

# Financial Results

Results for the Fiscal Year  
Ended March 2024  
& Forecast for the Fiscal Year  
Ending March 2025

TSE Prime: 5991  
NHK Spring Co., Ltd.  
May 27, 2024



# Overview of the Financial Results for the Year Ended March 2024

Executive Vice President & CFO and  
Representative Member of the Board

Hidefumi Yoshimura

# Overview of the Financial Results for the Year Ended March 2024

(100 million yen)

	FY2022		FY2023		Vs. FY2022 Variance	Results Vs. Mid-term plan		FY2024 Forecast	Forecast Vs. Previous year	
	Results		Mid-term plan	Results		Variance	Ratio		Variance	Ratio
<b>Net Sales</b>	<b>6,932</b>		<b>6,500</b>	<b>7,669</b>	<b>736</b>	<b>1,169</b>	15.2%	<b>7,800</b>	<b>130</b>	1.7%
<b>Operating Profit</b>	<b>288</b>		<b>400</b>	<b>346</b>	<b>58</b>	<b>-54</b>	-15.4%	<b>400</b>	<b>54</b>	15.4%
Ratio	4.2%		6.2%	4.5%	0.4%	-1.6%	-	5.1%	0.6%	-
<b>Ordinary Profit</b>	<b>373</b>		<b>420</b>	<b>478</b>	<b>104</b>	<b>58</b>	12.2%	<b>470</b>	<b>-8</b>	-1.7%
Ratio	5.4%		6.5%	6.2%	0.9%	-0.2%	-	6.0%	-0.2%	-
<b>Profit Attributable to Owners of Parent</b>	<b>215</b>		<b>250</b>	<b>391</b>	<b>176</b>	<b>141</b>	36.2%	<b>400</b>	<b>8</b>	2.1%
Extraordinary profits/losses	-70		-	90	160	90	-	85	-4	-5.3%
EPS - Earning Per Share (unit: yen)	94.50		-	173.27	78.77	173.27	-	180.62	7.35	-
ROE - Return On Equity	6.4%		8.0%	10.4%	4.0%	2.4%	-	9.7%	-0.7%	-
Average Rate	US\$		100.0	144.4	9.5	44.4	-	148.0	3.6	-
	Thai Baht		3.2	4.0	0.3	0.8	-	4.0	-0.0	-
Current Rate	US\$	This year	100.0	151.4	17.9	51.4	-	145.0	-6.4	-
		Previous year	-	133.5	11.1	133.5	-	151.4	-	-
	Thai Baht	This year	3.2	4.1	0.3	0.9	-	4.0	-0.1	-
		Previous year	-	3.8	0.4	3.8	-	4.1	-	-

# Variable Factor Analysis for Operating Profit

(100 million yen)

	FY2022	FY2023		Vs. FY2022	Vs. Mid-term plan
	Results	Mid-term plan	Results	Variance	Variance
Net Sales	6,932	6,500	<b>7,669</b>	736	1,169
Operating Profit	288	400	<b>346</b>	58	-54
Ratio	4.2%	6.2%	<b>4.5%</b>	0.4%	-1.6%

## Vs. FY2022

30% of the increase in sales reflected the impact of the weaker yen on overseas subsidiaries and 20% reflected passing on the steep rise in raw material costs to selling prices. Sales were therefore significantly impacted by fluctuations in exchange rates and material markets.

In non-automobile-related industries, despite the boost from the weak yen, sales and profits decreased due to reduced volume in HDD-related components and semiconductor process components business, which had been performing well until the first half of the previous year.

On the other hand, the automobile-related industry saw an increase in sales as the impact of supply shortages for components such as semiconductors was resolved. Although fixed costs increased in some areas in the U.S. and Europe, the strong performance of the Automotive Seating business and improved selling prices in the second half contributed to increased sales and profits.

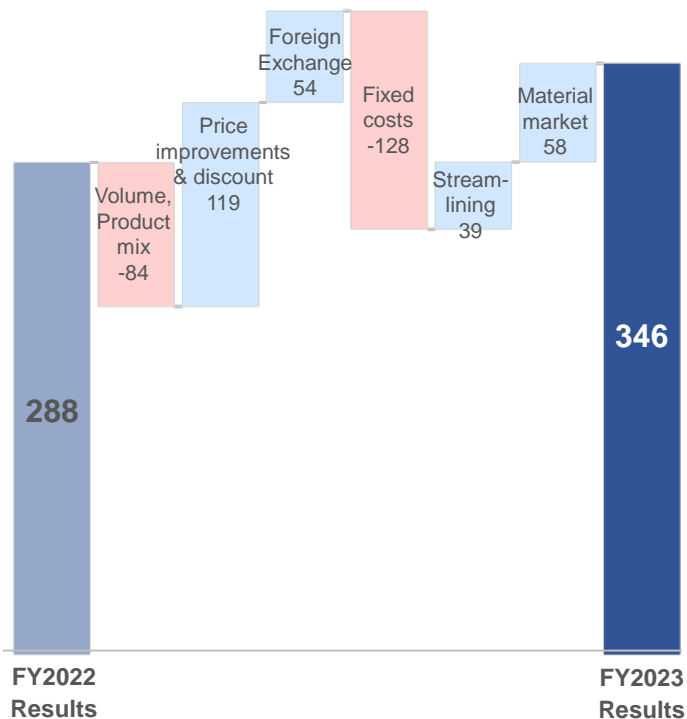
## Vs. Mid-term plan

Net sales significantly exceeded the mid-term plan due to the reflection of increased steel prices in selling prices and the impact of yen conversion for overseas subsidiaries due to the weak yen.

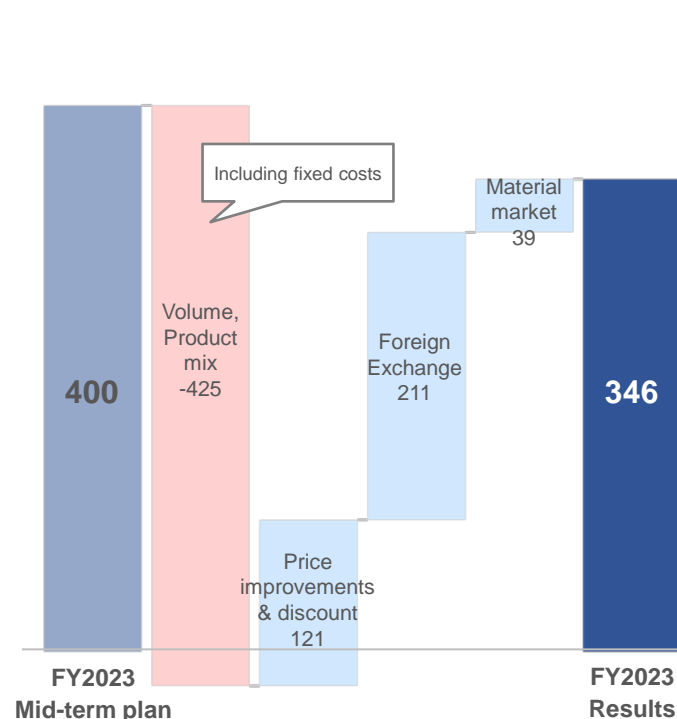
In the automobile-related industry, while the Automotive Seating business is the main driver, there has been a decrease in volume in HDD-related business and semiconductor process components business since the second half of the previous year. Due to this, operating profit for the Group overall is below the target in the mid-term plan.

## Variable Factor Analysis for Operating Profit

### (Vs. Previous year)

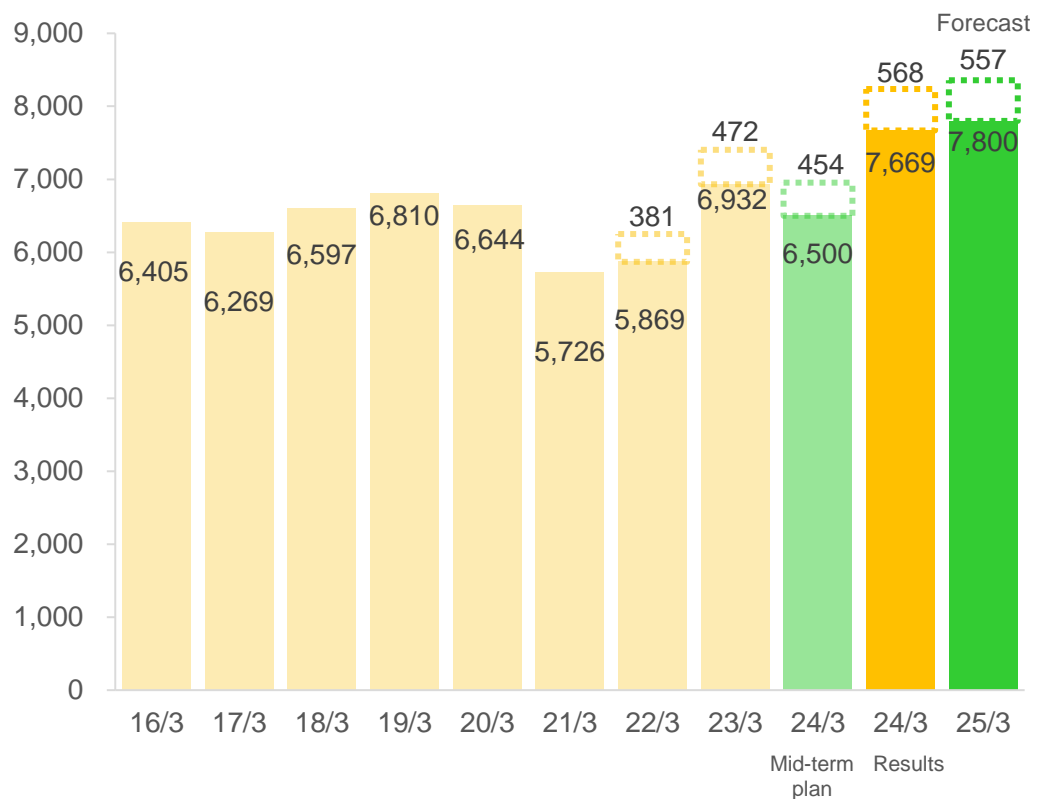


### (Vs. Mid-term plan)



## Net Sales

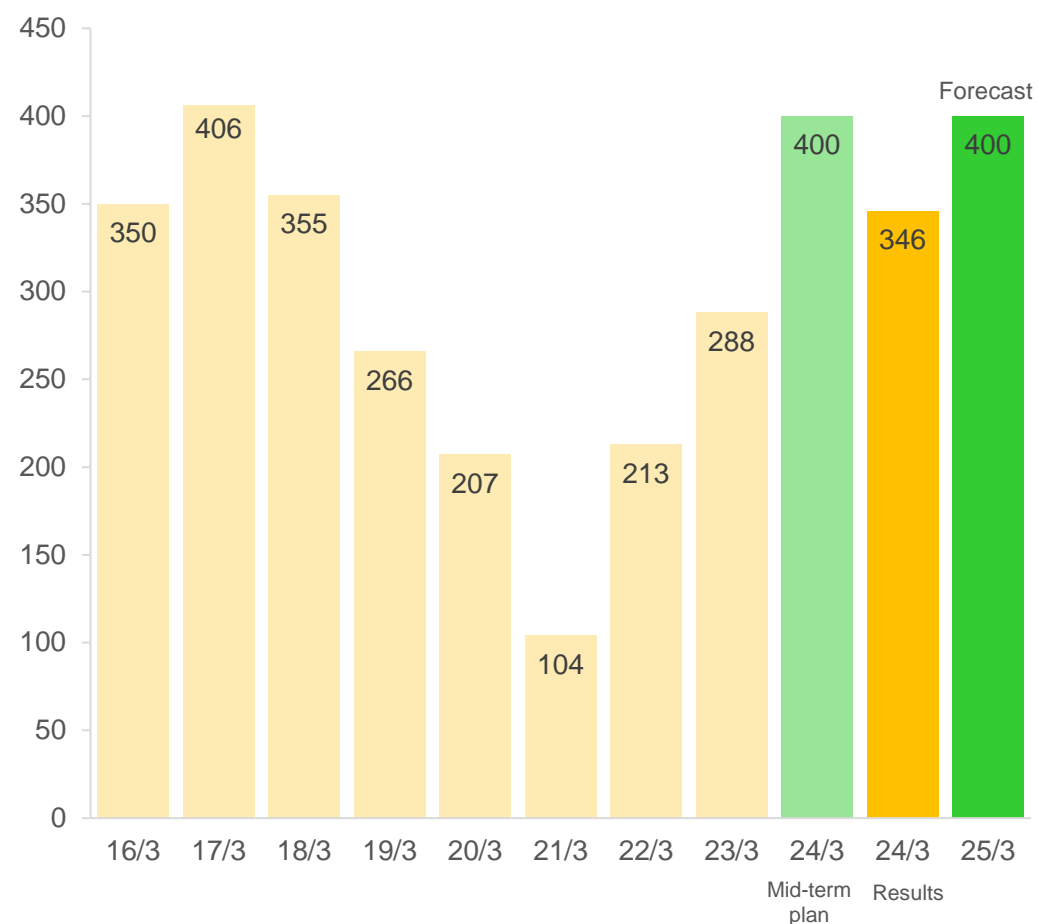
(100 million yen)



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)



## Extraordinary Profits/Losses

### Extraordinary profits/losses

(100 million yen)

Breakdown	Details		Amount
<b>Extraordinary profits</b>	Gain on sale of investment securities	Gain on the sale of policy-holding shares	161
		Other	2
Total			163
<b>Extraordinary losses</b>	Impairment loss	Production equipment	70
	Other		3
Total			73

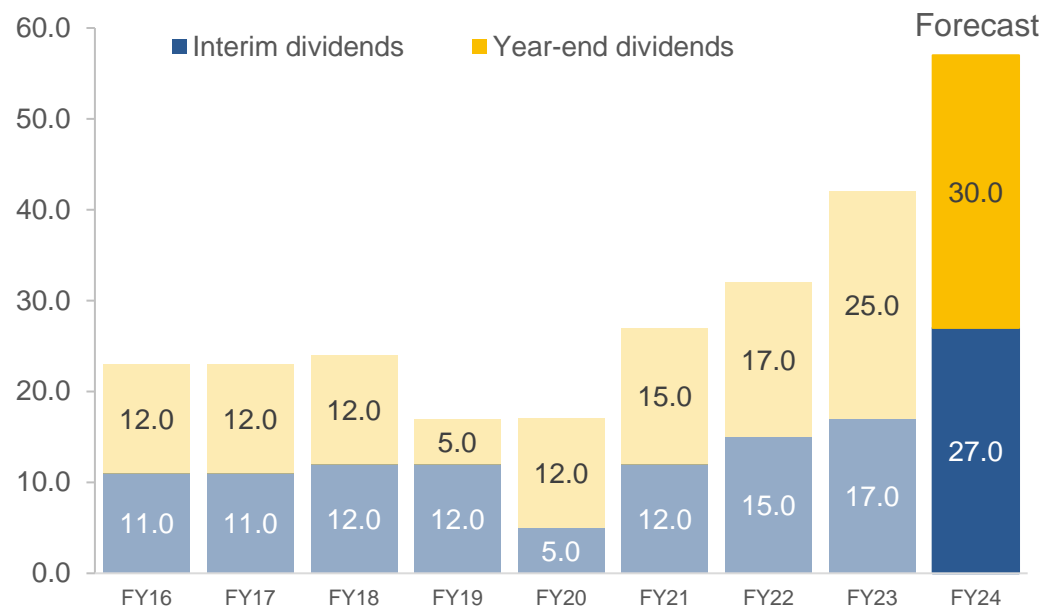
### Impairment Loss

(100 million yen)

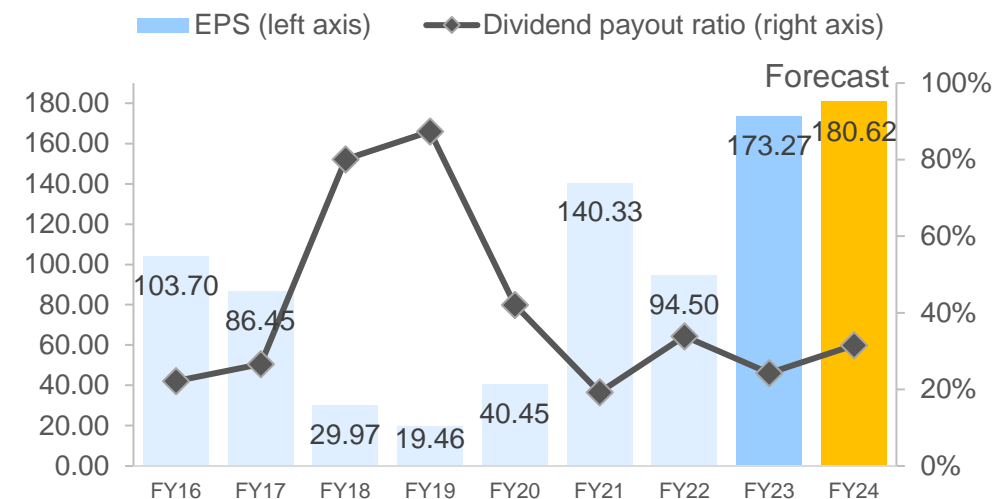
Purpose	Company	Description	Amount
<b>Production equipment</b>	Subsidiaries in China	Building, Machinery	44
	Subsidiaries in Hungary	Machinery	19
	Subsidiaries in America	Building, Machinery	5
	Industrial Machinery & Other Operations in NHK SPRING	Building, Machinery	1
Total			70

# Dividends

## Dividend Per Share (DPS)



## Earnings Per Share (EPS)



	End of Q2	Year-end	Total	Dividend payout ratio
<b>Result for the year ended Mar. 2024</b>	17.0 yen	25.0 yen	<b>42.0 yen</b>	24.2%
<b>Forecast for the year ending Mar. 2025</b>	27.0 yen	30.0 yen	<b>57.0 yen</b>	31.6%

# Financial Results for the Year Ended March 2024



## Net Sales/Operating Profit by Business Segment

(100 million yen)

		FY2022 Results	FY2023		Vs. FY2022 Variance	Vs. Mid-term plan Variance
			Mid-term plan	Results		
■ Automotive Suspension Spring	Net Sales	1,468	1,210	<b>1,711</b>	243	501
	Operating Profit	-27	30	<b>15</b>	43	-14
	Ratio	-1.9%	2.5%	<b>0.9%</b>	2.8%	-1.6%
■ Automotive Seating	Net Sales	2,737	2,400	<b>3,241</b>	503	841
	Operating Profit	73	80	<b>191</b>	118	111
	Ratio	2.7%	3.3%	<b>5.9%</b>	3.2%	2.6%
■ Precision Springs & Components	Net Sales	1,594	1,790	<b>1,617</b>	22	-173
	Operating Profit	114	180	<b>71</b>	-43	-109
	Ratio	7.2%	10.1%	<b>4.4%</b>	-2.8%	-5.7%
■ Industrial Machinery & Others	Net Sales	1,131	1,100	<b>1,099</b>	-32	-1
	Operating Profit	127	110	<b>68</b>	-59	-42
	Ratio	11.3%	10.0%	<b>6.2%</b>	-5.1%	-3.8%
<b>Total</b>	Net Sales	6,932	6,500	<b>7,669</b>	736	1,169
	Operating Profit	288	400	<b>346</b>	58	-54
	Ratio	4.2%	6.2%	<b>4.5%</b>	0.4%	-1.6%

### Vs. FY2022

The automobile-related industry showed an overall increase in sales due to the resolution of the impact of semiconductor shortages.

Automotive Suspension Springs turned profitable as improved selling prices in the second half offset increased fixed costs in the U.S. and Europe.

Automotive Seating saw an increase in the number of units ordered from each customer, resulting in the highest ever operating profit.

Precision Springs & Components saw a decrease in profits due to reduced quantities of HDD-related components, despite a recovery in the automobile-related industry and the boost from the weak yen.

Industrial Machinery & Others saw decreased sales and profits, primarily due to reduced quantities in semiconductor process components and the leisure sector.

### Vs. Mid-term plan

While the Automotive Seating business is the main driver, due to the failure of the North American Automotive Suspension Springs business to achieve its profit target and a decrease in volume in HDD-related components and semiconductor process components, operating profit for the Group overall is below that of the mid-term plan.

## Net Sales/Operating Profit by Region

(100 million yen)

		FY2022 Results	FY2023		Vs. FY2022 Variance	Vs. Mid-term plan Variance
			Mid-term plan	Results		
● <b>Japan</b>	Net Sales	3,910	4,090	<b>4,377</b>	466	287
	Operating Profit	247	270	<b>299</b>	51	29
	Ratio	6.3%	6.6%	<b>6.8%</b>	0.5%	0.2%
● <b>Asia</b>	Net Sales	1,867	1,500	<b>1,869</b>	1	369
	Operating Profit	104	110	<b>79</b>	-25	-30
	Ratio	5.6%	7.3%	<b>4.2%</b>	-1.4%	-3.1%
● <b>America &amp; Europe &amp; Others</b>	Net Sales	1,153	910	<b>1,423</b>	269	513
	Operating Profit	-63	20	<b>-31</b>	31	-51
	Ratio	-5.5%	2.2%	<b>-2.2%</b>	3.3%	-4.4%
<b>Total</b>	Net Sales	6,932	6,500	<b>7,669</b>	736	1,169
	Operating Profit	288	400	<b>346</b>	58	-53
	Ratio	4.2%	6.2%	<b>4.5%</b>	0.4%	-1.6%

### Vs. FY2022

Japan saw a volume decrease in HDD-related components and semiconductor process components, but sales and profits increased due to positive contributions from the weak yen and increased sales in the automobile-related business centering on the Automotive Seating business.

In Asia, the automotive sector in Thailand continued to perform well, but due to a decrease in orders for automobile-related components in China and HDD-related components in Thailand and China, profit and loss performance fell below the previous year's results.

In Europe, America, and other regions, there was a rise in personnel expenses, etc., but measures to improve selling prices made a positive contribution, and the extent of the loss was smaller than the previous year.

### Vs. Mid-term plan

In Japan, sales decreased, especially for HDD-related components, semiconductor process components, and integrated metal substrates, but the Automotive Seating business in particular drove increased sales and profits.

In Asia, the mid-term plan was not met mainly due to reduced quantities of automotive-related components and HDD-related components in China.

Sales increased in the U.S., Europe, and other regions due to the conversion impact of the weak yen and the reflection of increased steel prices in selling prices. However, higher labor costs and delayed productivity improvements prevented achieving the targeted return to profitability.

# Automotive Suspension Spring

(100 million yen)

	FY2022	FY2023		Vs. FY2022	Vs. Mid-term plan
	Results	Mid-term plan	Results	Variance	Variance
Net Sales	1,468	1,210	<b>1,711</b>	243	501
Operating Profit	-27	30	<b>15</b>	43	-14
Ratio	-1.9%	2.5%	<b>0.9%</b>	2.8%	-1.6%

### Vs. FY2022

The impact of the semiconductor shortage was resolved, and sales increased for all operations, with the exception of China.

In the U.S. and Europe, fixed costs increased due to the surge in personnel costs resulting from the labor market crunch and decline in productivity due to the failure to secure personnel, but improved selling prices in the second half drove the turnaround to profitability.

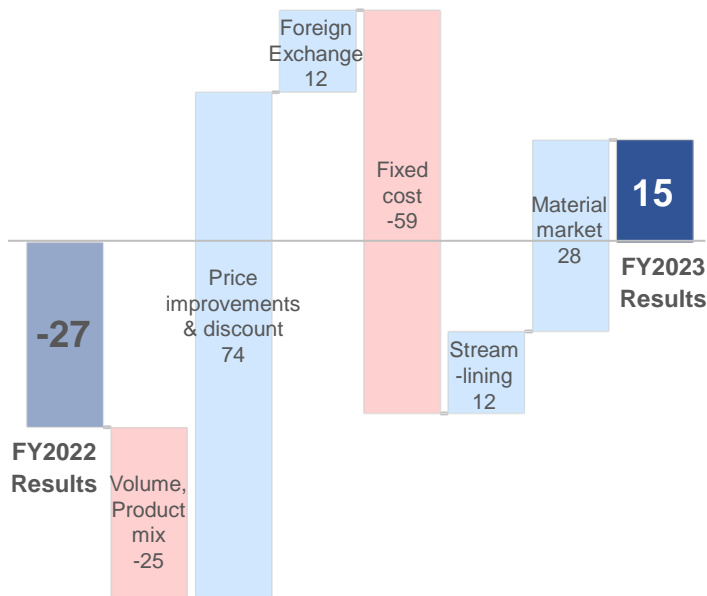
### Vs. Mid-term plan

Sales exceeded the mid-term plan by a large margin due to the impact of the weak yen and passing on of hikes in steel and other material costs to selling prices.

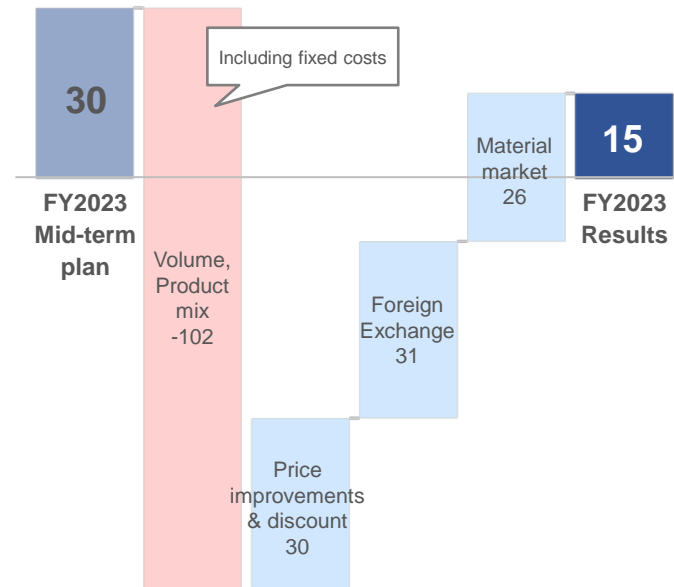
However, operating profit fell below the mid-term plan due to reduced quantities and increased fixed costs in the U.S. and Europe.

## Variable Factor Analysis for Operating Profit

### (Vs. Previous year)



### (Vs. Mid-term plan)



# Automotive Seating

(100 million yen)

	FY2022	FY2023		Vs. FY2022	Vs. Mid-term plan
	Results	Mid-term plan	Results	Variance	Variance
Net Sales	2,737	2,400	3,241	503	841
Operating Profit	73	80	191	118	111
Ratio	2.7%	3.3%	5.9%	3.2%	2.6%

### Vs. FY2022

The impact of decreased production volume due to the semiconductor shortage has mostly been resolved, and volume recovered, especially at SUBARU, Toyota, and Nissan.

Due to factors such as the increase in the yen equivalent value of overseas subsidiaries due to the weaker yen, sales and profits increased significantly. Operating profit exceeded the level of FY2016, setting a new record.

### Vs. Mid-term plan

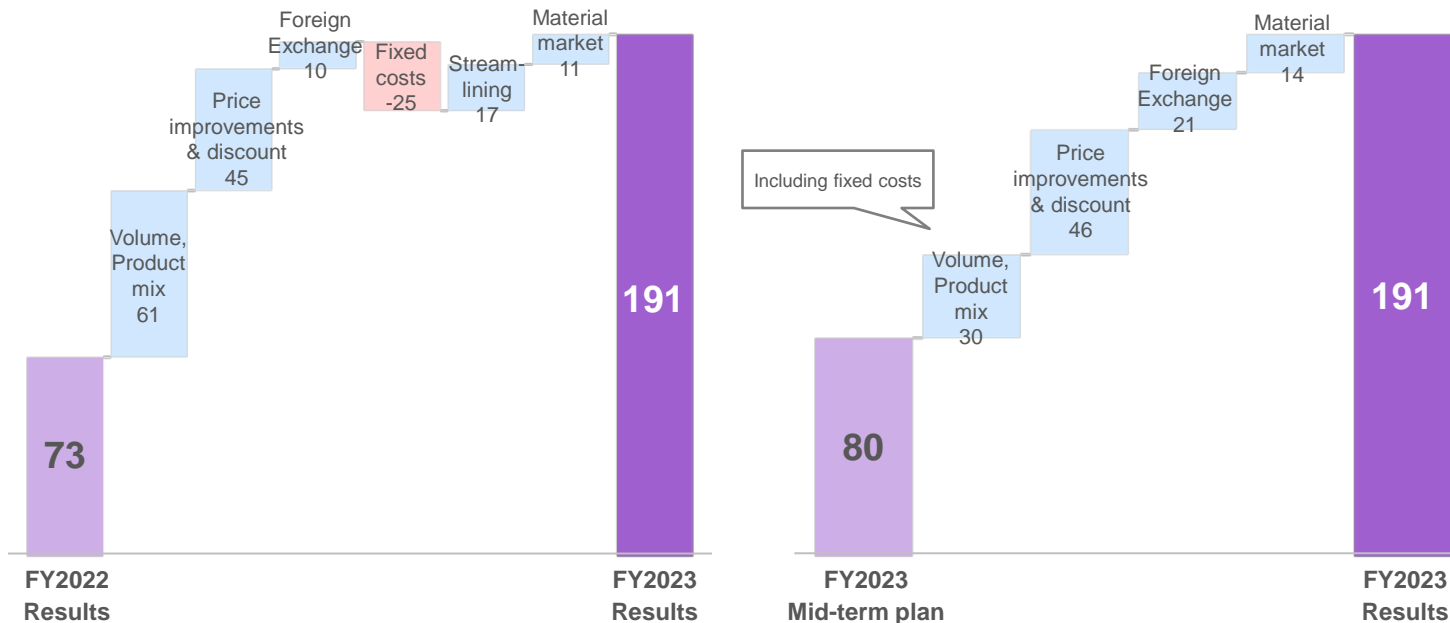
Although the U.S. business fell short of the profit target, Japan and Thailand drove profitability.

Moreover, the weak yen also had an impact, leading to increased sales and profits.

## Variable Factor Analysis for Operating Profit

### (Vs. Previous year)

### (Vs. Mid-term plan)



# Precision Springs & Components

(100 million yen)

	FY2022	FY2023		Vs. FY2022 Variance	Vs. Mid-term plan Variance
	Results	Mid-term plan	Results		
Net Sales	1,594	1,790	<b>1,617</b>	22	-173
Operating Profit	114	180	<b>71</b>	-43	-109
Ratio	7.2%	10.1%	<b>4.4%</b>	-2.8%	-5.7%

### Vs. FY2022

Due to a recovery from production adjustments arising from the semiconductor shortage, the automobile-related industry was mostly on a recovery track.

In non-automobile-related industries, there was a significant decrease in sales and profits year-on-year due to a volume decrease in the HDD-related components, which had been performing well, with a high profit margin, until the first half of the previous year.

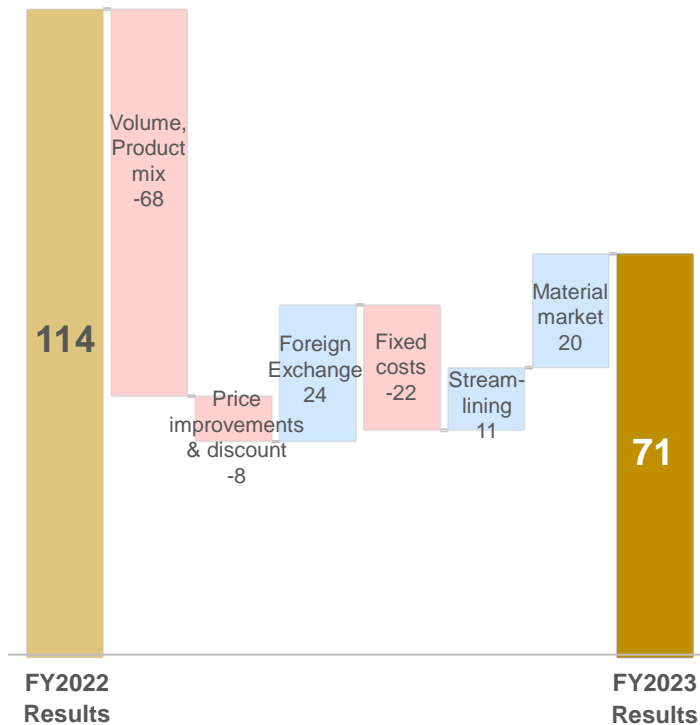
### Vs. Mid-term plan

In the automobile-related field, the volume of engine and transmission springs was lower than the mid-term plan. In addition, sales of motor cores in Japan and China fell short of the plan, resulting in lower sales and profits than the original mid-term plan targets.

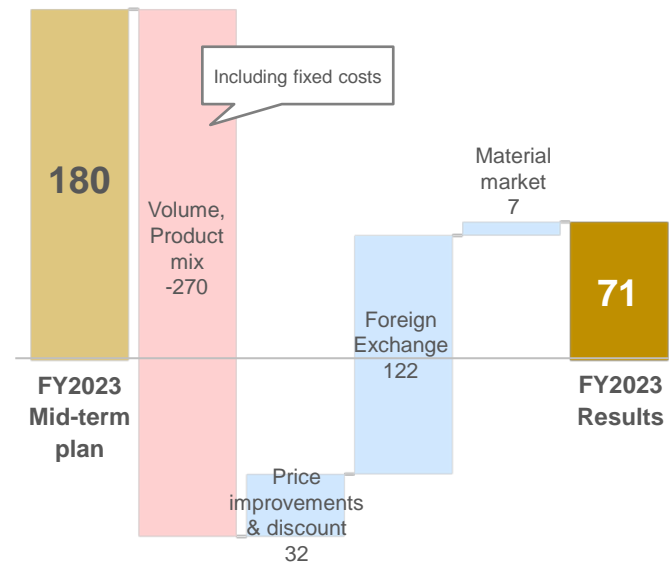
Although the weaker yen boosted profits for HDD-related components, the volume decline since the first half of the previous year had a significant impact, and profits in Japan, Thailand, and China, all fell short of the targets.

## Variable Factor Analysis for Operating Profit

### (Vs. Previous year)



### (Vs. Mid-term plan)



# Industrial Machinery & Others

(100 million yen)

	FY2022	FY2023		Vs. FY2022	Vs. Mid-term plan
	Results	Mid-term plan	Results	Variance	Variance
Net Sales	1,131	1,100	<b>1,099</b>	-32	-1
Operating Profit	127	110	<b>68</b>	-59	-42
Ratio	11.3%	10.0%	<b>6.2%</b>	-5.1%	-3.8%

### Vs. FY2022

Due to the recovery in automobile production volume, sales in related businesses increased.

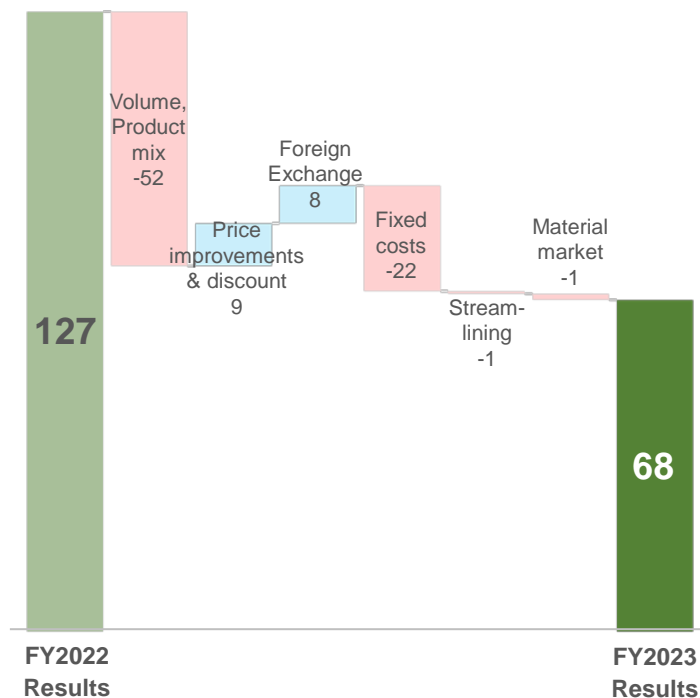
The weak yen also had an effect, but due to decreased volume for semiconductor process components and the leisure sector, sales and profits decreased year-on-year.

### Vs. Mid-term plan

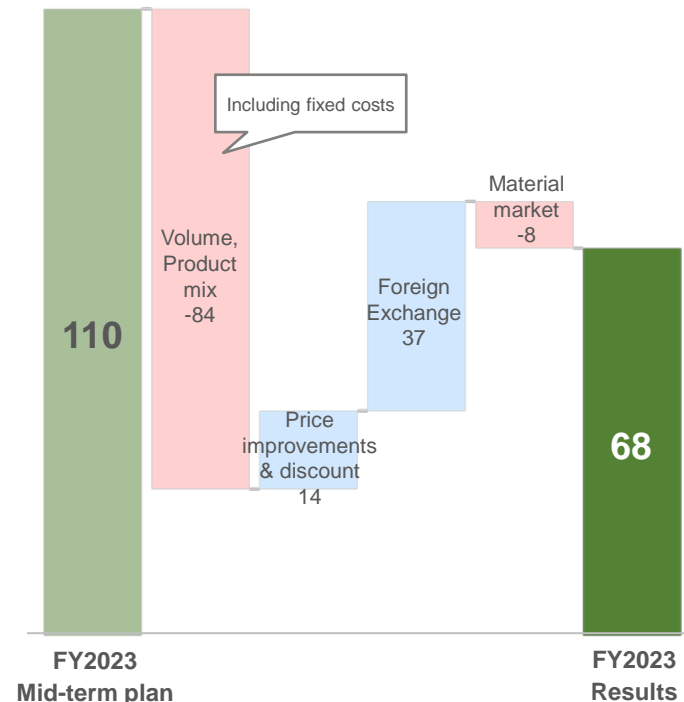
Sales increased, centering on the leisure sector (golf shafts, marine products, etc.) and car parking equipment. In addition, the weak yen had an effect, but the decrease in volume, mainly for semiconductor process components, had a significant impact, and sales and profits decreased against the mid-term plan targets.

## Variable Factor Analysis for Operating Profit

### (Vs. Previous year)



### (Vs. Mid-term plan)



# Financial Forecast for the Year Ending March 2025

# Forecast for the year ending March 2025

(100 million yen)

	FY2023 Results	Forecast for FY2024			Vs. FY2023			
		1st half	2nd half	Full-year	Variance	Ratio		
<b>Net Sales</b>	<b>7,669</b>	<b>3,777</b>	<b>4,023</b>	<b>7,800</b>	<b>130</b>	<b>1.7%</b>		
<b>Operating Profit</b>	<b>346</b>	<b>142</b>	<b>258</b>	<b>400</b>	<b>54</b>	<b>15.4%</b>		
Ratio	4.5%	3.8%	6.4%	5.1%	0.6%	-		
<b>Ordinary Profit</b>	<b>478</b>	<b>195</b>	<b>275</b>	<b>470</b>	<b>-8</b>	<b>-1.7%</b>		
Ratio	6.2%	5.2%	6.8%	6.0%	-0.2%	-		
<b>Profit Attributable to Owners of Parent</b>	<b>391</b>	<b>150</b>	<b>250</b>	<b>400</b>	<b>8</b>	<b>2.1%</b>		
Extraordinary profits/losses	90	-	85	85	-4	-5.3%		
EPS - Earning Per Share (unit: yen)	173.27	-	-	180.62	7.35	-		
ROE - Return On Equity	10.4%	-	-	9.7%	-0.7%	-		
Average Rate	US\$	144.4	-	-	148.0	3.6	-	
	Thai Baht	4.0	-	-	4.0	-0.0	-	
Current Rate	US\$	This year	151.4	-	-	145.0	-6.4	-
		Previous year	133.5	-	-	151.4	-	-
	Thai Baht	This year	4.1	-	-	4.0	-0.1	-
		Previous year	3.8	-	-	4.1	-	-



# Variable Factor Analysis for Operating Profit

(100 million yen)

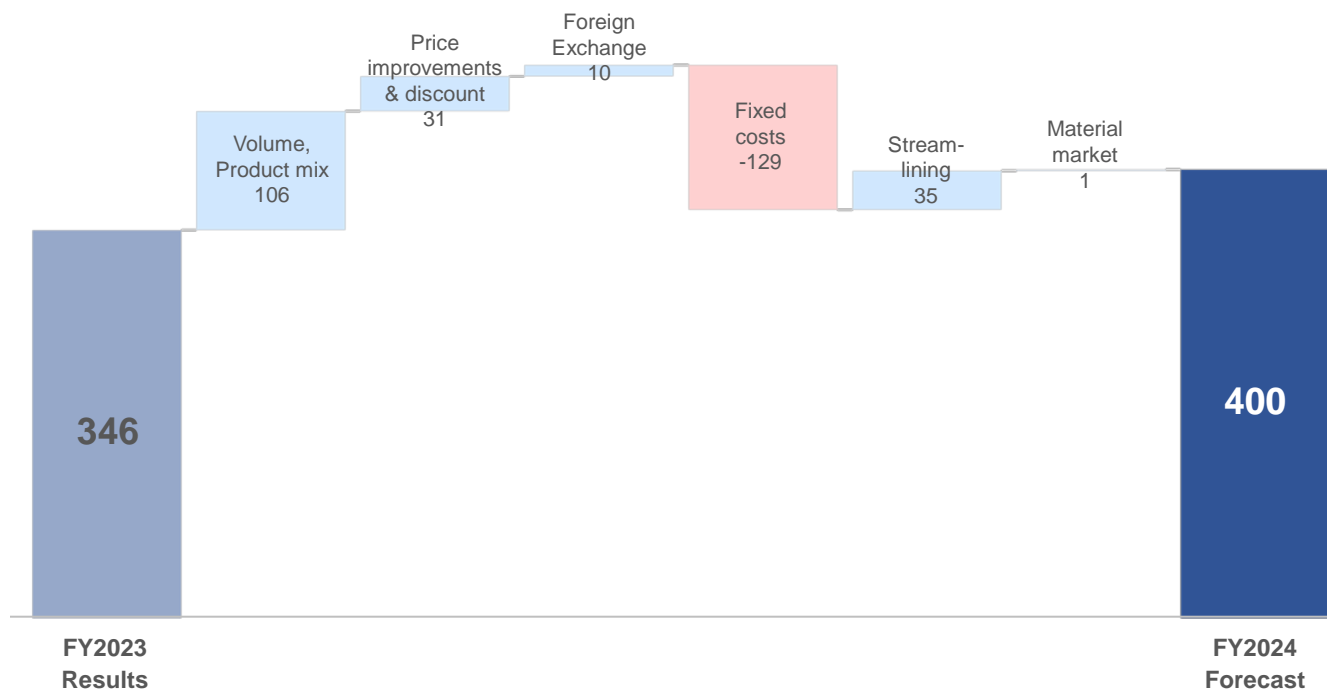
	FY2023	Forecast for FY2024			Vs. FY2023
	Results	1st half	2nd half	Full-year	Variance
Net Sales	7,669	3,777	4,023	<b>7,800</b>	130
Operating Profit	346	142	258	<b>400</b>	54
Ratio	4.5%	3.8%	6.4%	<b>5.1%</b>	0.6%

## Vs. FY2023

With the start of the new mid-term plan and the Group's management policy for FY2024, plans include increased investment in human capital, including wage increases, active future-oriented research and development, and increased expenses related to DX.

On the other hand, we expect to secure profit and loss exceeding the previous fiscal year for the consolidated Group as a whole due to recovery in volume for HDD-related and semiconductor process components and improved profitability for North American operations in the Automotive Suspension Springs business.

## Variable Factor Analysis



# Net Sales/Operating Profit by Business Segment

(100 million yen)

		FY2023 Results	Forecast for FY2024			Vs. FY2023	
			1st half	2nd half	Full-year	Variance	Ratio
■ Automotive Suspension Spring	Net Sales	1,711	865	935	1,800	88	5.2%
	Operating Profit	15	4	38	42	26	162.6%
	Ratio	0.9%	0.5%	4.1%	2.3%	1.4%	-
■ Automotive Seating	Net Sales	3,241	1,516	1,584	3,100	-141	-4.4%
	Operating Profit	191	43	73	116	-75	-39.3%
	Ratio	5.9%	2.8%	4.6%	3.7%	-2.2%	-
■ Precision Springs & Components	Net Sales	945	483	507	990	44	4.8%
	Operating Profit	6	9	31	40	33	505.5%
	Ratio	0.7%	1.9%	6.1%	4.0%	3.3%	-
■ Disk Drive Suspension	Net Sales	671	359	381	740	68	10.1%
	Operating Profit	64	58	58	116	51	79.7%
	Ratio	9.6%	16.2%	15.2%	15.7%	6.1%	-
■ Industrial Machinery & Others	Net Sales	1,099	554	616	1,170	70	6.4%
	Operating Profit	68	28	58	86	17	26.2%
	Ratio	6.2%	5.1%	9.4%	7.4%	1.2%	-
<b>Total</b>	Net Sales	7,669	3,777	4,023	7,800	130	1.7%
	Operating Profit	346	142	258	400	54	15.4%
	Ratio	4.5%	3.8%	6.4%	5.1%	0.6%	-

## Change in Segment Classification

Revising decision-making for resource allocation, performance management divisions, and reporting systems to management to better match actual business conditions, and changing the reporting segments starting from FY2024.

Previous: Precision Springs & Components

New: Classified into "Precision Springs & Components" and "DDS"

(DDS=Disk Drive Suspension)

## Vs. FY2023

Automotive Suspension Springs are expected to see decreased profits in Japan and Mexico, but increased sales and profits due to improved selling price activities in U.S. operations.

Automotive Seating is expected to see decreased sales and profits due to reduced unit numbers from model changes, decreased development income, and increased research and development expenses.

Precision Springs & Components are expected to see increased sales and profits due to expanded sales of motor cores and quantity recovery in overseas operations.

DDS and Industrial Machinery & Others are expected to see increased sales and profits due to quantity recovery in HDD suspensions, semiconductor process components, and golf shafts.

## Net Sales/Operating Profit Forecast by Region

(100 million yen)

		FY2023 Results	Forecast for FY2024			Vs. FY2023	
			1st half	2nd half	Full-year	Variance	Ratio
● Japan	Net Sales	4,377	2,083	2,282	<b>4,365</b>	-12	-0.3%
	Operating Profit	299	68	166	<b>234</b>	-65	-21.8%
	Ratio	6.8%	3.3%	7.3%	<b>5.4%</b>	-1.5%	-
● Asia	Net Sales	1,869	960	1,023	<b>1,983</b>	113	6.1%
	Operating Profit	79	85	86	<b>171</b>	91	115.9%
	Ratio	4.2%	8.9%	8.4%	<b>8.6%</b>	4.4%	-
● America & Europe & Others	Net Sales	1,423	734	718	<b>1,452</b>	28	2.0%
	Operating Profit	-31	-11	6	<b>-5</b>	26	-
	Ratio	-2.2%	-1.5%	0.8%	<b>-0.3%</b>	1.9%	-
<b>Total</b>	Net Sales	7,669	3,777	4,023	<b>7,800</b>	130	1.7%
	Operating Profit	346	142	258	<b>400</b>	54	15.4%
	Ratio	4.5%	3.8%	6.4%	<b>5.1%</b>	0.6%	-

### Vs. FY2023

#### ● Japan

A profit boost due to the weak yen and volume recovery for HDD-related and semiconductor process components are anticipated, but since the profits of the Automotive Seating business, which represents a large part of the Group's business, will be less than last year, we expect sales and profits to decrease for Japan overall.

#### ● Asia

We expect sales and profits to increase year-on-year due to increased volume of HDD-related components in Thailand and China and recovery of the automobile-related business in China.

#### ● America & Europe & Others

We expect the extent of losses to shrink year-on-year due to sales price improvements and streamlining efforts. Since we expect to post one-time expenses due to new product launches at some Mexican operations, we expect a slight operating loss for the U.S. and Europe segment overall.

# Automotive Suspension Spring

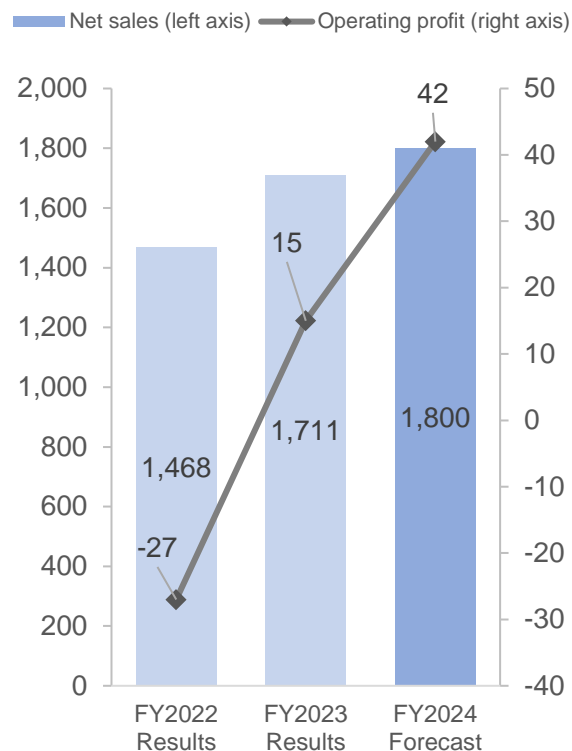
(100 million yen)

	FY2023 Results	Forecast for FY2024			Vs. FY2023 Variance
		1st half	2nd half	Full-year	
Net Sales	1,711	865	935	<b>1,800</b>	88
Operating Profit	15	4	38	<b>42</b>	26
Ratio	0.9%	0.5%	4.1%	<b>2.3%</b>	1.4%

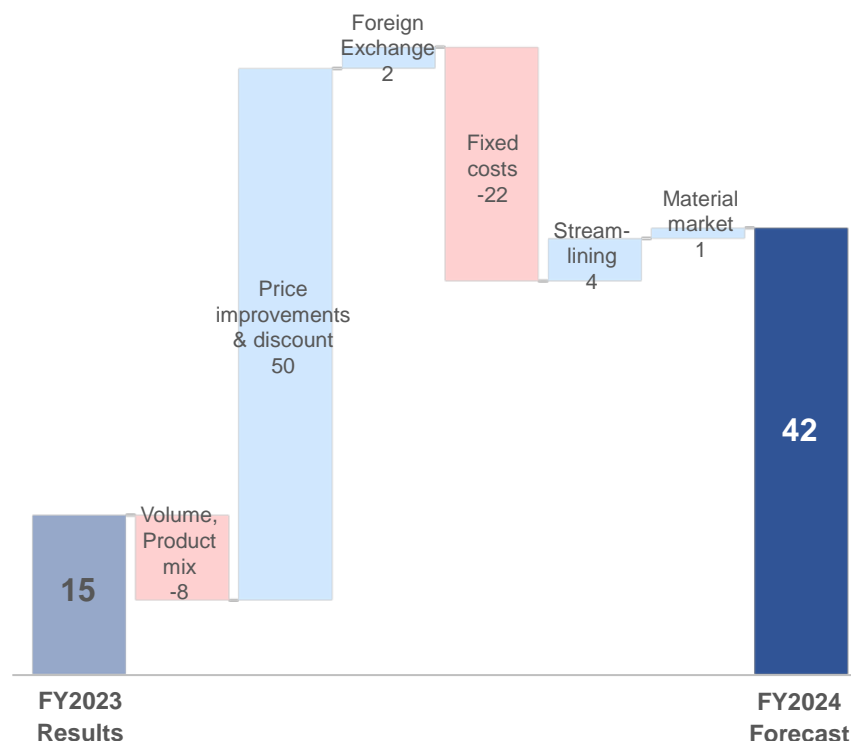
### Vs. FY2023

Despite expected profit decreases in Japan due to differences in product mix and temporary costs associated with the new product launches in Mexico, increased sales and profits are expected due to improved selling prices in U.S. operations.

### Results Comparison



### Variable Factor Analysis for Operating Profit



# Automotive Seating

(100 million yen)

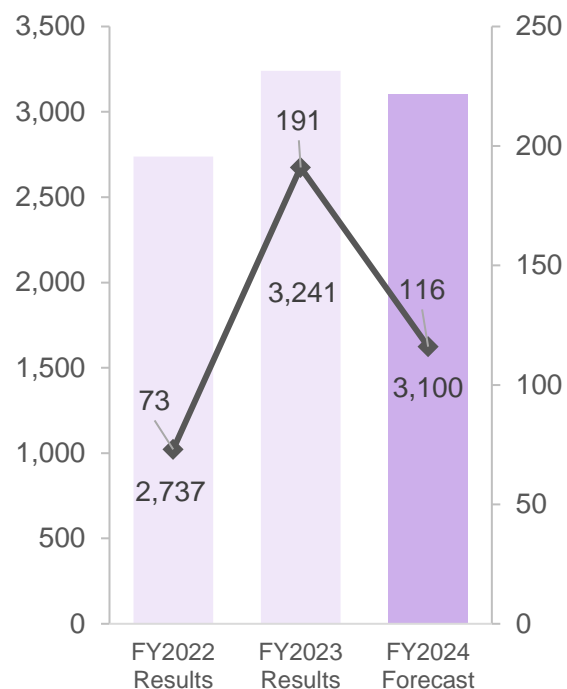
	FY2023 Results	Forecast for FY2024			Vs. FY2023 Variance
		1st half	2nd half	Full-year	
Net Sales	3,241	1,516	1,584	3,100	-141
Operating Profit	191	43	73	116	-75
Ratio	5.9%	2.8%	4.6%	3.7%	-2.2%

### Vs. FY2023

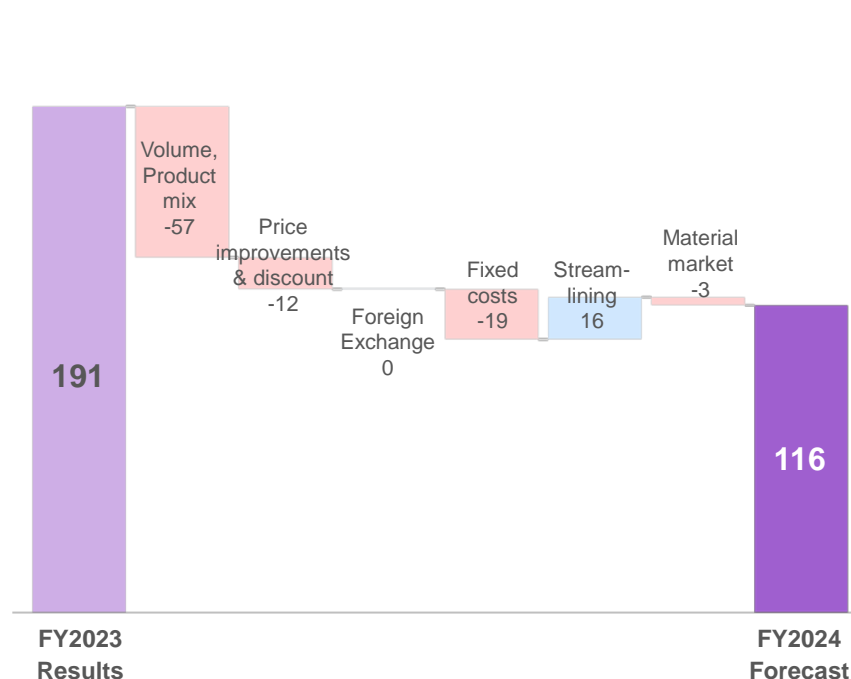
We expect a slight year-on-year decrease in the Automotive Seating business sales volume due to factors such as the switching of ordered car models. In addition, we forecast that sales and profits will decrease due to the impact of factors such as a decrease in development income in Japan and increased expenditures on future-oriented research and development costs.

### Results Comparison

Net Sales (left axis) — Operating Profit (right axis)



### Variable Factor Analysis for Operating Profit



# Precision Springs & Components

(100 million yen)

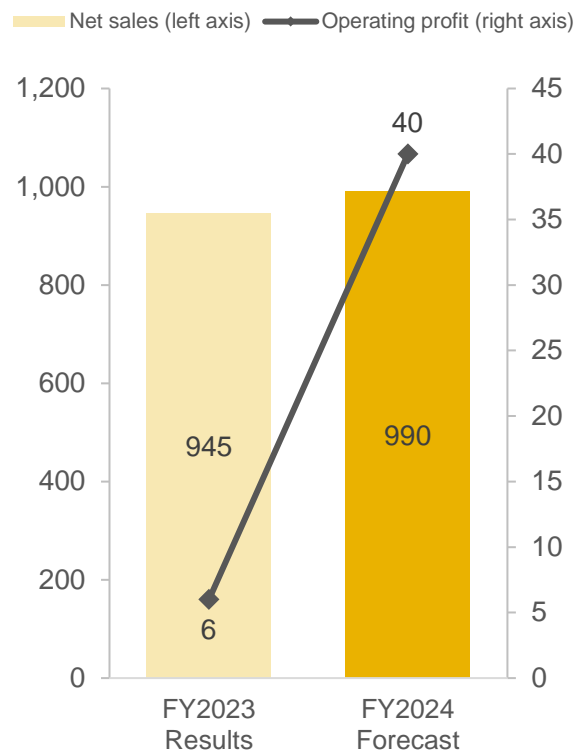
	FY2023 Results	Forecast for FY2024			Vs. FY2023 Variance
		1st half	2nd half	Forecast	
Net Sales	945	483	507	<b>990</b>	44
Operating Profit	6	9	31	<b>40</b>	33
Ratio	0.7%	1.9%	6.1%	<b>4.0%</b>	3.3%

### Vs. FY2023

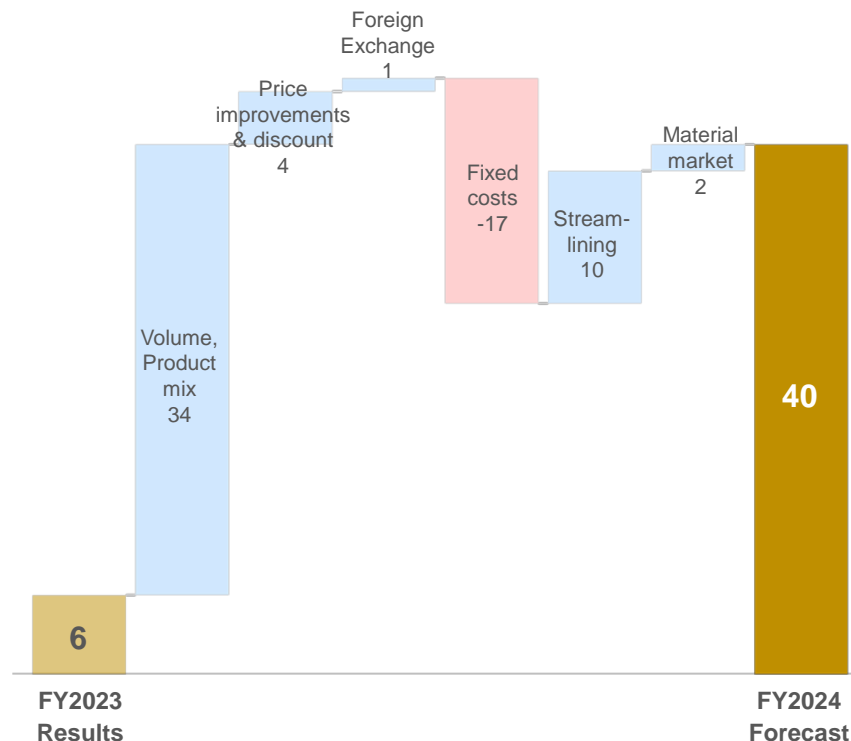
In Japan, we will secure increased sales and profits due to growth in motor core sales and increased volume for product lines with high profit margins.

In overseas operations as well, we forecast that operating profit will exceed the previous fiscal year since a recovery in volume is expected, especially in Thailand and China.

### Results Comparison



### Variable Factor Analysis for Operating Profit



# DDS (Disk Drive Suspension)

(100 million yen)

	FY2023 Results	Forecast for FY2024			Vs. FY2023 Variance
		1st half	2nd half	Forecast	
Net Sales	671	359	381	<b>740</b>	68
Operating Profit	64	58	58	<b>116</b>	51
Ratio	9.6%	16.2%	15.2%	<b>15.7%</b>	6.1%

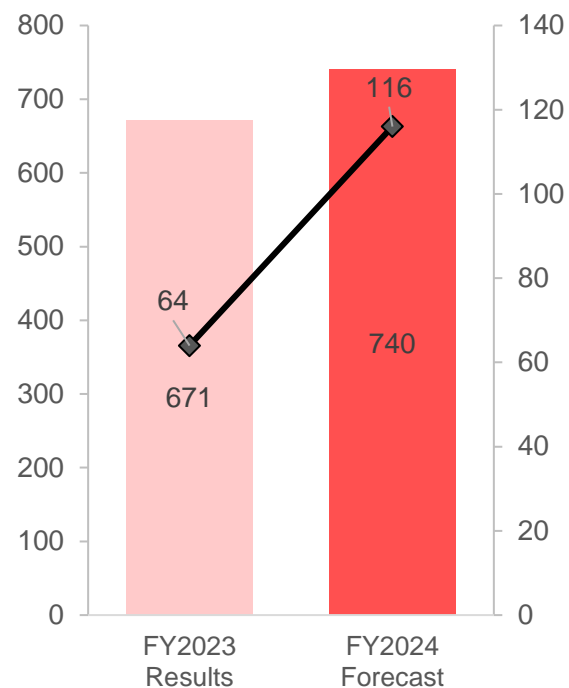
### Vs. FY2023

Demand for HDD suspensions is expected to be on a recovery track in Japan, Thailand, and China.

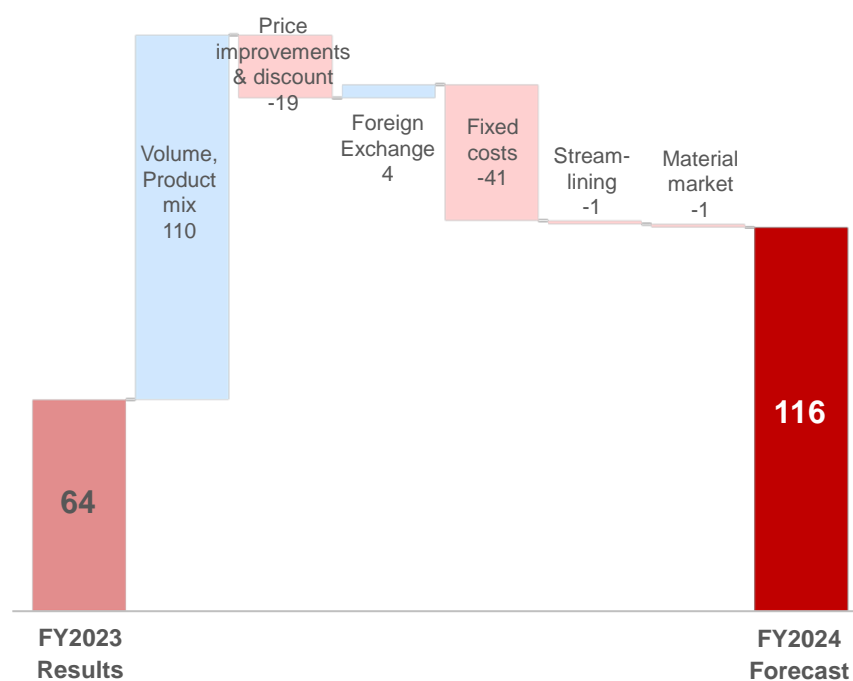
We forecast increased sales and profits due to the positive contribution of increased volume and the profit boost resulting from the weak yen.

### Results Comparison

Net Sales (left axis)    Operating Profit (right axis)



### Variable Factor Analysis for Operating Profit



# Industrial Machinery & Others

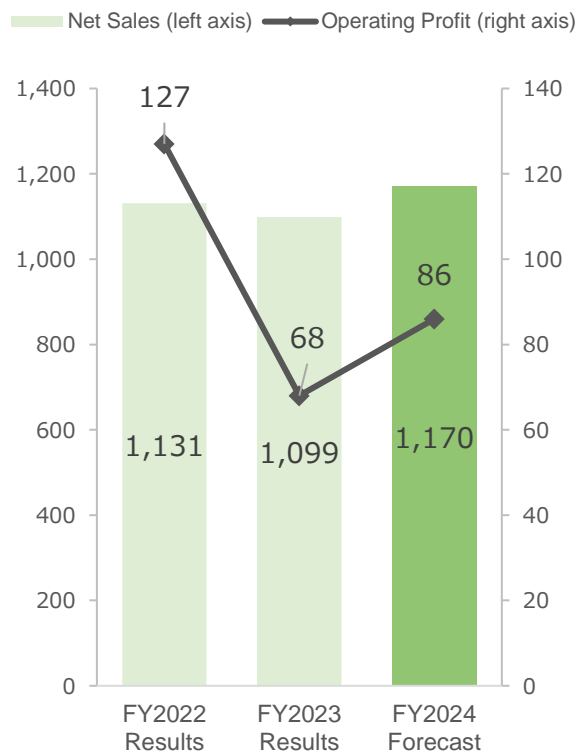
(100 million yen)

	FY2023 Results	Forecast for FY2024			Vs. FY2023 Variance
		1st half	2nd half	Forecast	
Net Sales	1,099	554	616	<b>1,170</b>	70
Operating Profit	68	28	58	<b>86</b>	17
Ratio	6.2%	5.1%	9.4%	<b>7.4%</b>	1.2%

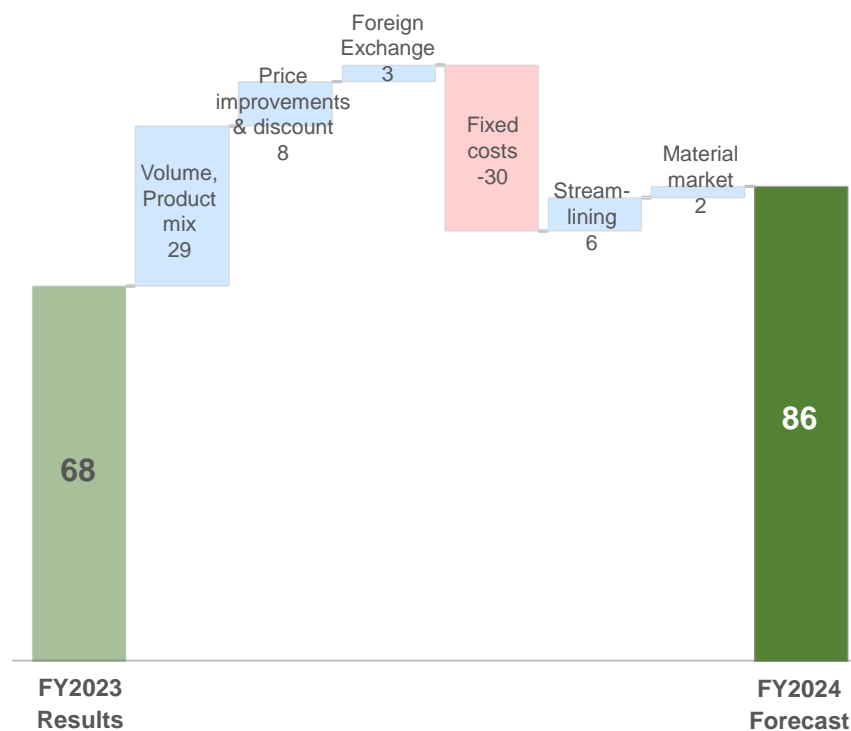
### Vs. FY2023

Although there are upfront costs associated with increased production of integrated metal substrates, increased sales and profits compared to the previous year are expected due to quantity recovery mainly in semiconductor process components and golf shafts.

### Results Comparison



### Variable Factor Analysis for Operating Profit





# Review of the FY2023 Mid-term Plan and FY2026 Mid-term Plan

President & COO  
Representative Member of the Board

Kazuhisa Uemura

# Review of the FY2023 Mid-term Plan

# Review of the FY2023 Mid-term Plan

◆ Steady progress has been made on the basic policies outlined in the FY2023 mid-term plan as follows.

Further promotion of CSR activities	Strengthen further relationship & mutual trust with stakeholders	Enhancing dialogue with shareholders and investors, improving disclosures, and ensuring fair transactions Revising personnel systems, improving the effectiveness of the internal reporting system, and participating in community activities
	Sincerely strive to environmental and social issues	Implementation of the Environmental Challenge Declaration
	Thoroughly implement quality-first manufacturing	Conducting quality audits (reduction in significant quality issues)
Accelerate response to drastically changing business environment	Strengthen actions to electrification and autonomous of automobiles	Steadily advancing the development of motor cores, high-performance Automotive Seating, integrated metal substrates, etc., and simultaneously preparing mass production systems
	Create next-generation core businesses	
Secure "profit" for sustainable growth	Develop attractive product	Developing new products and high value-added products (XT coil springs, biomass raw material sheet urethane, temper-less stabilizers, etc.)
	Total cost reduction	Advancing the establishment of production systems capable of responding to sudden plan changes and promoting streamlining

# Project Progress

# Background and Project Measures

Automotive Suspension Springs	Achieving profitability	<p><b>Profitability Improvement Project</b></p> <p>Price improvement of Automotive Suspension Springs Negotiation of appropriate price for cost increase Productivity improvement</p>
Automotive Seating	Improving customer satisfaction	<p><b>SUBARU Project</b></p> <p>Establishment of a management system with QCDD Development of seats adapted to needs</p>
Motor Core	Further acceleration of electrification	<p><b>Motor Core Project</b></p> <p>Expand new sales by leveraging strengths Accelerate business by increasing competitiveness and differentiation</p>

# Profitability Improvement Project (Automotive Suspension Springs)

## 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

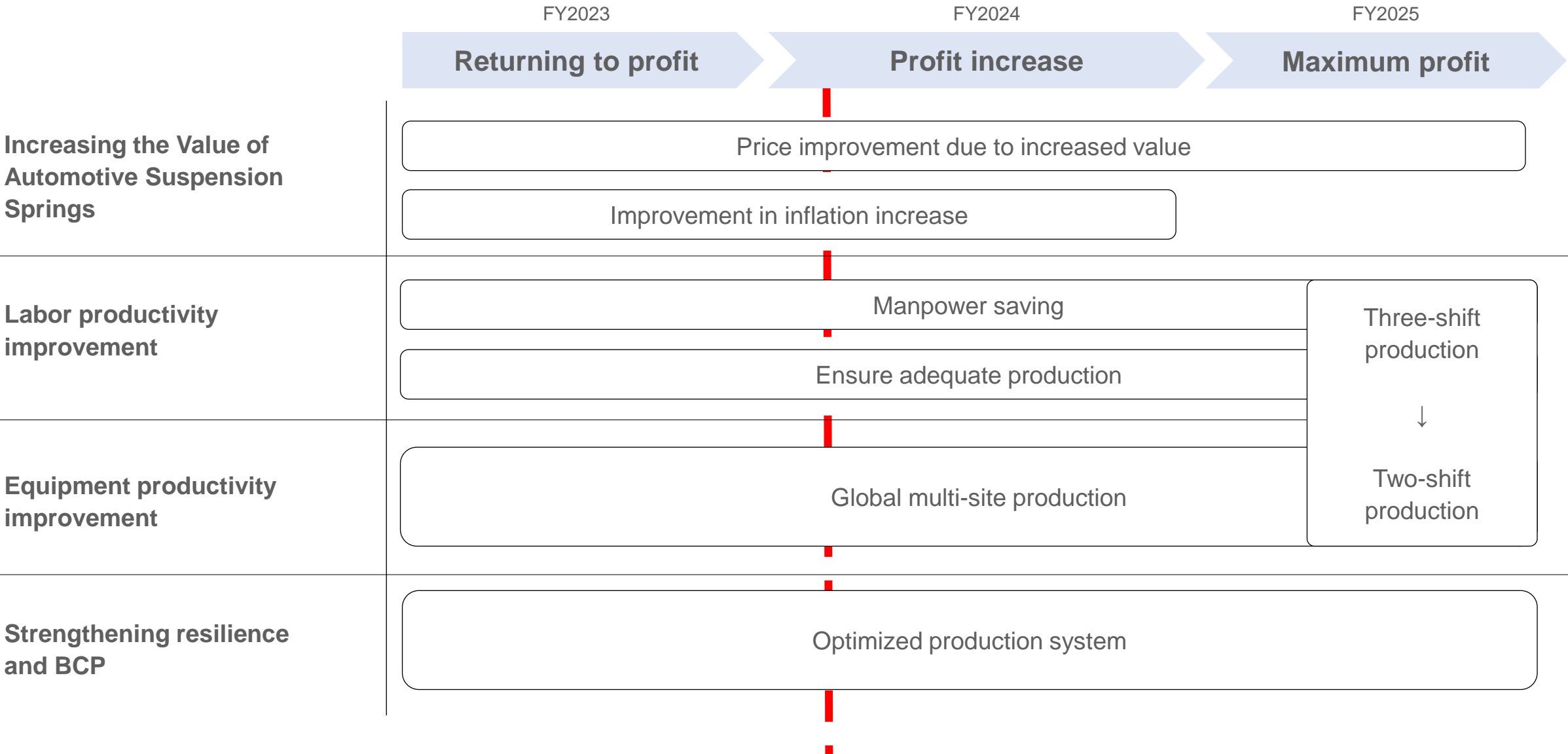
## Equipment productivity improvement

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





# SUBARU Project (Automotive Seating)

## 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

Received the “**Production Supply Contribution Award**”

# Motor Core Project (Precision Springs)

## Establishment of global production system

—Responding to increased orders—

- Start of operation of the new production building (Atsugi Plant)
- Start of construction of the new plant (Mexico)

## Increased die fabrication capacity

- Increase and train more designers
- Expansion of machining facilities
- Add design and manufacturing base in Thailand
- Strengthening collaboration with Japanese suppliers

## Development of new construction methods

- Considering mass production line for interlock-less lamination
- Establishing mass production for glue bonding core method
- Developing new interlock-less + methods
- Considering and proposing added value

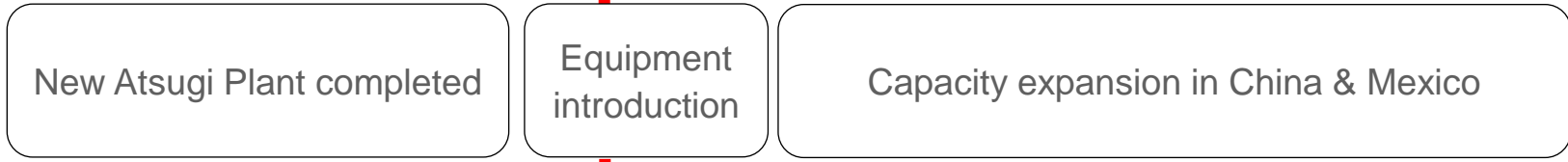
## Proactive response to prototypes

- Reinforcement of design system
- Reinforcement of prototype production system
- Introduction of dedicated large press machine for prototype production
- Integrated response from prototyping to mass production

# Roadmap

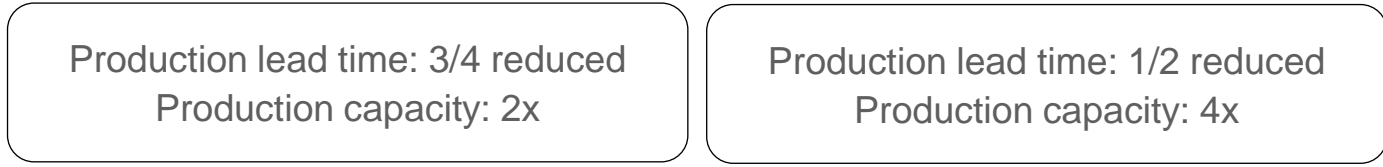


**Establishment of production system**

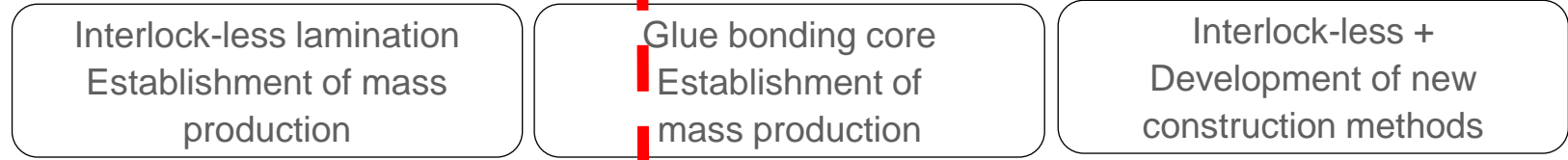


**Increased die fabrication capacity**

\* Current ratio



**Development of new construction methods**



**Establishment of prototype system**



# FY2026 Mid-term Plan

# 2026中計

NHKニッパツ

NHK Group Fundamental Policies  
for 2026 Mid term Plan



ニッパツウェイ  
NHK SPRING WAY

## グループ基本方針

～人を大切にし、社会へ貢献する～

～サステナビリティ活動のさらなる推進～

- ～ Respect for People & contribute to society ～
- ～ Further promotion of sustainability ～

# 人を大切にする

Respect for People

# 社会へ貢献する

Contributing to society

ちゃんと買って  
ちゃんと造って  
ちゃんと売る

Purchase appropriately,  
manufacture accurately,  
market and sell properly





—Further promotion of sustainability— —Respect for People & contribute to society—	<b>Respect for People</b>	<ul style="list-style-type: none"><li>■ Strengthening trust with stakeholders</li><li>■ Build a safe and secure company and a rewarding and comfortable workplace</li><li>■ Supporting the growth and development of a diverse employee base</li></ul>
	<b>Contributing to society</b>	<ul style="list-style-type: none"><li>■ Providing indispensable key components</li><li>■ Speeding up actions towards global environmental changes</li><li>■ Contributing to the local community</li></ul>
	<b>Purchase appropriately, manufacture accurately, market and sell properly</b>	<ul style="list-style-type: none"><li>■ "Quality First" &amp; elevating the power of manufacturing</li><li>■ Promoting Digital Transformation (DX) &amp; strengthening competitiveness</li><li>■ Promoting fair transactions and strengthening CSR in procurement</li></ul>



# FY2026 Mid-term Plan Business Goals (Sales and Profit)

(100 million yen)

	FYE '24/3 (FY2023) Results	FYE '27/3 (FY2026) Plan	Variance	Ratio
Net Sales	7,669	8,500	830	10.8%
Operating Profit	346	520	173	50.1%
Ratio	4.5%	6.1%	1.6%	
Ordinary Profit	478	570	91	19.2%
Ratio	6.2%	6.7%	0.5%	
Profit Attributable to Owners of Parent	391	430	38	9.7%

- ◆ Planning for increased sales of substrates for components for electric vehicles and motor cores in the automotive market.
- ◆ Anticipating a recovery in demand for HDD-related components and semiconductor process components in the information and communication market.
- ◆ Promoting automation and improving productivity to increase profit margins.

# FY2026 Mid-term Plan Sales and Operating Profit Goals by Segment

(100 million yen)

		FYE '24/3 (FY2023) Results	FYE '27/3 (FY2026) Plan	Variance	Growth Rate	Operating Profit Factors for the differences
■ Automotive Suspension Spring	Net Sales	1,711	<b>1,738</b>	26	1.5%	<ul style="list-style-type: none"> <li>Increased sales and profits through the establishment of a stable production and supply system across all global operations.</li> <li>Contributed to profit growth through the promotion of new technology and product development, and manufacturing reforms.</li> <li>Reconstructed two U.S. bases to achieve profitability.</li> </ul>
	Operating Profit	15	<b>52</b>	36	225.1%	
	Ratio	0.9%	<b>3.0%</b>	2.1%		
■ Automotive Seating	Net Sales	3,241	<b>3,071</b>	-170	-5.3%	<ul style="list-style-type: none"> <li>Despite decreased sales and profits, steady profit secured in existing businesses by strengthening responses to customer needs.</li> <li>Strengthening competitiveness to secure orders for successor models.</li> </ul>
	Operating Profit	191	<b>120</b>	-71	-37.2%	
	Ratio	5.9%	<b>3.9%</b>	-2.0%		
■ Precision Springs & Components	Net Sales	945	<b>1,050</b>	104	11.1%	<ul style="list-style-type: none"> <li>Increased sales and profits through the expansion of the motor core business and the development of new products.</li> <li>Additionally, contributed to profit growth by strengthening the profitability of existing businesses.</li> </ul>
	Operating Profit	6	<b>43</b>	36	550.9%	
	Ratio	0.7%	<b>4.1%</b>	3.4%		
■ Disk Drive Suspension	Net Sales	671	<b>1,171</b>	499	74.3%	<ul style="list-style-type: none"> <li>Increased sales and profits through streamlining, focusing on HDD suspensions and micro contactors, which are expected to recover in the market.</li> </ul>
	Operating Profit	64	<b>190</b>	125	194.3%	
	Ratio	9.6%	<b>16.2%</b>	6.6%		
■ Industrial Machinery & Others	Net Sales	1,099	<b>1,470</b>	370	33.7%	<ul style="list-style-type: none"> <li>Increased sales and profits through a focus on semiconductor process components and integrated metal substrates.</li> <li>Ending the chemical products business and transferring/consolidating equipment among Japanese bases.</li> </ul>
	Operating Profit	68	<b>115</b>	46	68.8%	
	Ratio	6.2%	<b>7.8%</b>	1.6%		
Total	Net Sales	7,669	<b>8,500</b>	830	10.8%	
	Operating Profit	346	<b>520</b>	173	50.1%	
	Ratio	4.5%	<b>6.1%</b>	1.6%		

# FY2026 Mid-term Plan: Regional Sales and Operating Profit Targets

(100 million yen)

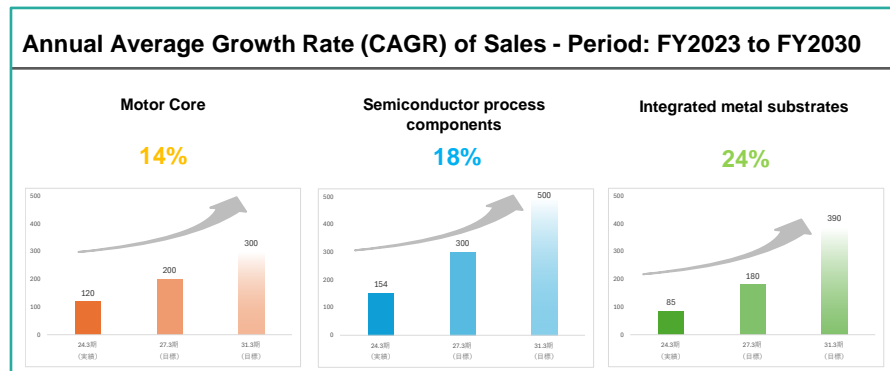
		FYE '24/3 (FY2023) Results	FYE '27/3 (FY2026) Plan	Variance	Growth Rate	Operating Profit Factors for the differences
● Japan	Net Sales	4,377	<b>5,053</b>	675	15.4%	<ul style="list-style-type: none"> <li>In the automobile-related industry, although reduced profits are expected in the Automotive Seating business, sales expansion of motor cores and in-vehicle integrated metal substrates, which are the next growth businesses, is anticipated.</li> <li>In non-automobile-related industries, operating profit is expected to increase due to the growth in quantities of HDD-related components, semiconductor process components, and leisure sector products.</li> </ul>
	Operating Profit	299	<b>340</b>	40	13.7%	
	Ratio	6.8%	<b>6.7%</b>	-0.1%		
● Asia	Net Sales	1,869	<b>2,098</b>	228	12.2%	<ul style="list-style-type: none"> <li>Particularly driven by the HDD-related component business in Thailand and China.</li> <li>Increased sales and profits are expected due to the recovery in quantities of HDD-related components from fiscal 2024 onwards and the growing demand for nearline HDDs.</li> </ul>
	Operating Profit	79	<b>168</b>	88	112.1%	
	Ratio	4.2%	<b>8.0%</b>	3.8%		
● America & Europe & Others	Net Sales	1,423	<b>1,349</b>	-74	-5.2%	<ul style="list-style-type: none"> <li>Continuously promoting productivity improvement and price negotiation efforts due to inflation.</li> <li>Optimizing the global production system to ensure stable production and maximize profits.</li> <li>Making the U.S. bases, which are a challenge, profitable.</li> </ul>
	Operating Profit	-31	<b>12</b>	43	0.0%	
	Ratio	-2.2%	<b>0.9%</b>	3.1%		
Total	Net Sales	7,669	<b>8,500</b>	830	10.8%	
	Operating Profit	346	<b>520</b>	173	50.1%	
	Ratio	4.5%	<b>6.1%</b>	1.6%		

# FY2026 Mid-term Plan: New Management and Financial Indicators Targets

## FY2023 Mid-term plan

		FY23 Mid-term plan (Targets)	FY2023 (Results)
Target for Net Sales and Income	Net Sales	650 billion yen	766.9 billion yen
	Operating Profit (Ratio)	40 billion yen (6.2%)	34.6 billion yen (4.5%)
	Ordinary Profit (Ordinary margin <sup>1</sup> )	42 billion yen (6.5%)	47.8 billion yen (6.2%)
	Net Income (Net margin)	25 billion yen (3.8%)	39.1 billion yen (5.1%)
Financial Indicators	Investment Efficiency	ROE	8.0% → 10.4%
	Shareholder Return	Dividend payout ratio	About 30% → 24.2%

(Note)1. Among the net sales and income targets, the ordinary margin is also set as a financial indicator target.



## FY2026 Mid-term plan  : Newly added management indicators

		FY2023 (Results)	FY26 Mid-term plan (Targets)
Target for Net Sales and Income	Net Sales	766.9 billion yen	850 billion yen
	Operating Profit (Ratio)	34.6 billion yen (4.5%)	52 billion yen (6.1%)
	Ordinary Profit (Ordinary margin)	47.8 billion yen (6.2%)	57 billion yen (6.7%)
	Net Income (Net margin)	39.1 billion yen (5.1%)	43 billion yen (5.1%)
Financial Indicators	Investment Efficiency	ROE	10.4% → Over 10%
		ROIC	6.1% → Over 7%
	Shareholder Return	Dividend payout ratio	24.2% → Over 30%
		Annual Average Growth Rate (CAGR) of Sales <small>*FY2023 to FY2030</small>	Motor Core
	Semiconductor process components		- → 18%
	Integrated metal substrates		- → 24%
	Soundness	Stockholder's Equity to Total Assets Ratio <sup>2</sup>	58.7% → Over 50%
	Policy-holding shares	Net asset ratio	20.4% → Below 20%

(Note) 2. Stockholder's Equity to Total Assets Ratio is adopted as an indicator of soundness, and the target level will be continuously reviewed from the perspective of capital policy.

# FY2026 Mid-term Plan: Capital Costs and Cash Allocation

## Comparison of ROIC and WACC

	FY2023 (Results)	FY26 Mid-term plan (Targets)
ROIC (Company-wide)	6.1%	7.0% or higher
WACC <sup>1</sup> (Company-wide)	6.3%	

## Reference/ROIC by Business Segment<sup>2</sup>

\*FY2023 actual results

Automotive Suspension Springs	1.1%
Automotive Seating	20.2%
Precision Springs & Components	0.6%
Disk Drive Suspension	10.9%
Industrial Machinery & Others	6.2%

## Prioritizing capital allocation for growth investments aimed at enhancing corporate value in the medium to long term.


Cash In		Cash Out	
Operating CF 270 billion yen <sup>3</sup>	Investment 250 billion yen	Investment in Human Capital 50 billion yen	■ Improvement of treatment and workplace environment to enhance employee engagement
		DX investment 20 billion yen	■ Investment in core systems and AI technology to promote operational reforms
		CN investment 10 billion yen	■ Promoting CN activities through electrification of production equipment and purchase of renewable energy
		R&D investment 70 billion yen	■ Accelerating activities for new product development and market launch, and promoting value enhancement measures for existing products
		Business investment 100 billion yen	■ Strengthening "quality-first" manufacturing capabilities through continuous technological innovation
Sale of policy-holding shares 15 billion yen	Shareholder returns 60 billion yen	Dividends 40 billion yen	■ Stable dividends considering consolidated performance and payout ratio
New borrowings from financial institutions 25 billion yen		Share buybacks 20 billion yen	■ Shareholder returns through share buybacks and cancellations, and achieving a capital structure that considers efficiency and safety

\*1. When calculating WACC, the risk-free rate is the yield on newly issued 10-year government bonds, the equity risk premium is the two-year weekly equity risk premium since 1974, and  $\beta$  uses the company's historical beta for 60 months.

\*2. ROIC by business segment is calculated simply by aggregating non-current assets and inventories from the perspective of management efficiency.

\*3. Operating CF of 270 billion yen is calculated by adding 100 billion yen of investment costs (30 billion yen in human capital investment, 40 billion yen in DX investment, and 66 billion yen in R&D investment) included in cash out to the original operating CF of 170 billion yen.

# Efforts to Address Global Environmental Issues

Theme	Mid-term Plan Goals (FY2026 Goals)
Reduction of CO <sub>2</sub> emissions	<ul style="list-style-type: none"><li>• CO<sub>2</sub> emissions: 103,000 tons-CO<sub>2</sub> <sup>*1</sup> (33% reduction compared to FY2013)</li></ul> <p>Energy saving, electrification/conversion to electric vehicles, technological innovation, introduction of renewable energy, and purchase of renewable energy</p>  <p>Plan to reduce 75,000 tons-CO<sub>2</sub> against the trend CO<sub>2</sub> emissions of 178,000 tons-CO<sub>2</sub> due to production increase</p>
Reduction of industrial waste volume	<ul style="list-style-type: none"><li>• Industrial waste volume: 33 tons <sup>*2</sup> (73% reduction compared to FY2013)</li></ul>

\*1 Target: Company and Japanese Group companies, SCOPE1+SCOPE2

\*2 Target: Company and Japanese Group companies, non-recyclable materials

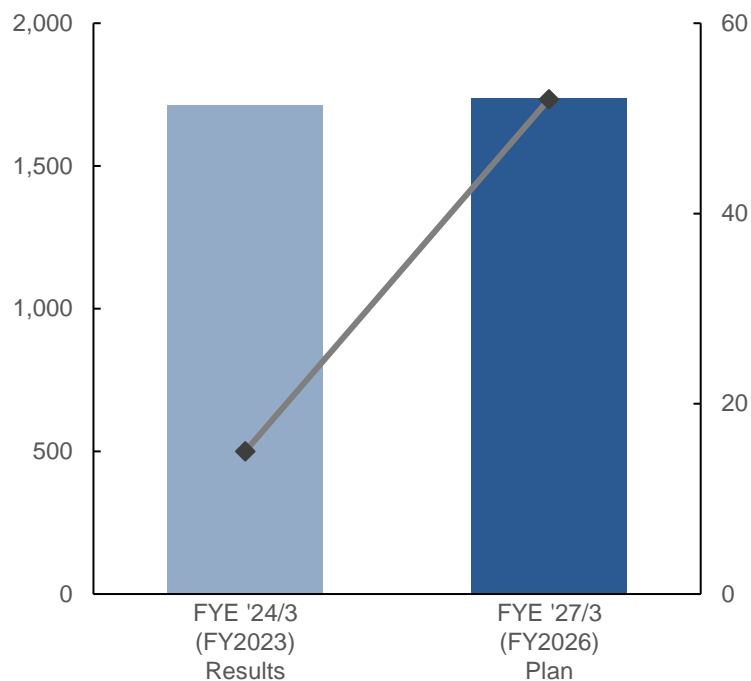
Theme	Measures
Rewarding Workplace	<ul style="list-style-type: none"><li>• Introduction of recruitment methods to secure personnel with multifaceted thinking</li><li>• Abolition of seniority elements and review of treatment</li><li>• Renewing the education system aimed at eliminating individual dependency</li></ul>
Comfortable Workplace	<ul style="list-style-type: none"><li>• Increasing disposable time through operational efficiency using systems</li><li>• Preparing working conditions to maximize employee performance</li></ul>
Safe and Secure Company	<ul style="list-style-type: none"><li>• Reducing heavy labor and strengthening health consultation services</li><li>• Eradicating harassment to maintain employee morale</li></ul>

**FY2026 Mid-term Plan**  
**(By Business Segment)**



# Issues and Initiatives of Each Business (Automotive Suspension Springs)

- ◆ Establishing a stable production and supply system across all global operations
  - ⇒ “Profitability Improvement Project” will be managed as part of the FY26 Mid-term Plan measures going forward



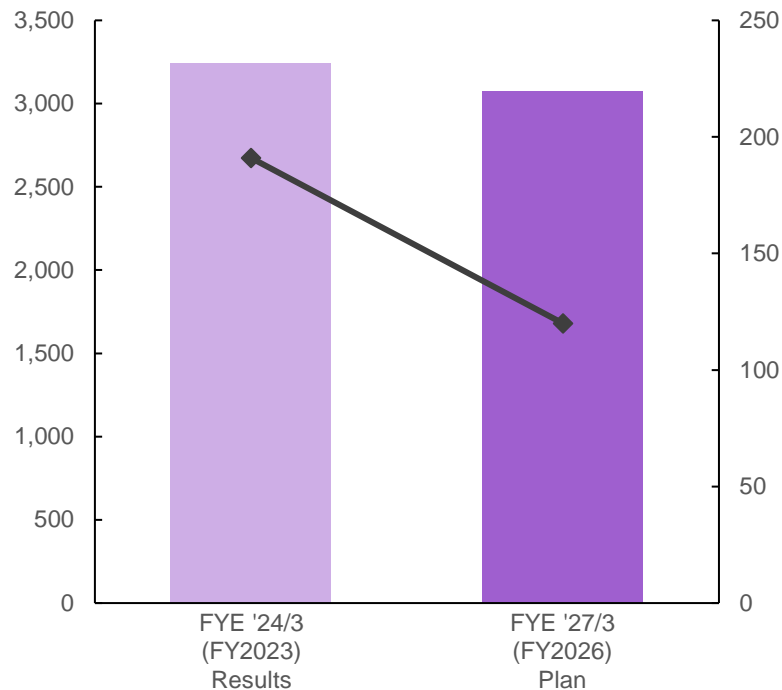
## Issues and Initiatives in the FY26 Mid-term Plan

- ◆ Efforts towards achieving profitability at two North American bases
  - Promoting selling price improvements, productivity improvements, and optimal order strategies
- ◆ New technology and product development and market launch to improve competitiveness
  - Enhancing the added value of “springs”
- ◆ Improving productivity through promoting manufacturing reforms
- ◆ Strengthening the global production technology support system



# Issues and Initiatives of Each Business (Automotive Seating)

- ◆ Ensuring steady profits in existing businesses by developing products that meet customer needs, and strengthening competitiveness to secure orders for successor models.



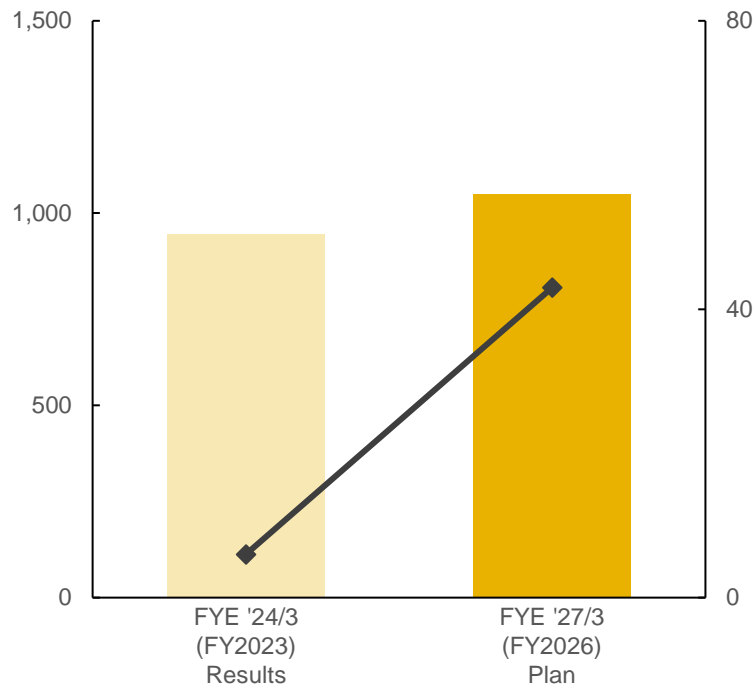
## Issues and Initiatives in the FY26 Mid-term Plan

- ◆ Focusing on developing seats that respond to electrification, autonomous driving, and environmental issues
  - Promoting differentiation through comfort and fundamental technology development
  - Expanding sales through the development of value-added devices
  - Securing core technology patents
- ⇒ "SUBARU Project" will be managed as part of the FY26 Mid-term Plan measures going forward
- ◆ Eliminating heavy labor through the use of robots and automation



# Issues and Initiatives of Each Business (Precision Springs & Components)

- ◆ Expanding the motor core business and developing new products in anticipation of accelerated electrification



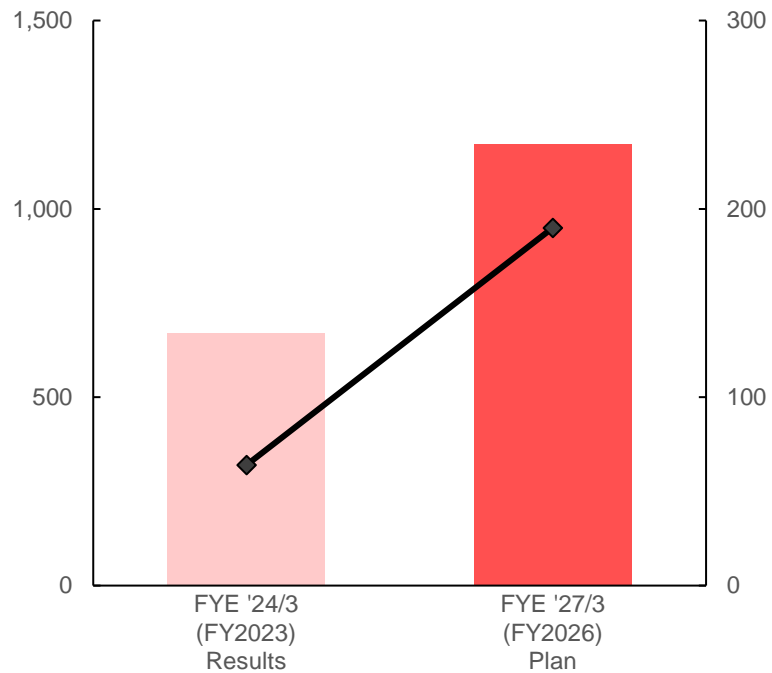
## Issues and Initiatives in the FY26 Mid-term Plan

- ◆ Expanding the motor core business
  - Enhancing the global production system and prototype development environment
  - ⇒ "Motor Core Project" will be managed as part of the FY26 Mid-term Plan measures going forward
- ◆ Efforts towards electrification components
  - Expanding sales of new products such as control devices and connection components
- ◆ Strengthening the profitability of existing businesses



# Issues and Initiatives of Each Business (Disk Drive Suspension)

- ◆ Focusing on HDD suspensions and micro contactors, which are expected to recover in the market, pursuing streamlining while maintaining a high-profit structure

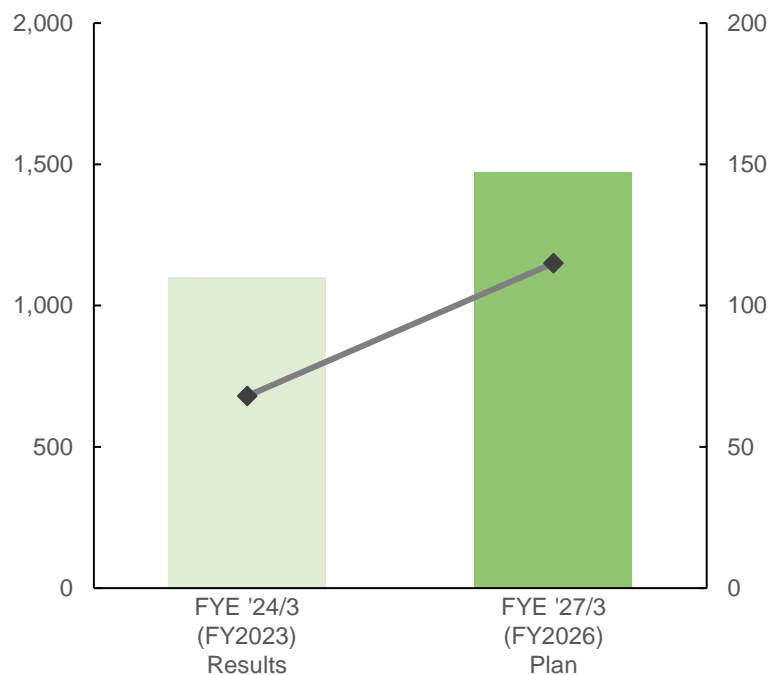
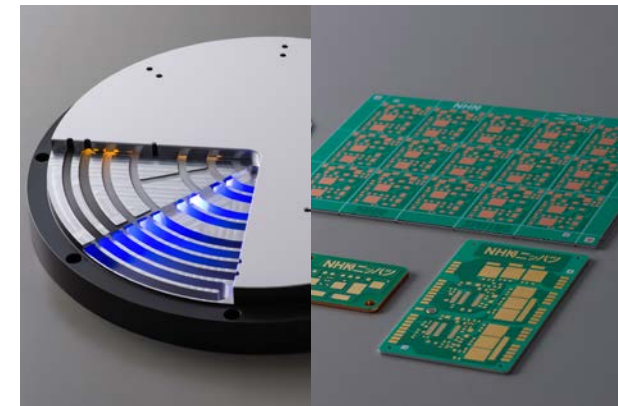


## Issues and Initiatives in the FY26 Mid-term Plan

- ◆ Promoting smart factory implementation
  - Minimizing labor hours through the deployment of material handling AGVs
  - Stabilizing quality and deploying AOI through DX promotion
- ◆ Increasing market recognition and establishing a business foundation through sales expansion
- ◆ Exploring new products leveraging Disk Drive Suspension core technology

# Issues and Initiatives of Each Business (Industrial Equipment and Others)

- ◆ Focusing on semiconductor process components and integrated metal substrates, and reorganizing other businesses



## Issues and Initiatives in the FY26 Mid-term Plan

- ◆ Strengthening the system in line with the business expansion of semiconductor process components
  - Increasing production capacity by expanding the Miyata Plant
- ◆ Establishing a mass production system for integrated metal substrates
  - Building a mass production system at the Komagane Plant
  - Preparing for production at the new production building in Malaysia
- ◆ Ending the chemical products business and transferring/consolidating equipment among Japanese bases



# 2026中計

NHKニッパツ

NHK Group Fundamental Policies  
for 2026 Mid term Plan



ニッパツウェイ  
NHK SPRING WAY

## グループ基本方針

～人を大切にし、社会へ貢献する～

～サステナビリティ活動のさらなる推進～

- ～ Respect for People & contribute to society ～
- ～ Further promotion of sustainability ～

# 人を大切にする

Respect for People

# 社会へ貢献する

Contributing to society

ちゃんと買って  
ちゃんと造って  
ちゃんと売る

Purchase appropriately,  
manufacture accurately,  
market and sell properly



# Supplementary Materials

# Review of the FY2023 Mid-term Plan



# Comparison of equipment investment and depreciation costs: Mid-term plan vs. actual results

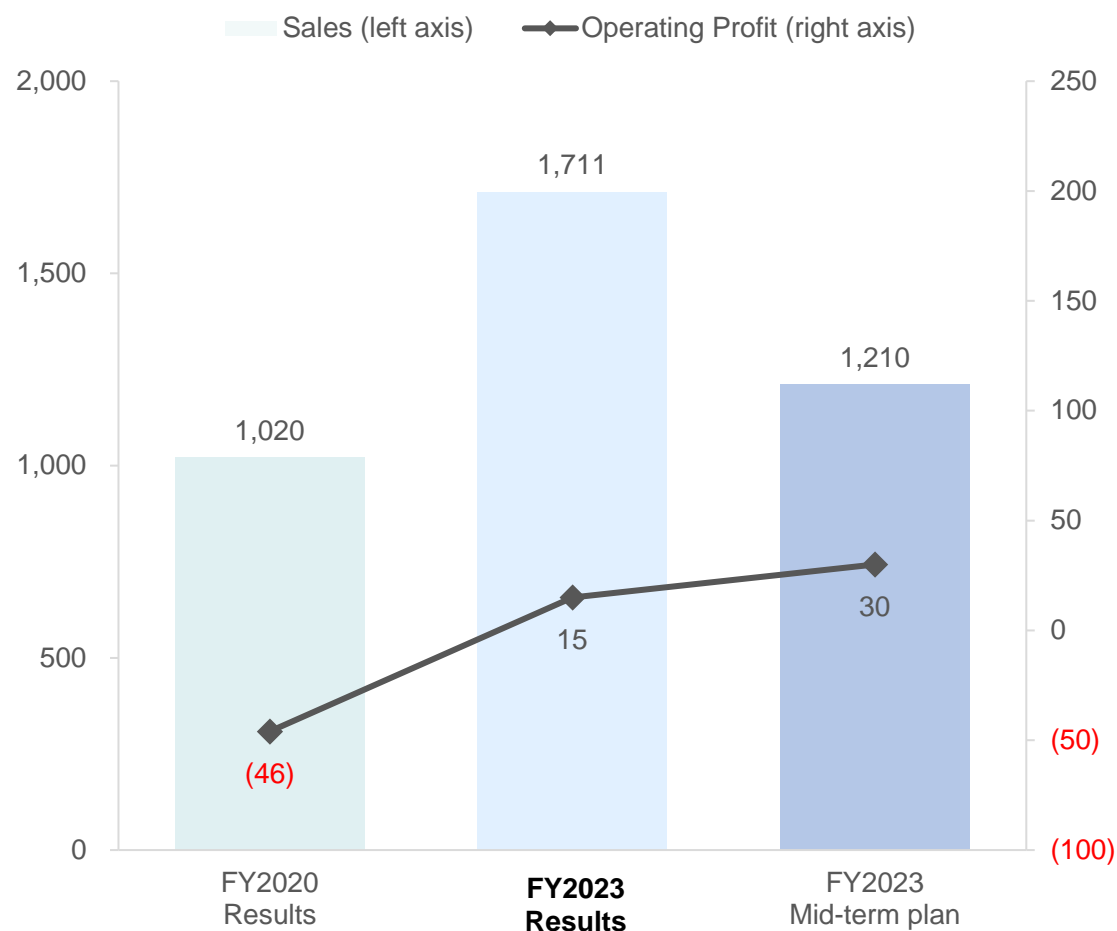
(100 million yen)

		FY2023 Mid-term plan	FY2023 Results
Capital Investments	Japan	536	567
	Overseas	343	314
	Total	880	882
Depreciation & Amortization	Japan	535	460
	Overseas	349	395
	Total	885	855

# Progress Status of Each Business (Automotive Suspension Springs)

- Despite the impact of semiconductor shortages and soaring steel prices, the balance improved over three years.
- In North American operations, fixed costs increased due to rising labor rates and worsening employment conditions, but selling price improvement negotiations helped secure an operating profit for the spring business as a whole.

## Results Comparison (100 million yen)



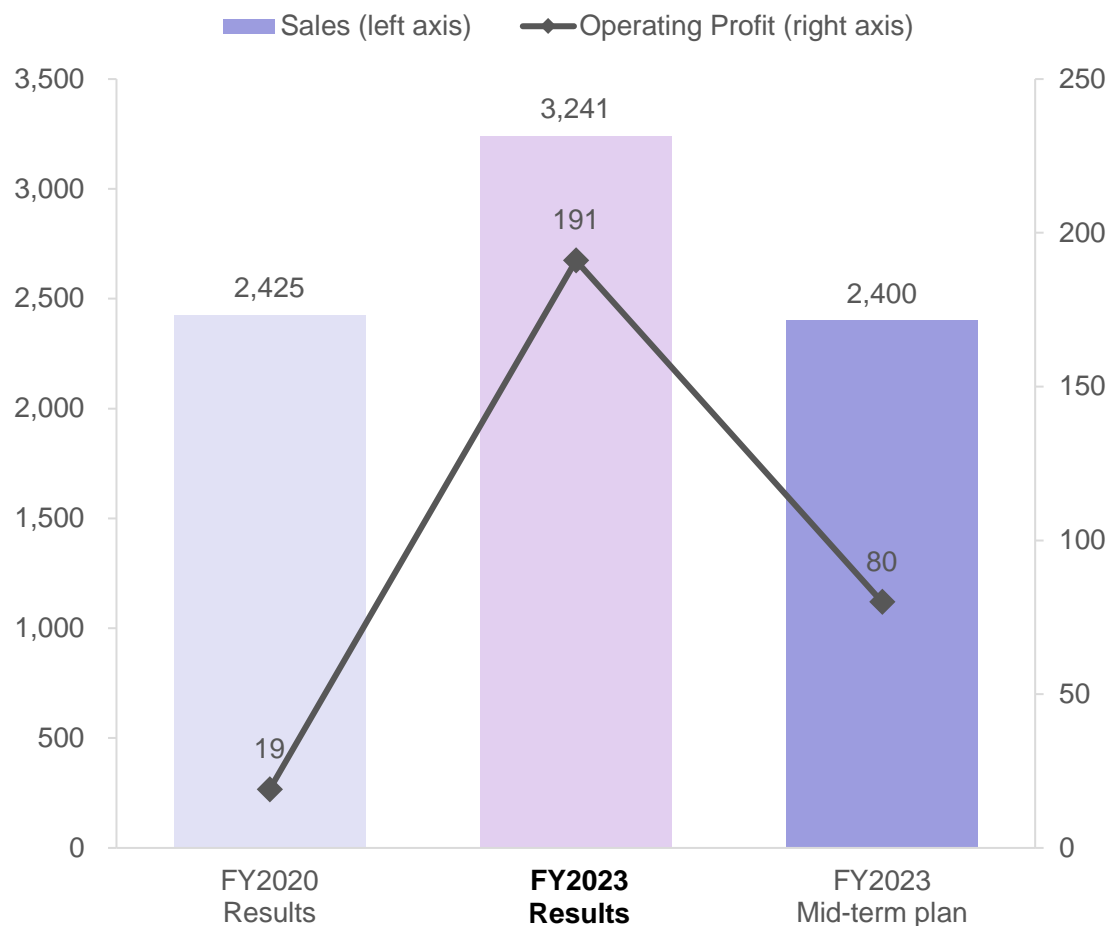
## Issues and Initiatives of the FY23 Mid-term Plan

- ◆ **Creating new technologies and new products**  
Developed XT coil springs, which are 34% lighter than conventional products that withstand the same load, through new taper molding
- ◆ **Deficit operations in U.S. change to profitable, and profitability improvement in European operation**  
The situation remains challenging due to rising labor costs and delays in productivity improvement. Continuously promoting profit improvement.
- ◆ **Building up optimize production structure**  
Completed transfer of the leaf spring assembly process to an affiliated company  
Considering changes in the number of production shifts and reviewing the global supply system for coil springs and stabilizers
- ◆ **Thorough manufacturing cost reduction**  
Continuing efforts to reduce fixed costs and promote streamlining.

# Progress Status of Each Business (Automotive Seating)

- Despite the impact of semiconductor shortages, sales and operating profit significantly exceeded the mid-term plan due to the subsequent recovery in unit numbers.

## Results Comparison (100 million yen)



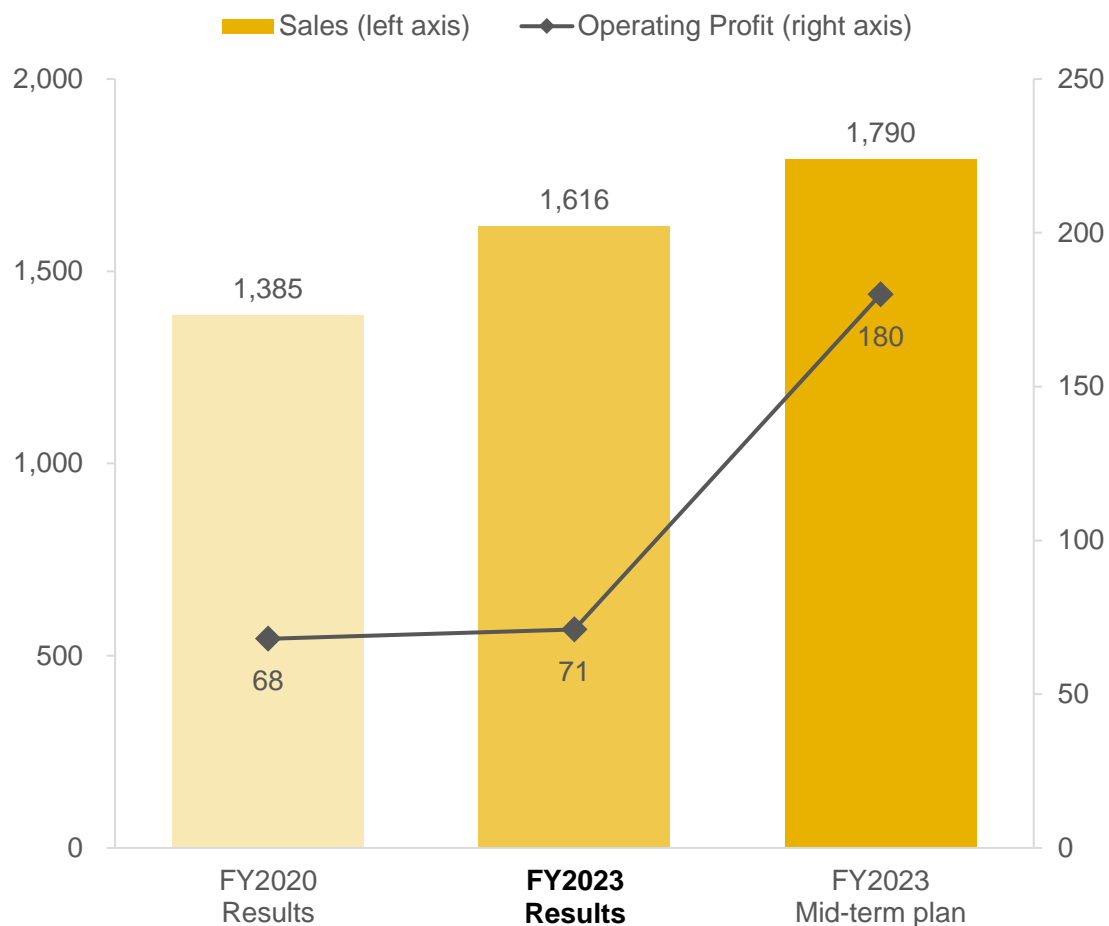
## Issues and Initiatives of the FY23 Mid-term Plan

- ◆ **Steady reaction to Model change**  
Smooth response as planned
- ◆ **Improve profitability in North America new plant**  
Completed transfer to the new plant  
Improved profitability through logistics improvements, etc.
- ◆ **Reduce development cost and lead time, by improving analyze technologies**  
Continuing activities aiming to halve the static strength test
- ◆ **Steady reaction to required quality level from customers**  
Promoting further level-ups through review of development procedures and introduction of AI visual inspection
- ◆ **Developing new seat required in Auto-driving era**  
Promoting the development of unique items required for autonomous driving

# Progress Status of Each Business (Precision Components)

- In the automotive-related business, motor cores in Japan and China and springs for engines and transmissions were underperforming.
- In the information and communication-related business, the decline in HDD demand since the second half of 2022 had a significant impact.

## Results Comparison (100 million yen)



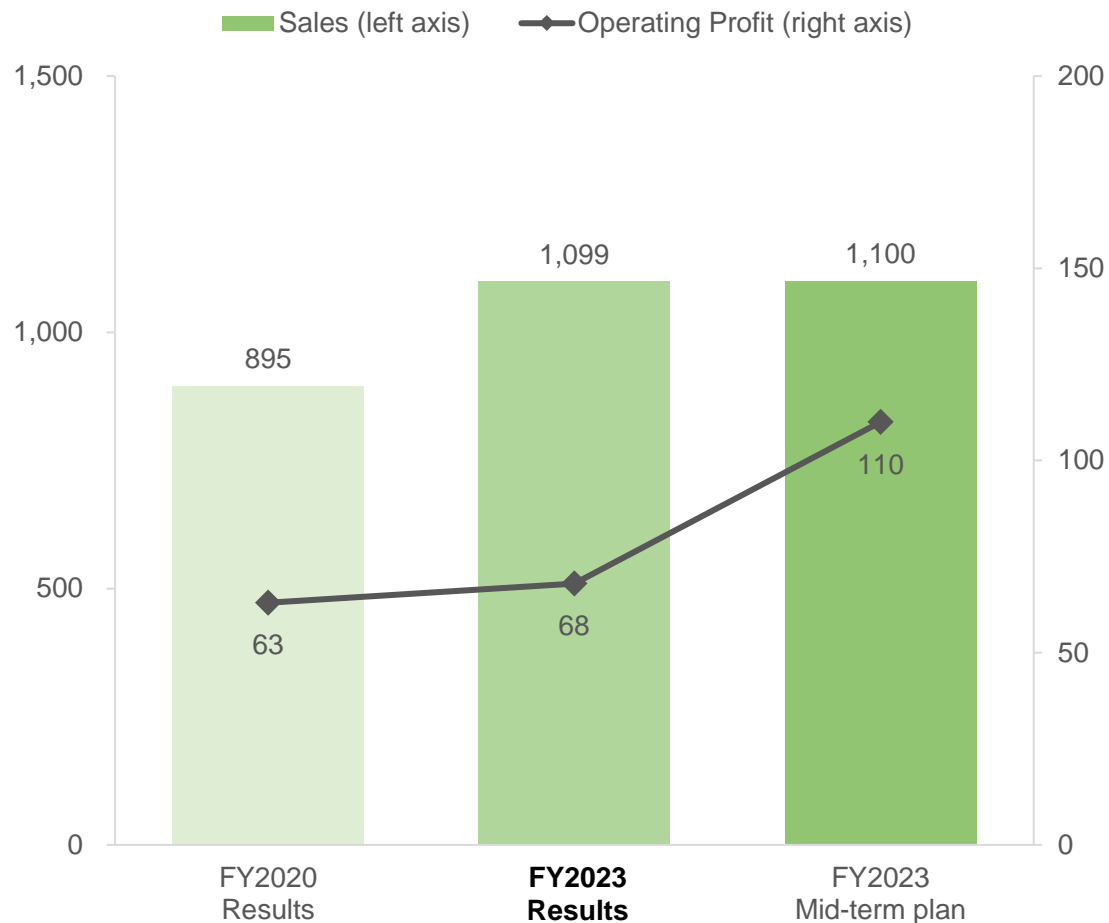
## Issues and Initiatives of the FY23 Mid-term Plan

- ◆ **Steady reaction to EV tend acceleration**
  - Strengthening motor core production capacity in Mexico
  - Expanding thin plate springs for HEVs and EVs
- ◆ **Adequate reactions to nearline HDD demand increase, and increasing sales share**
  - Further productivity improvement anticipating the recovery of HDD demand
- ◆ **Cost reductions by Productivity improvement and applying AI**
  - Promoting data processing and analysis using AI

# Progress Status of Each Business (Industrial Machinery & Others)

- Although there was growth in the automotive and leisure-related businesses, the significant impact of the decline in demand for semiconductor manufacturing equipment since the second half of 2022 prevented the achievement of the mid-term plan goals in the final year.

## Results Comparison (100 million yen)



## Issues and Initiatives of the FY23 Mid-term Plan

### ◆ Semi-conductor manufacturing machine parts

The prolonged slump in the memory market is expected to delay a full-scale demand recovery until FY2025 or later.

### ◆ Integrated Metallic Substrate

Increasing production capacity in Japan (Komagane Plant) and Malaysia

### ◆ Pipe support & Security device

Promoting profit improvement through selection and concentration

### ◆ Accelerate development speed, and expand sales by new products.

Developing showerhead products and next-generation thermal spray products

# FY2026 Mid-term Plan Assumptions

# Automobile production volume

(Thousands of units)

		FY2023 Results	FY2026 Mid-term plan
Global	Japanese	25,400	28,100
	Other	63,200	70,400
	<b>Total</b>	<b>88,500</b>	<b>98,500</b>
Japan	Japanese	8,500	9,500
North America	Japanese	4,300	4,500
	Other	8,000	8,400
	<b>Total</b>	<b>12,300</b>	<b>12,900</b>
China	Japanese	3,900	3,500
	Other	26,000	28,200
	<b>Total</b>	<b>29,900</b>	<b>31,700</b>
Thailand	Japanese	1,600	1,500
	Other	300	500
	<b>Total</b>	<b>1,900</b>	<b>2,000</b>

- The impact of the COVID-19 pandemic and semiconductor shortages was almost resolved in 2023.
- Particularly in developed countries, the global economic growth rate is expected to slow down, with gradual growth anticipated from 2024 onwards.

# HDD Production Volume, Total Demand for Suspensions

	CY2023 Results	CY2026 Mid-term plan
HDD (Millions of units)	122	118
Suspension (Millions of units)	1,017	1,585

- Amid investment cuts due to economic uncertainty, focusing on AI investment and optimizing data center operations reduced HDD demand.
- Meanwhile, the global data volume continues to grow, and nearline HDD demand remains strong.
- The number of disks used per nearline HDD is increasing, and the number of suspensions is also expected to increase.



# Semiconductor Manufacturing Equipment Market

(Billions of dollars)

	FY2023 Results	FY2026 Mid-term plan
Front-end	99	125
Back-end	9	13
After-service	24	37
Total	132	175

- Semiconductor Market  
Accelerated investment in AI generation that uses a large amount of CPU and memory, and increased demand due to the electrification of automobiles.
- Equipment Market  
Expected full recovery from 2025 onwards, with 2023 to 2024 being the bottom.  
Factory construction plans are ongoing in various countries, with market expansion anticipated.

Responses to achieve management  
conscious of capital costs  
and stock prices

# Significance of setting new management indicators

## FY2023 Mid-term Plan Targets

### Target for Net Sales and Income

- Net Sales
- Operating Profit
- Ordinary Profit
- Profit Attributable to Owners of Parent

### Target for Financial Indicator

- Ratio
- ROE
- Dividend payout ratio

## Background for adopting new indicators (issues to address)

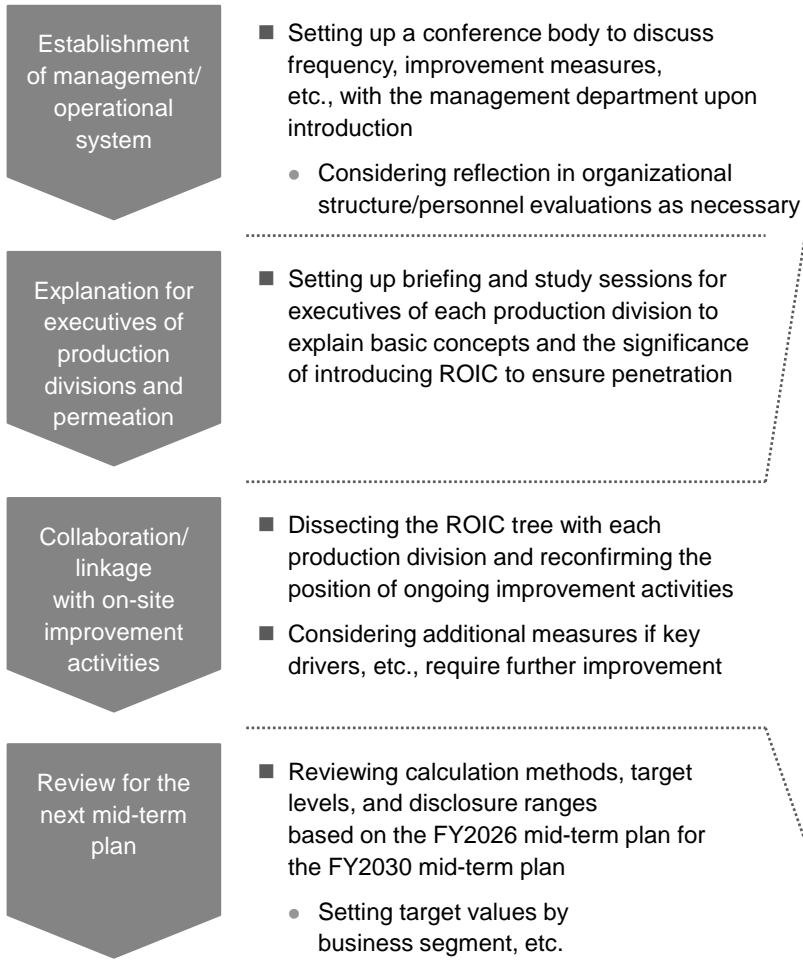
External requests	Requests for guidance	<ul style="list-style-type: none"> <li>■ The Stewardship Code suggests using indicators directly linked to shareholder returns, such as <b>ROE and payout ratios</b>, for institutional investors' voting criteria.</li> <li>■ The Business Restructuring Practical Guidelines promote portfolio review using a four-quadrant framework based on <b>capital profitability and growth potential</b>.</li> <li>■ The Japan Exchange Group introduces examples of indicators like <b>capital costs, capital profitability, and market valuation</b> for analyzing the current state to enhance corporate value.</li> </ul>	1 2 1 1
	Shareholder/investor requests	<ul style="list-style-type: none"> <li>■ Many shareholders demand the use of <b>ROIC (especially by business segment) in addition to ROE</b> as a capital efficiency measure along with capital costs.</li> <li>■ Additionally, there are requests from both shareholders and investors for the disclosure of <b>medium- to long-term cash allocation</b>.</li> <li>■ Other comments include those on <b>growth potential, equity ratio, PBR improvement, and stock price enhancement</b>.</li> </ul>	1 3
Internal issues		<ul style="list-style-type: none"> <li>■ Although ROE was adopted as a capital efficiency indicator in the previous mid-term plan, <b>internal penetration remains a challenge</b>.</li> <li>■ <b>Insufficient awareness of invested capital, such as non-current assets and inventories</b>, in each production division.</li> <li>■ <b>Policies on capital policies</b> like share buybacks, sale of policy-holding shares, and dividends are <b>unestablished</b>.</li> </ul>	1 2 3

## Significance of setting targets for the FY2026 Mid-term Plan/Related Indicators

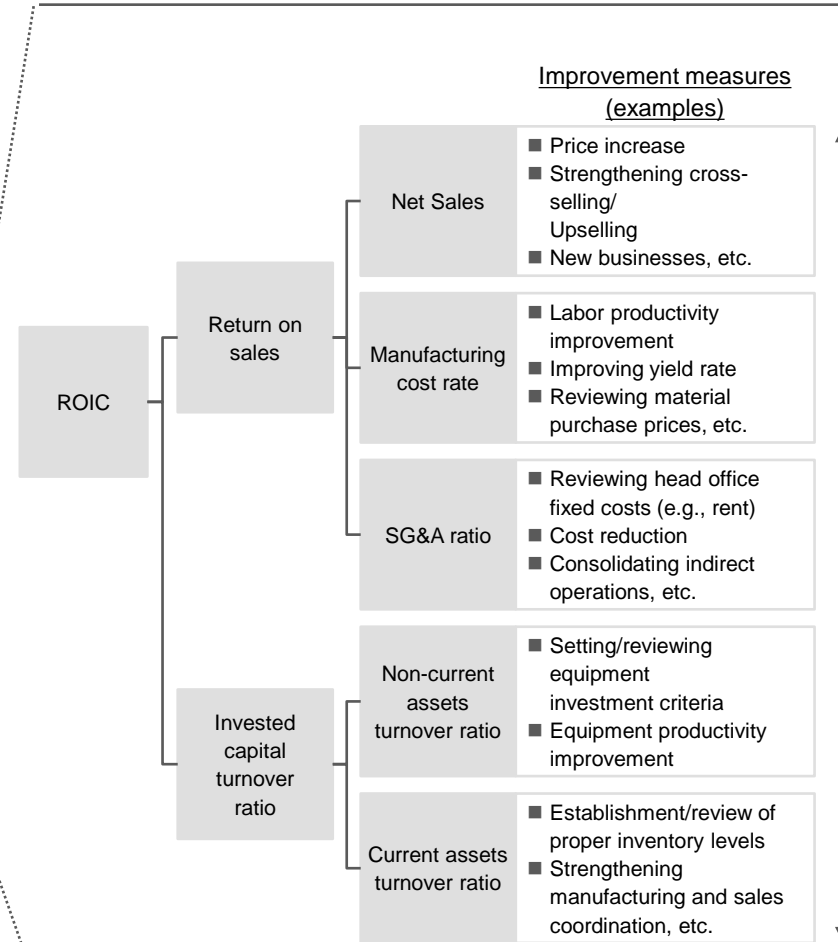
1 Introduction of ROIC	<ul style="list-style-type: none"> <li>■ Backgrounded by guidance from various sources, shareholders/investors demand the adoption of capital efficiency/capital cost, and although the company discloses ROE externally, internal utilization is insufficient.</li> <li>■ This mid-term plan introduces ROIC to <b>raise awareness of invested capital, illustrate the relationship between measures, and show how each measure leads to increased corporate value</b>, aiming for its entrenchment as an important indicator.</li> </ul>	ROIC/ROE
2 Strengthening shareholder returns	<ul style="list-style-type: none"> <li>■ In the previous mid-term plan, the target payout ratio was set at 30%, but in this mid-term plan, the goal is <b>over 30%</b>, aiming for gradual dividend increases.</li> <li>■ Setting a target amount for share buybacks as part of cash allocation</li> <li>■ <b>Continuing proactive shareholder returns through dividends and share buybacks</b></li> </ul>	Dividends Payout/ Share buybacks
3 Disclosure of financial strategy	<ul style="list-style-type: none"> <li>■ Recently disclosed policies on share buybacks and handling of policy-holding shares, which were previously non-existent.</li> <li>■ <b>Disclosing mid- to long-term capital allocation according to shareholder/investor requests</b> in the mid-term plan to demonstrate validity.</li> <li>■ Additionally, clearly stating the criteria for the equity ratio along with strengthening shareholder returns.</li> </ul>	Cash Allocation/ Stockholder's Equity Ratio

# Impact on employees and direction of measures from the introduction of new management indicators

## Direction of measures

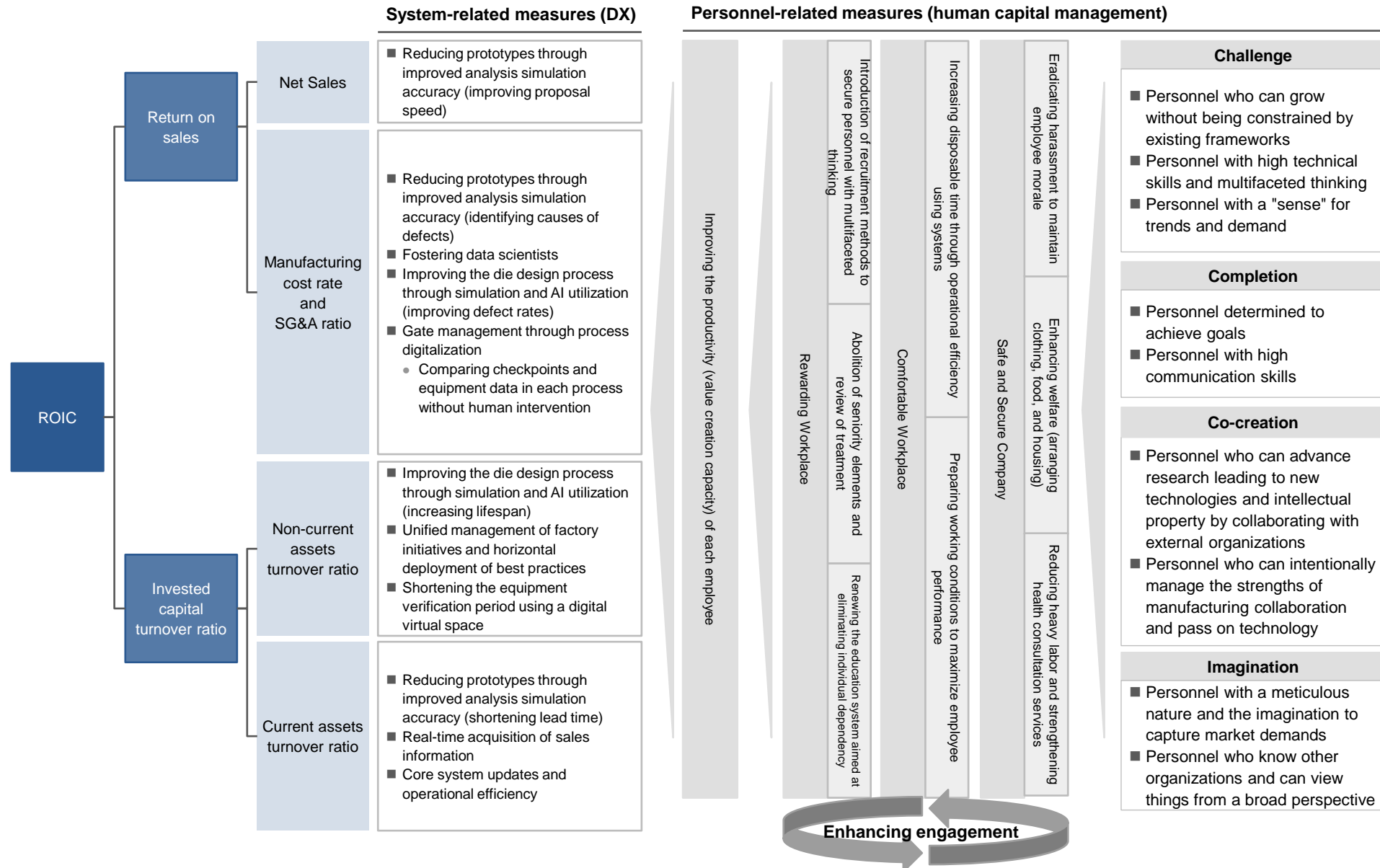


## ROIC decomposition tree



- Using the tree, it is possible to drill down to the daily KPIs each employee follows and their improvement measures
- Additionally, clarifying how employees' daily activities contribute to company-wide KPIs

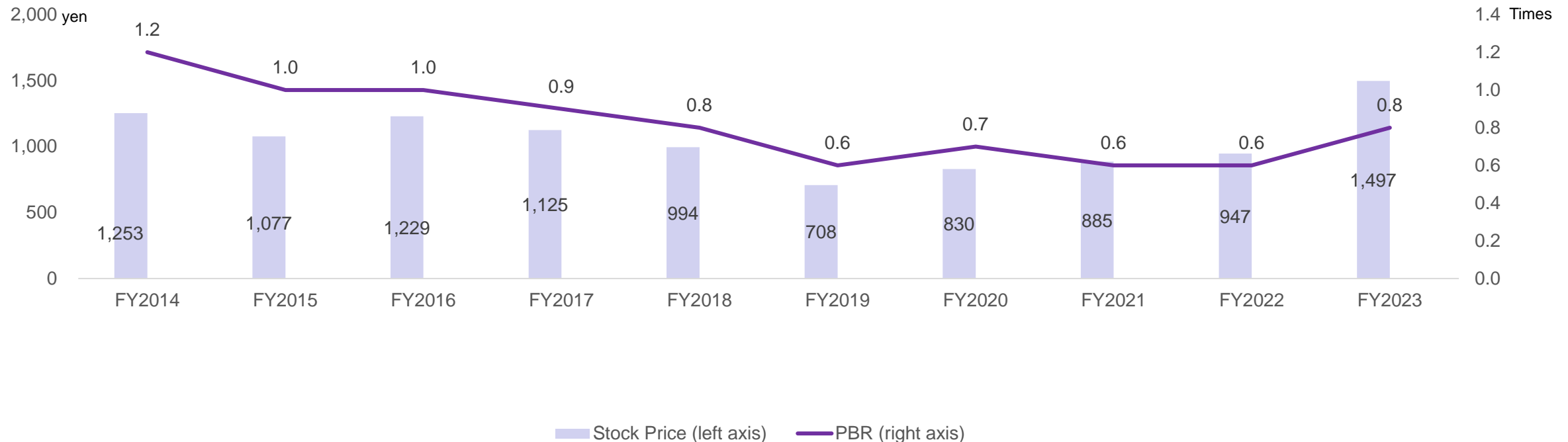
# Relationship with system-related measures (DX) and personnel-related measures (human capital management)



# Responses to achieve management conscious of capital costs and stock prices

## Current analysis

- PBR has been around 0.6 times in recent years, but currently, it is around 1.0 times.
- Understanding that this is due to the evaluation of past business activities and shareholder return measures.
- **Analyzing that expectations from the capital market are rising for the enhancement of shareholder returns, growth strategies, and cash allocation disclosure in the FY2026 mid-term plan.**



# Dialogue status with shareholders and investors

- Established a dedicated IR/SR department to strengthen dialogue with shareholders and investors
- Renewed the website and expanded disclosure information

Establishment of a dedicated department

- Established the Corporate Communications Department in April 2022 to strengthen dialogue with shareholders and investors and expand disclosure information.

Strengthening dialogue with management

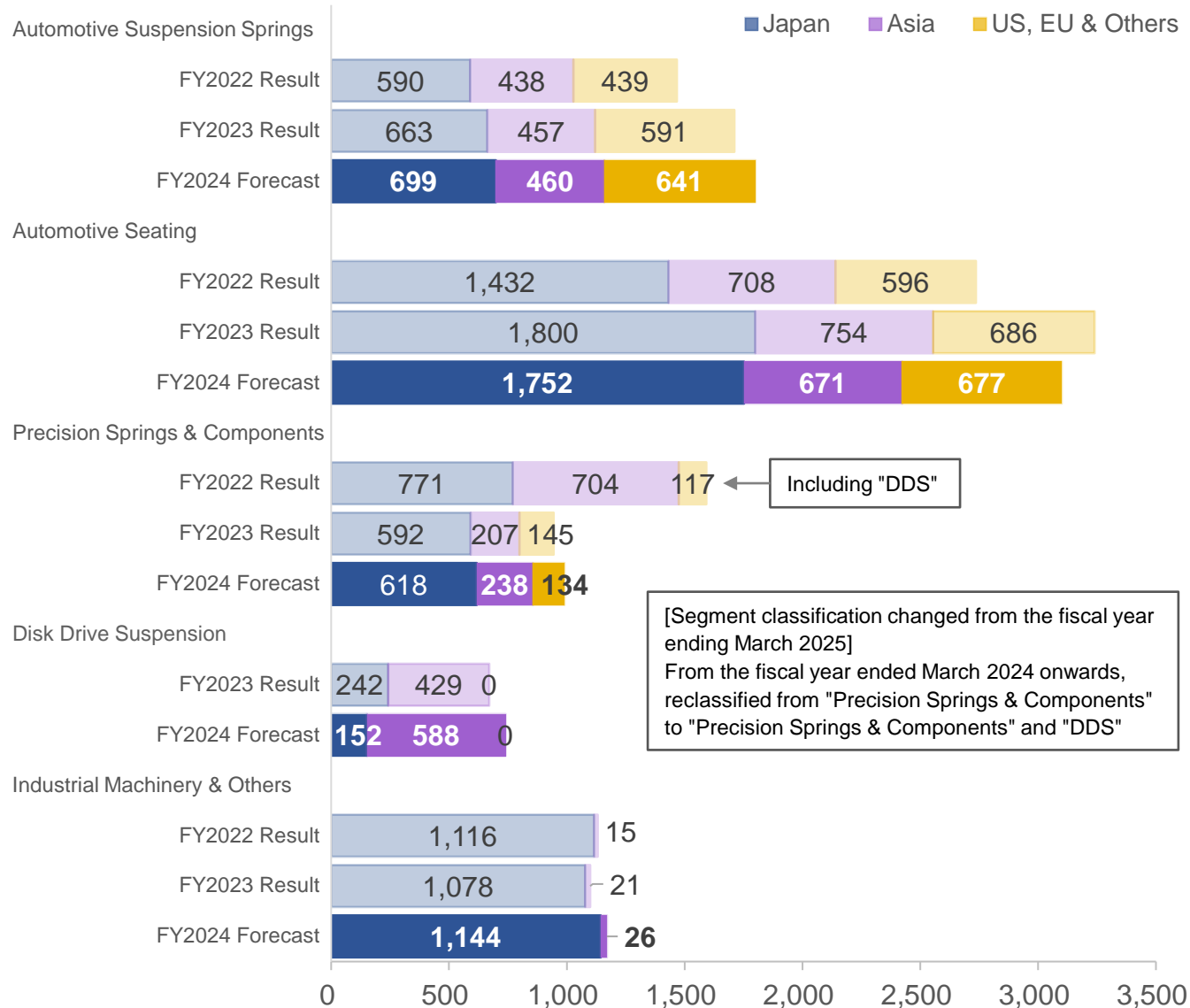
- Conducting financial results briefings, small meetings, and factory tours with the participation of the president

Main themes and points of interest in dialogues	Feedback implementation status
<ul style="list-style-type: none"> <li>● Company's advantages and sales expansion status in growth businesses</li> <li>● Responses to the electrification of vehicles</li> <li>● Financial strategy, cash allocation</li> <li>● Efforts to strengthen corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>● Summarizing the above opinions, questions, analyst reports, stock price trends, etc., feedback is provided to the executive meeting</li> </ul>

Other



# Details of Net Sales (full-year)



(100 million yen)

		Japan	Asia	US, EU & Others	Total
<b>Automotive Suspension Springs</b>	FY2022 Result	590	438	439	1,468
	FY2023 Result	663	457	591	1,711
	FY2024 Forecast	699	460	641	1,800
<b>Automotive Seating</b>	FY2022 Result	1,432	708	596	2,737
	FY2023 Result	1,800	754	686	3,241
	FY2024 Forecast	1,752	671	677	3,100
<b>Precision Springs &amp; Components</b>	FY2022 Result	771	704	117	1,594
	FY2023 Result	592	207	145	945
	FY2024 Forecast	618	238	134	990
<b>Disk Drive Suspension</b>	FY2023 Result	242	429	-	671
	FY2024 Forecast	152	588	-	740
<b>Industrial Machinery &amp; Others</b>	FY2022 Result	1,116	15	-	1,131
	FY2023 Result	1,078	21	-	1,099
	FY2024 Forecast	1,144	26	-	1,170
<b>Total</b>	FY2022 Result	3,910	1,867	1,153	6,932
	FY2023 Result	4,377	1,869	1,423	7,669
	FY2024 Forecast	4,365	1,983	1,452	7,800

## Assets Status

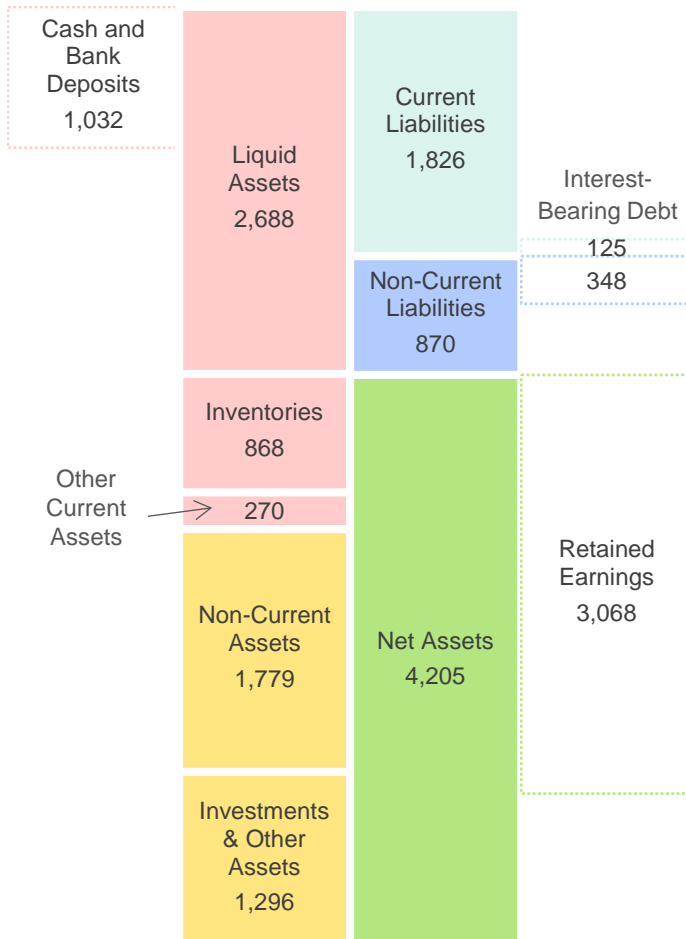
(100 million yen)

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	Variance
<b>Total Assets</b>	5,326	5,607	5,880	6,060	<b>6,902</b>	842
<b>Stockholder's Equity</b>	2,709	2,839	3,226	3,492	<b>4,050</b>	558
<b>Stockholder's Equity to Total Assets Ratio</b>	50.9%	50.6%	54.9%	57.6%	<b>58.7%</b>	1.1%
<b>Cash and Bank Deposits</b>	745	793	921	729	<b>1,032</b>	303
<b>Interest-Bearing Debt</b>	581	697	505	500	<b>474</b>	-26
<b>Net Cash</b>	164	95	416	229	<b>558</b>	329

# Balance Sheet Status

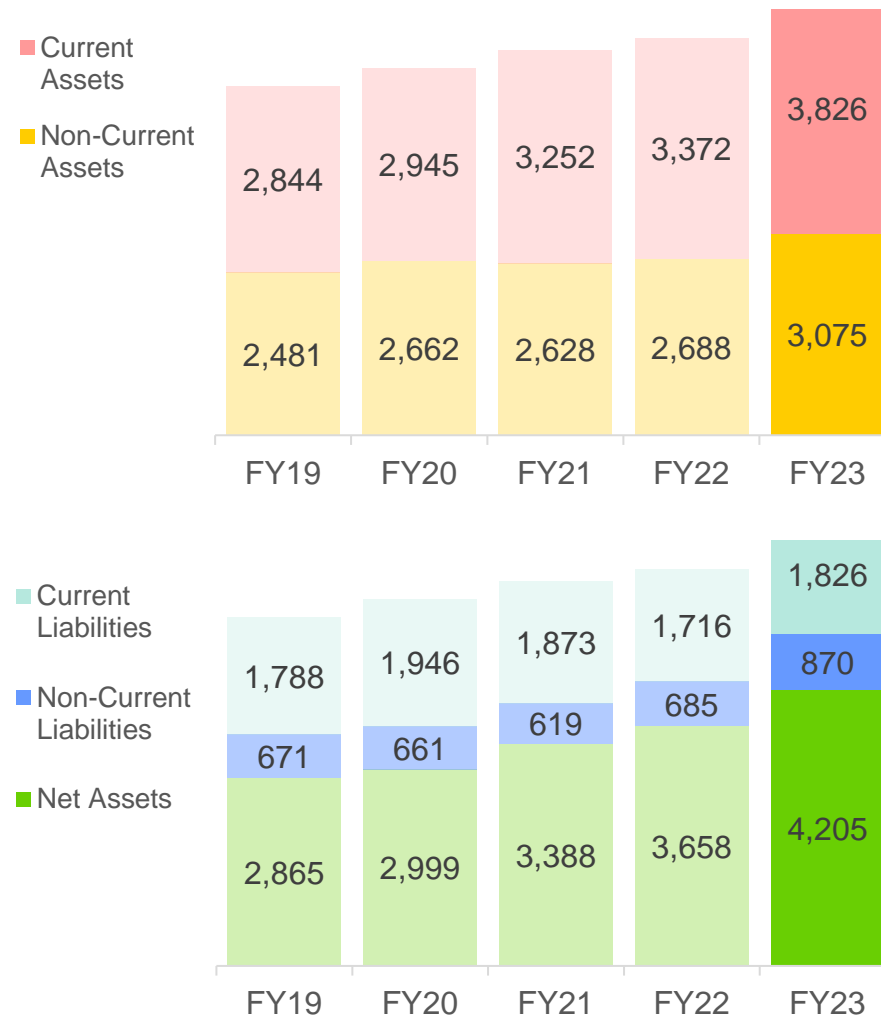
Balance Sheet as of 3/2024

(100 million yen)



Balance Sheet Trends

(100 million yen)



### ▼ Assets

In addition to the continued impact of the weak yen, cash and deposits increased due to the sale of investment securities and investment securities and retirement benefit assets increased due to an increase in fair value.

### ▼ Liabilities

Income taxes payable increased due to the sale of investment securities, and deferred tax liabilities increased due to a rise in the fair value of investment securities.

### ▼ Net Assets

The valuation difference on available-for-sale securities, foreign currency translation adjustment, and remeasurements of defined plans, net of tax, increased. In addition, retained earnings increased due to profit attributable to owners of the parent.

## Capital Investment/Depreciation & Amortization by Business Segment

(100 million yen)

		FY2022 Results	FY2023 Results	FY2024 Forecast
<b>Capital Investments</b>	Automotive Suspension Springs	45	58	88
	Automotive Seating	46	49	61
	Precision Springs & Components	121	107	84
	Disk Drive Suspension		45	74
	Industrial Machinery & Others	58	82	163
	Company-wide sharing	9	27	42
	Total	280	370	512
	Vs. Previous year	20.7%	31.8%	38.4%
<b>Depreciation &amp; Amortization</b>	Automotive Suspension Springs	66	63	66
	Automotive Seating	55	56	48
	Precision Springs & Components	113	47	53
	Disk Drive Suspension		63	68
	Industrial Machinery & Others	35	35	45
	Company-wide sharing	17	19	27
	Total	288	286	307
	Vs. Previous year	2.0%	-0.7%	7.1%

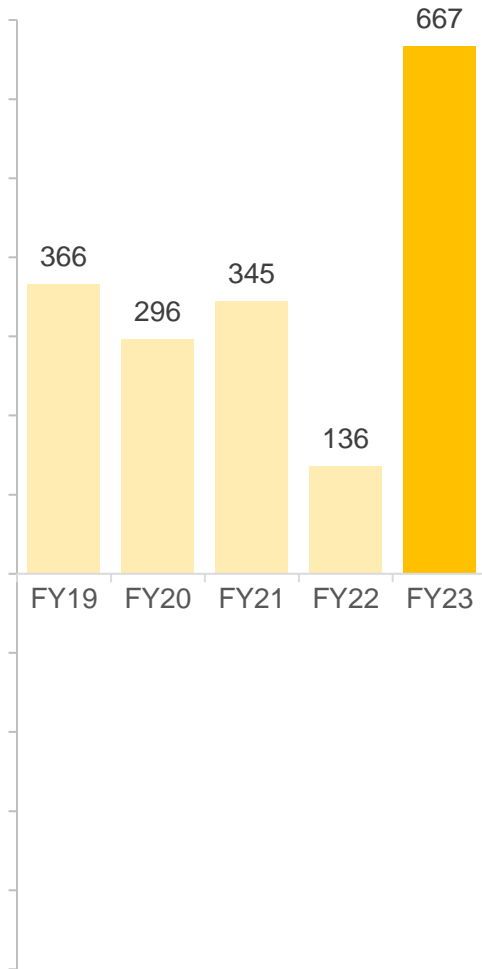
## Capital Investment/Depreciation & Amortization by Region

(100 million yen)

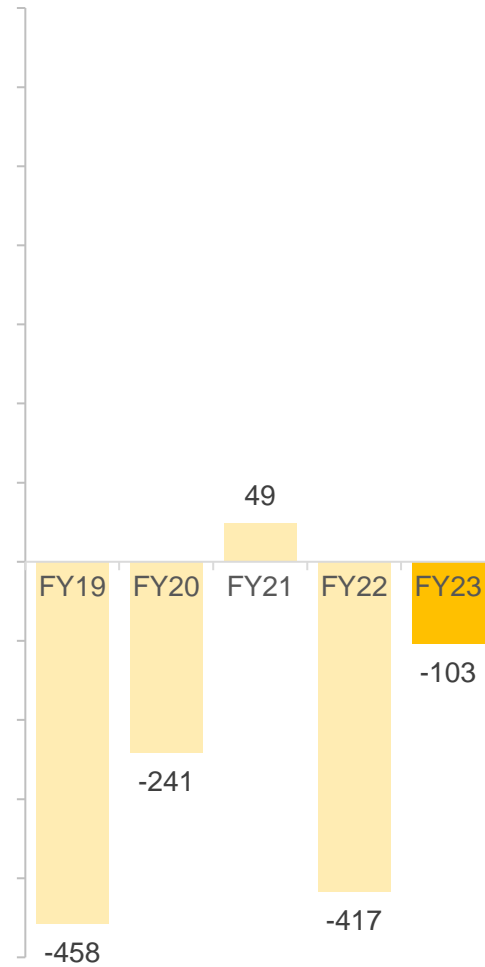
		FY2022 Results	FY2023 Results	FY2024 Forecast
<b>Capital Investments</b>	Japan	178	259	280
	Asia	61	75	172
	US, EU & Others	40	34	60
	Overseas total	102	110	232
	Total	280	370	512
<b>Depreciation &amp; Amortization</b>	Japan	149	146	178
	Asia	86	92	88
	US, EU & Others	52	47	41
	Overseas total	139	139	129
	Total	288	286	307

# Cash Flow Status

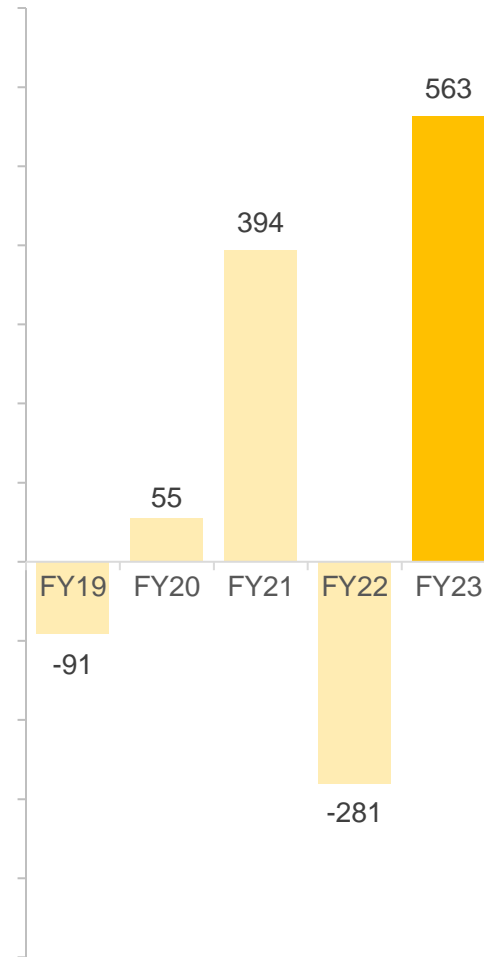
Operating CF



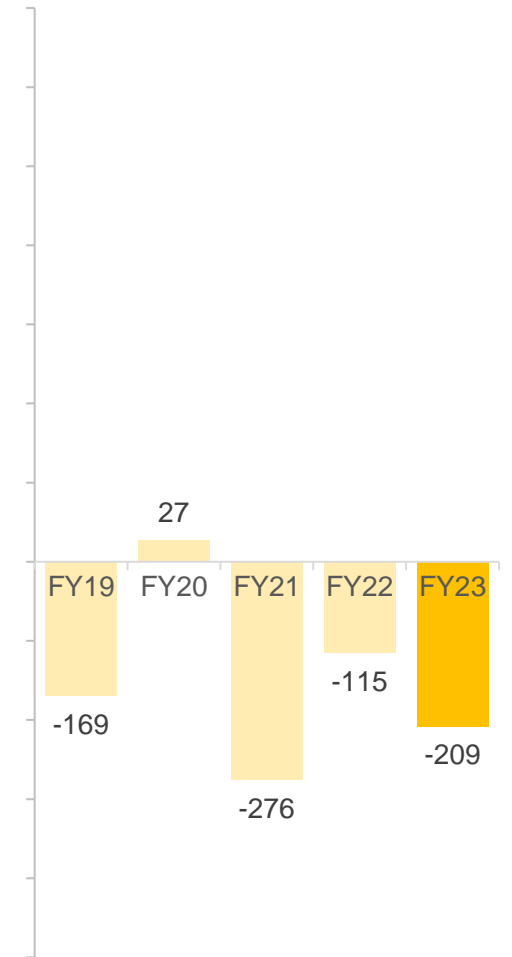
Investment CF



Free CF



Financial CF

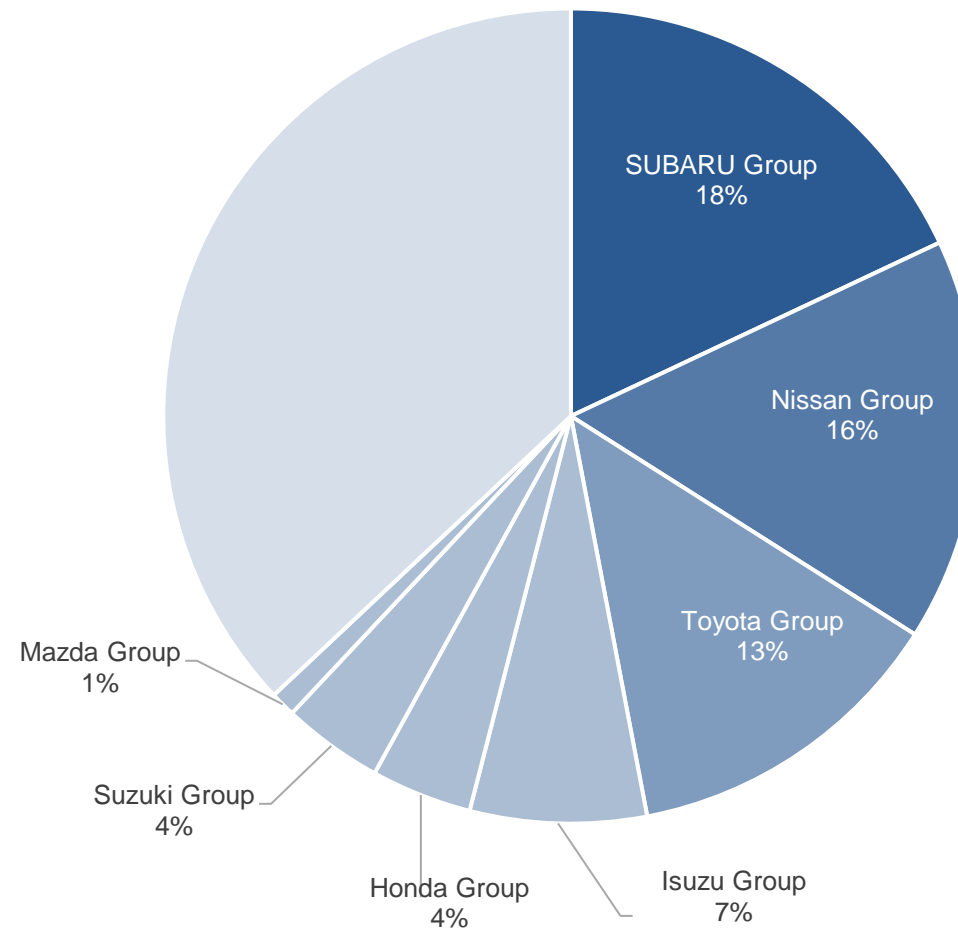


(100 million yen)

## Sales Breakdown to Each of the Major Car Makers

Major car makers	FY2022	FY2023
SUBARU Group	16%	<b>18%</b>
Nissan Group	15%	<b>16%</b>
Toyota Group	14%	<b>13%</b>
Isuzu Group	7%	<b>7%</b>
Honda Group	4%	<b>4%</b>
Suzuki Group	4%	<b>4%</b>
Mazda Group	1%	<b>1%</b>
<b>Top 3 Companies</b>	<b>45%</b>	

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

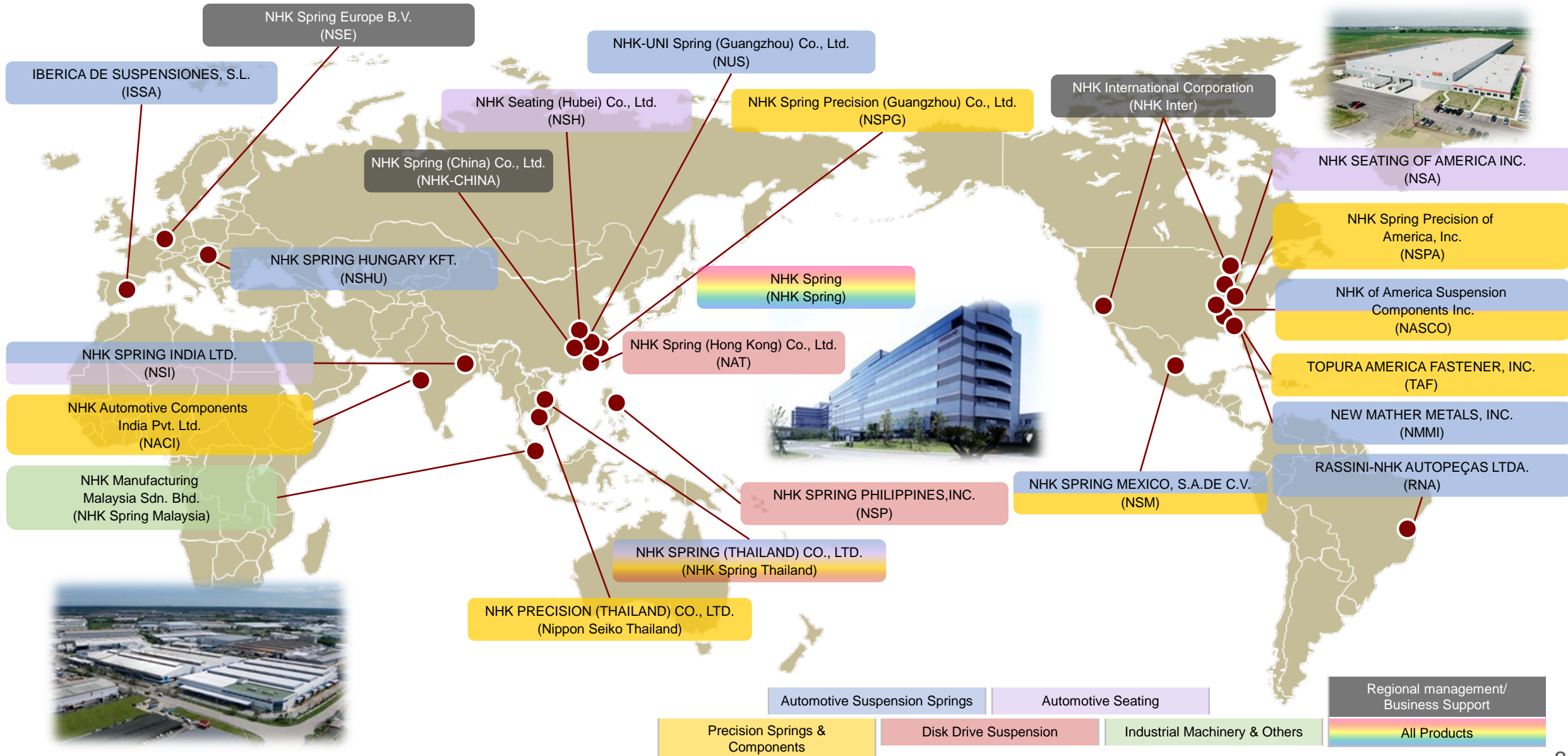


## Quarterly Sales Trends (Motor Core, Semiconductor Process Components, Integrated Metal Substrates, Leisure Sector)

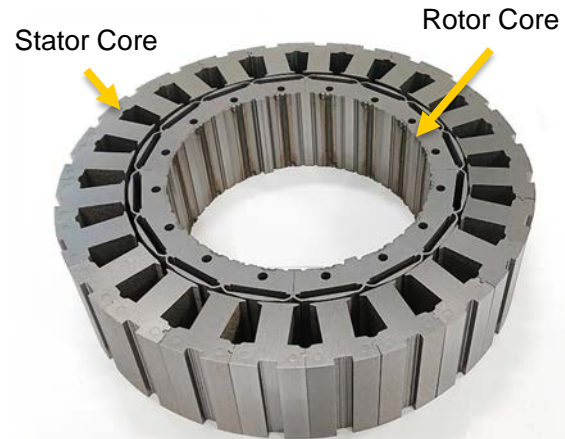
		FY2022					FY2023					FY2024
		1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	Full-year
Precision Springs & Components	Motor Core	18	21	17	20	<b>78</b>	28	28	28	33	<b>119</b>	<b>130</b>
Industrial Machinery & Others	Semiconductor process components	60	70	64	38	<b>235</b>	31	40	39	41	<b>154</b>	<b>171</b>
	Integrated metal substrates	16	17	22	18	<b>74</b>	21	21	22	19	<b>84</b>	<b>98</b>
	Leisure Sector (Golf Shafts, Marine Products, etc.)	42	45	43	42	<b>173</b>	40	40	34	33	<b>148</b>	<b>155</b>



# Major Overseas Operations



## ■ 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 to 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 200 mm and height of around 150 mm, 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 essential for motor core production are designed, manufactured, and maintained entirely in-house, enabling the production of the same quality motor cores in our global operations in Mexico and China as well as our Atsugi Plant in Japan.

# 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 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 <sup>1</sup> : 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 <sup>2</sup> : 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.

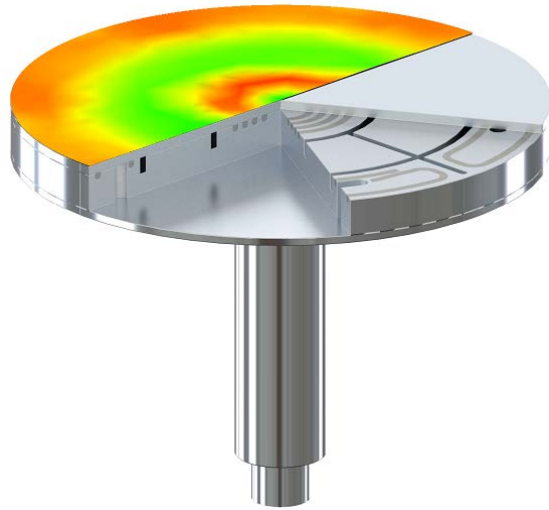
\*Note 1 : CLA stands for “Co-Located Actuators”

\*Note 2 : DSA stands for “Dual Stage Actuators”



# Parts for Semiconductor Manufacturing Equipment

## ■ 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. NHK's semiconductor process components are used in the key processes of “film formation” and “etching” in semiconductor manufacturing.

NHK's stage heaters are widely used in film formation processes such as CVD and ALD\*. Mainly made of aluminum alloy and stainless steel, advanced joining techniques developed over many years allow for the realization of complex internal structures.

\*CVD stands for Chemical Vapor Deposition

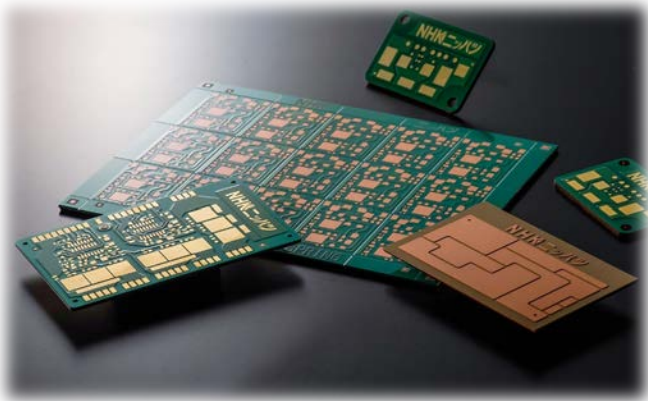
\*ALD stands for Atomic Layer Deposition

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.





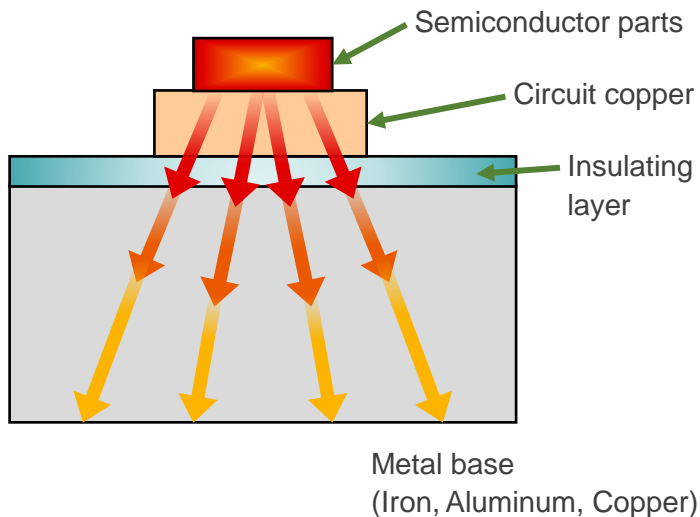
Integrated Metal Substrates (IMS) are circuit plates, circuits are formed via an insulating layer on metal base, such as aluminum or copper, and their excellent heat dissipation are characteristic of IMS. Taking advantage of this heat-radiating performance, IMS is used in the fields of automotive, industrial,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





- 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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