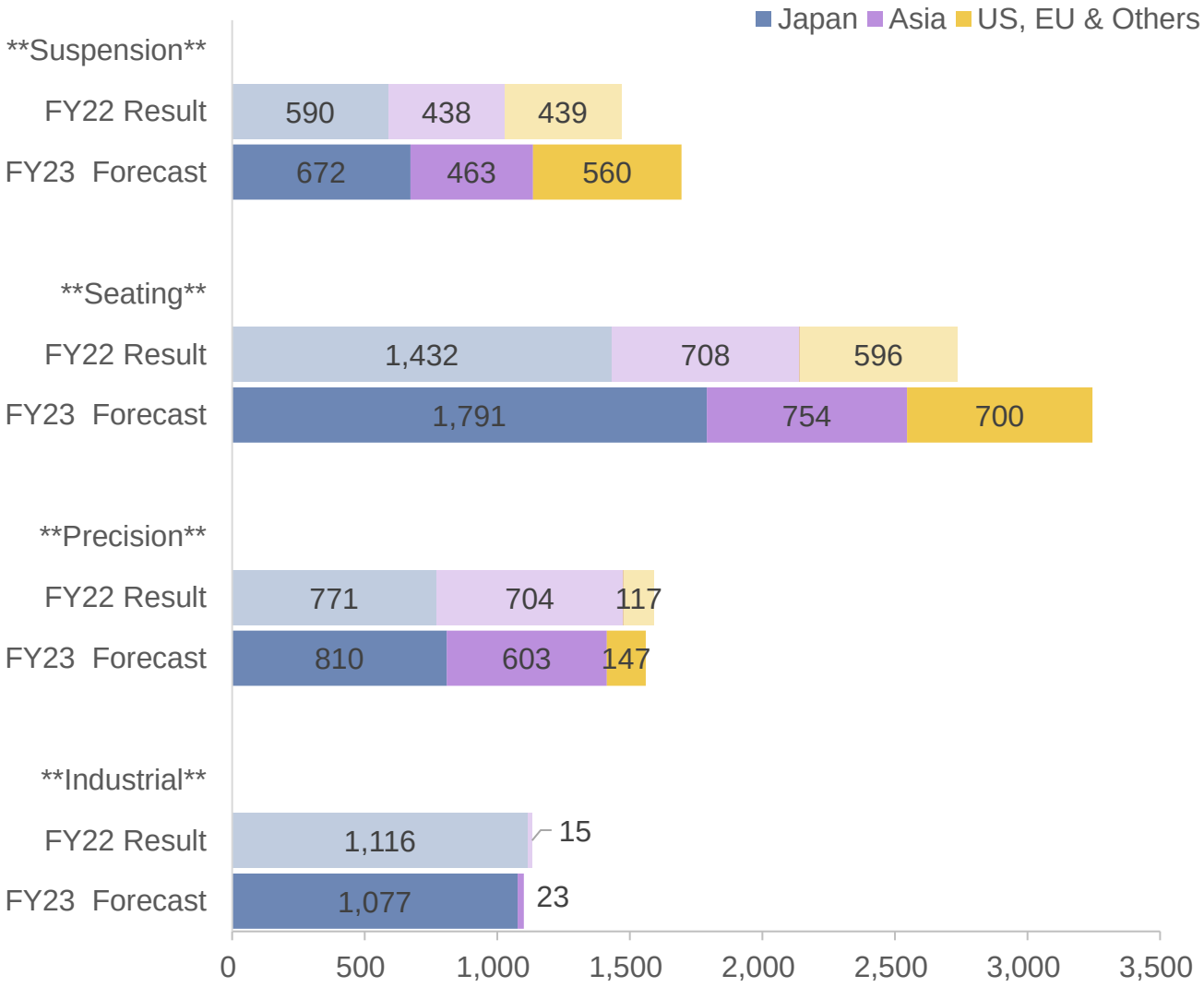
(100 million Yen)

		Japan	Asia	America & Europe & Others	Total
Automotive Suspension Springs	FY22 1H	276	205	200	681
	FY23 1H	318	215	251	786
Automotive Seating	FY22 1H	621	342	283	1,247
	FY23 1H	853	381	320	1,555
Precision Springs & Components	FY22 1H	394	394	51	840
	FY23 1H	391	287	69	747
Industrial Machinery & Others	FY22 1H	550	5	-	556
	FY23 1H	520	12	-	532
Total	FY22 1H	1,842	948	534	3,326
	FY23 1H	2,084	896	640	3,621

Supplementary Materials

Details of Net Sales (full-year)

NHK SPRING CO.,LTD.



(100 million Yen)

		Japan	Asia	America & Europe & Others	Total
Automotive Suspension Springs	FY22 Result	590	438	439	1,467
	FY23 Forecast	672	463	560	1,695
Automotive Seating	FY22 Result	1,432	708	596	2,736
	FY23 Forecast	1,791	754	700	3,245
Precision Springs & Components	FY22 Result	771	704	117	1,592
	FY23 Forecast	810	603	147	1,560
Industrial Machinery & Others	FY22 Result	1,116	15	-	1,131
	FY23 Forecast	1,077	23	-	1,100
Total	FY22 Result	3,910	1,867	1,153	6,932
	FY23 Forecast	4,350	1,843	1,407	7,600

Supplementary Materials

Assets Status

NHK SPRING CO.,LTD.

(100 million yen)

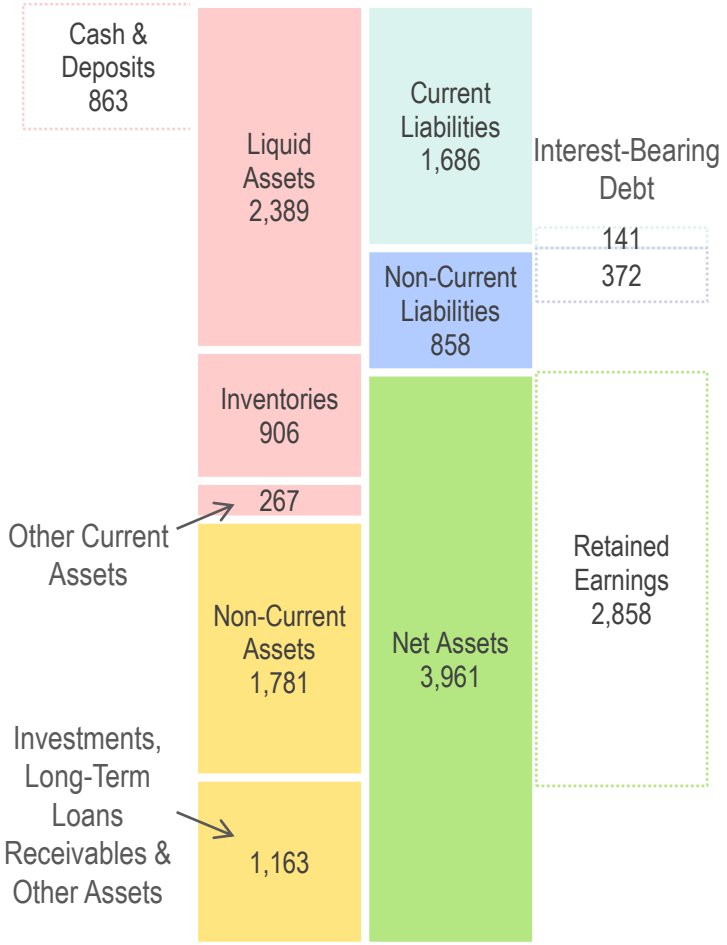
	FY2019	FY2020	FY2021	FY2022	FY2023 1st half	Increase /Decrease
Total Assets	5,326	5,607	5,880	6,060	**6,507**	447
Stockholder's Equity	2,709	2,839	3,226	3,492	**3,800**	308
Stockholder's Equity to Total Assets Ratio	50.9%	50.6%	54.9%	57.6%	**58.4%**	0.8%
Cash and Bank Deposits	745	793	921	729	**863**	134
Interest Bearing Debt	581	697	505	500	**513**	13
Net Cash	164	95	416	229	**350**	121

Balance Sheet Status

NHK SPRING CO.,LTD.

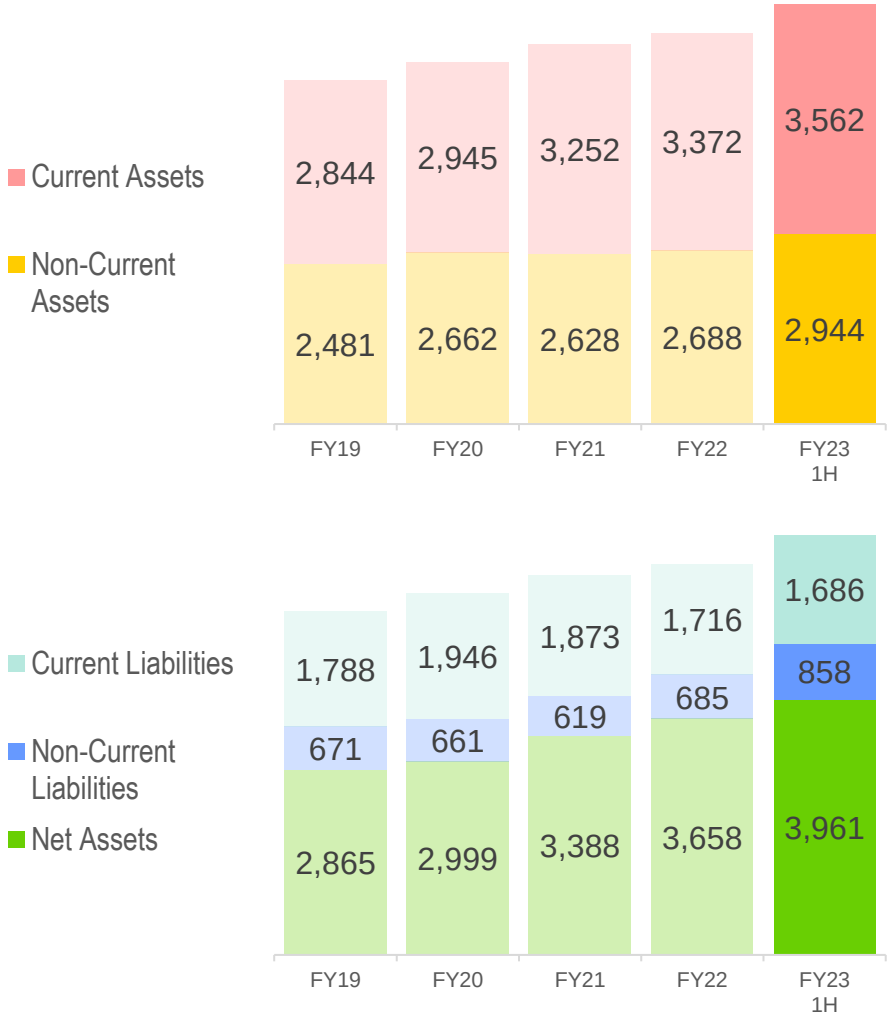
Balance Sheet as of 9/2023

(100 million yen)



Balance Sheet Trends

(100 million yen)



Assets

Cash and deposits, etc. increased due to the impact of a weaker yen, and investment securities increased due to the rise in the market value of listed shares held.

Liabilities

Deferred tax liabilities increased due to the rise in the market value of investment securities.

Net Assets

Net unrealized gains on available-for-sale securities and foreign currency translation adjustments increased.

Retained earnings also increased due to the profit attribute to owners of parent.

Supplementary Materials

Capital Investment / Depreciation & Amortization

NHK SPRING CO.,LTD.

by Business Segment

(100 million Yen)

		FY2021 Results	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	FY2023 Variance
Capital Investments	Automotive Suspension Springs	30	45	78	**73**	-5
	Automotive Seating	50	46	59	**58**	-1
	Precision Springs & Components	113	121	196	**145**	-51
	Industrial Machinery & Others	30	58	63	**66**	3
	Company-wide sharing	7	9	40	**39**	-1
	Total	232	280	436	**381**	-55
	Vs. Previous year	-6.9%	20.7%	55.3%	**35.7%**	
Depreciation & Amortization	Automotive Suspension Springs	66	66	62	**66**	4
	Automotive Seating	48	55	48	**54**	6
	Precision Springs & Components	114	113	122	**112**	-10
	Industrial Machinery & Others	36	35	39	**38**	-1
	Company-wide sharing	17	17	25	**20**	-5
	Total	283	288	296	**290**	-6
	Vs. Previous year	2.9%	2.0%	2.5%	**0.4%**	

Capital Investment / Depreciation & Amortization Cont'd

NHK SPRING CO.,LTD.

by Region

(100 million Yen)

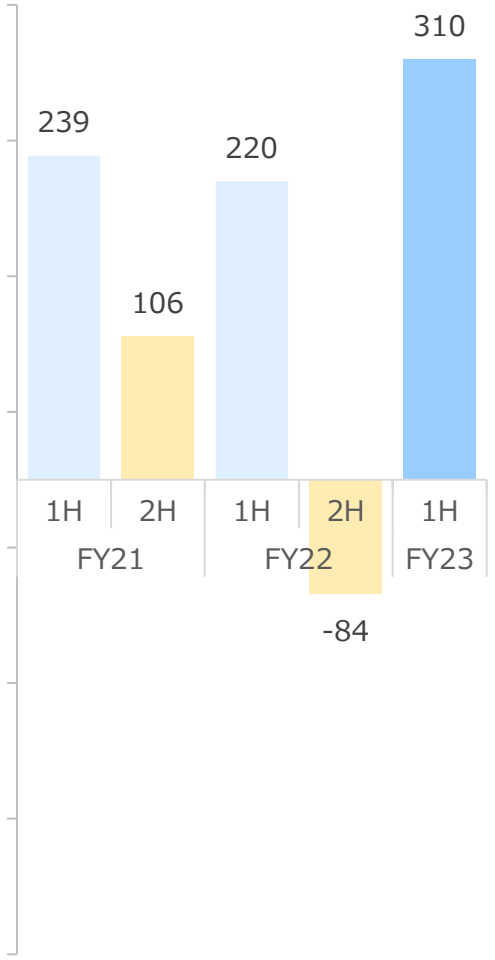
		FY2021 Results	FY2022 Results	FY2023 Initial Forecast	FY2023 Latest Forecast	FY2023 Variance
Capital Investments	Japan	130	178	252	**242**	-10
	Asia	73	61	126	**89**	-37
	America, Europe & Others	28	40	58	**50**	-8
	Overseas total	102	102	184	**139**	-45
	Total	232	280	436	**381**	-55
Depreciation & Amortization	Japan	165	149	162	**152**	-10
	Asia	73	86	91	**89**	-2
	America, Europe & Others	44	52	43	**49**	6
	Overseas total	117	139	134	**138**	4
	Total	283	288	296	**290**	-6

Supplementary Materials

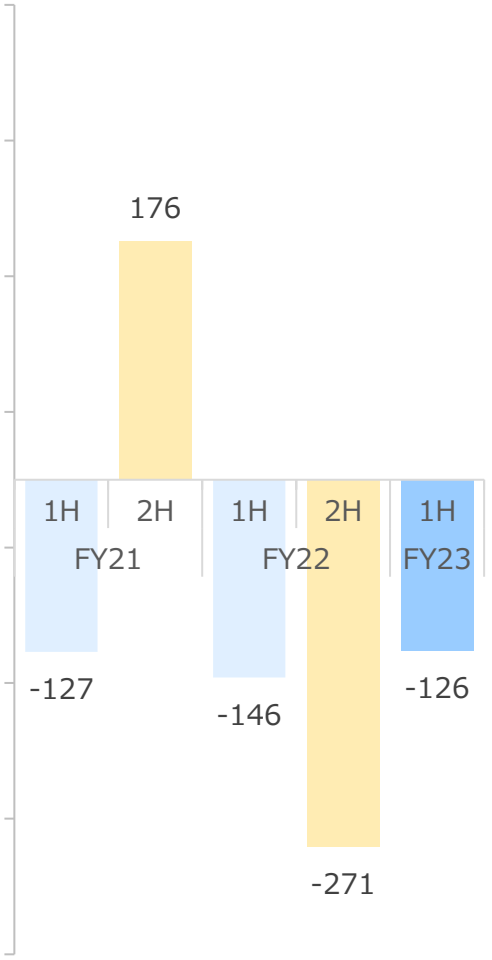
Cash Flow Status in each half-year period

NHK SPRING CO.,LTD.

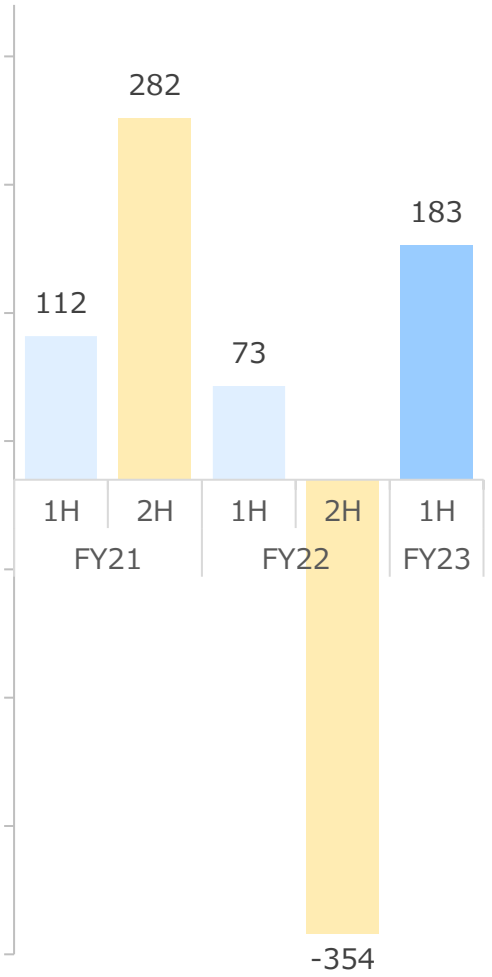
Operating CF



Investment CF

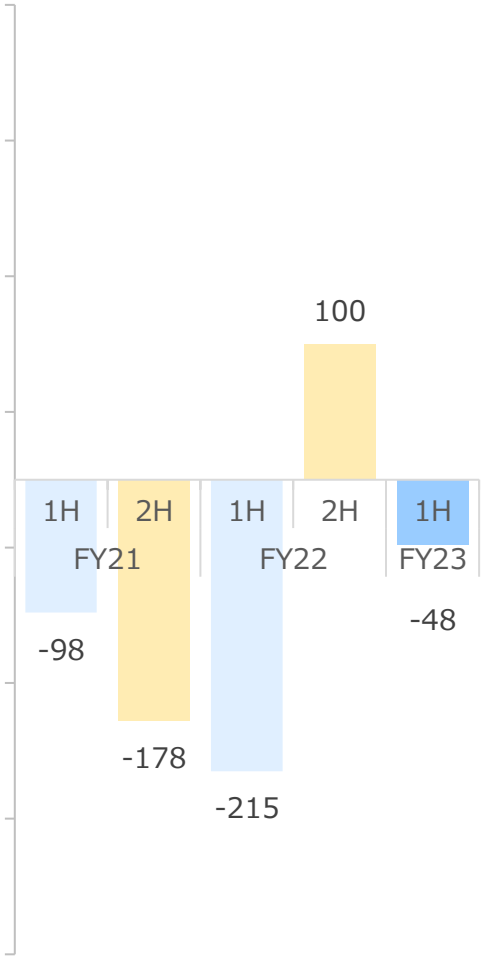


Free CF



Financial CF

(100 million Yen)

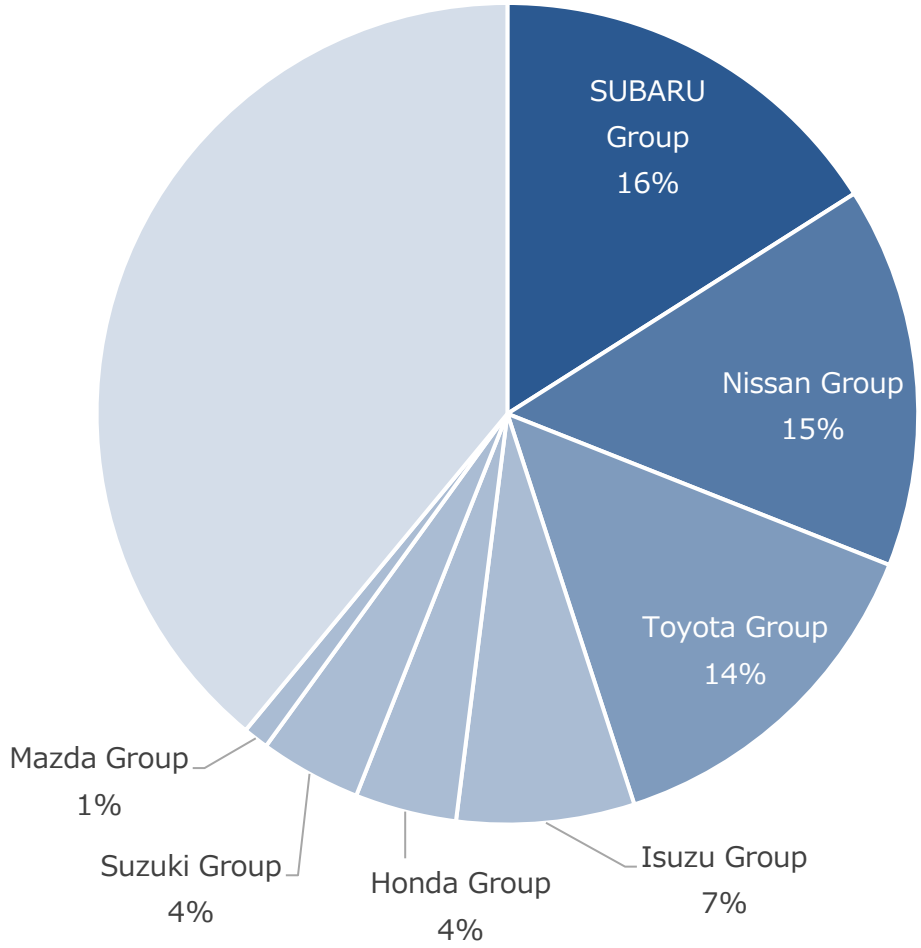


Sales Breakdown to Each of the Major Car Makers

NHK SPRING CO.,LTD.

Major car makers	FYE'22/3	FYE'23/3
SUBARU Group	15%	**16%**
Nissan Group	14%	**15%**
Toyota Group	13%	**14%**
Isuzu Group	6%	**7%**
Honda Group	4%	**4%**
Suzuki Group	4%	**4%**
Mazda Group	1%	**1%**
Top 3 Companies	42%	**45%**

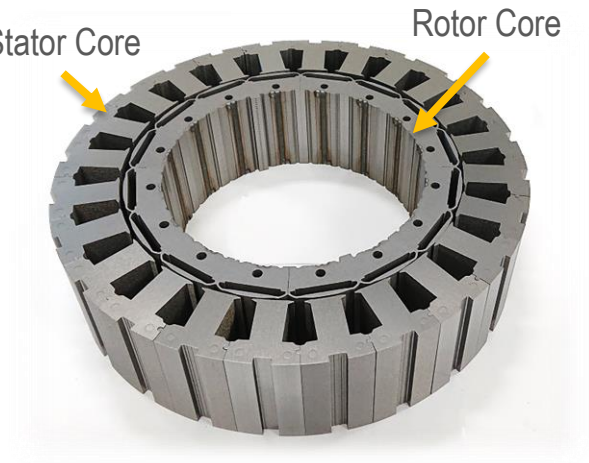
(Note) The percentages show share versus total net sales.



Motor Core

NHK SPRING CO.,LTD.

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.

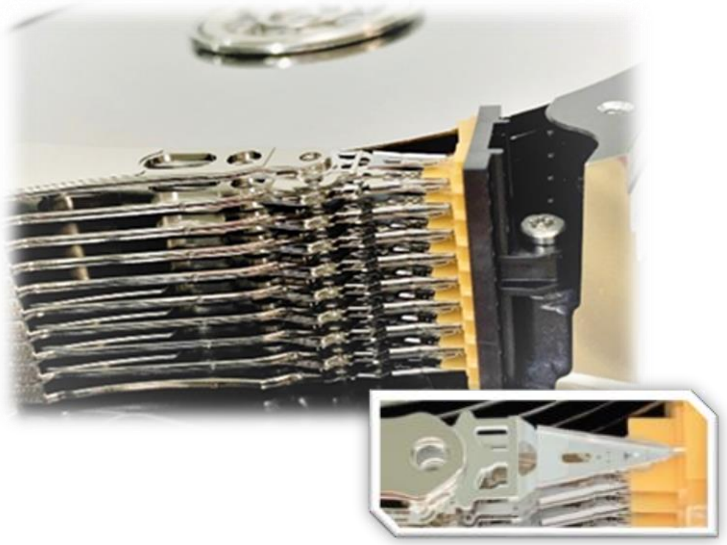
The motor core consists of the Rotor Core, which has a magnet inserted and serves as the rotating part of the motor, and the Stator Core, which is the fixed winding part. Electric power from battery is supplied to the motors through inverters, and Rotor Cores --which contains magnets-- are pulled and 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.

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

NHK SPRING CO.,LTD.



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

In these days, there are much more HDDs in the Data Center in the companies ,who operates SNS and/or Video sharing sites --rather than used in Personal computers--; In these Data Centers, Ultra-large capacity HDDs line up with unit of hundreds of thousands.

A lot of CLA type suspensions (Refer Note 1. :hereinafter CLA) are used in these kind of HDDs; for example, in the picture (left), 18 pieces of CLA are used in 1 HDD equipment. The CLA is an Ultra-small actuator, built into the tip of the suspension, which moves read-write head. The CLA types can make finer movement at higher speed, rather than DSA type suspensions (Refer Note 2. :hereinafter DSA), a conventional product with a small actuator built into the center.

If you compare it to a human part, DSAs use up to the wrist, and CLAs use up to the fingertips; It has become an indispensable product for ultra-large capacity HDDs, by improving positioning accuracy and speed, with speedy & fine movements.

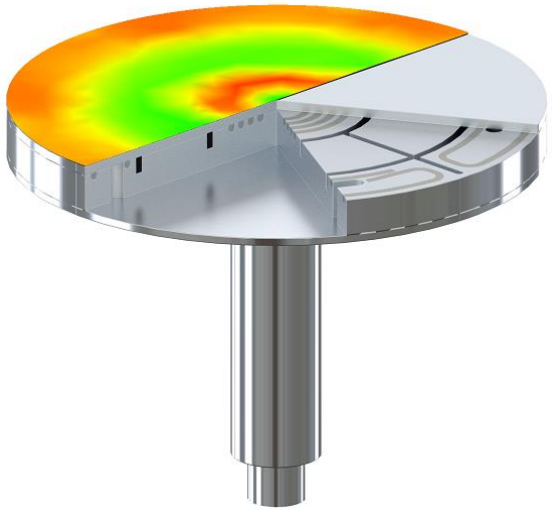
NHK Spring had started CLA mass-production from January 2016 --first in the world– and have top share of the world.

*Note 1 : CLA stands for “Co-Located Actuators”
*Note 2 : DSA stands for “Dual Stage Actuators”

Parts for Semiconductor Manufacturing Equipment

NHK SPRING CO.,LTD.

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



Ceramics spray-coated cooling plate for etching 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.

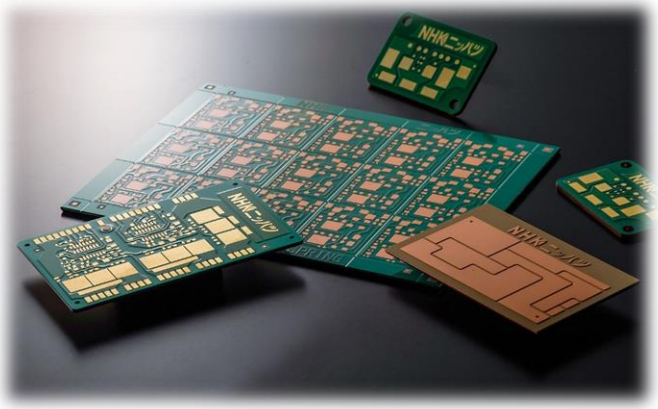
Regarding to etching equipment, we are manufacturing important stage parts called cooling plates, on which silicon wafers are loaded during process. Most of them are made from aluminum alloy ; NHK have the strength of integrated production --from material procurement to precision processing and ceramic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

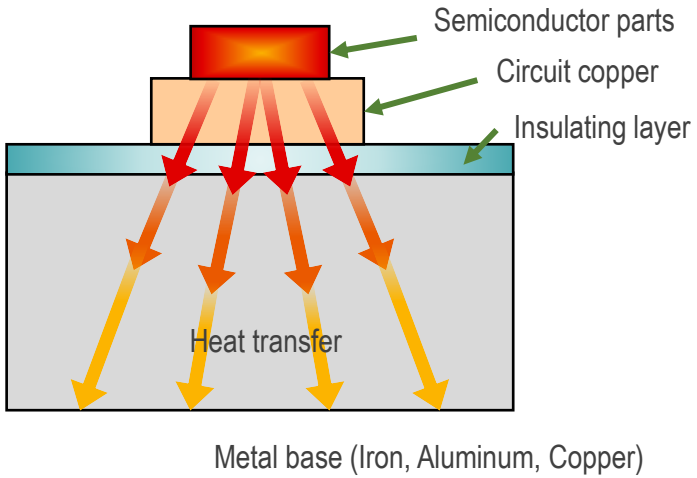
IMS (Integrated Metal Substrate)

NHK SPRING CO.,LTD.

IMS with high heat dissipation and high reliability insulation layer



Cross-sectional structure of IMS



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.

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.

- The data listed in this document is included for the purpose of providing information, it is not designed to encourage investment.