# Briefing Materials of Financial Results for Q2 FY2024 (Interim Period)


TSE Prime: 5991
NHK Spring Co., Ltd.
November 28, 2024

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NHK SPRING CO.,LTD.

# Consolidated Financial Results for the First Half Ended September 30, 2024
# Forecast of Consolidated Results for the Year Ending March 31, 2025

Executive Vice President & CFO and
Representative Member of the Board

Hidefumi Yoshimura

Thank you for taking the time out of your busy schedule to attend our financial results briefing today. I'm Hidefumi Yoshimura, and I'd like to explain the consolidated financial results for the first half ended September 30, 2024, as well as the full-year earnings forecast for the year ending March 31, 2025.

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# Consolidated Financial Results for the First Half Ended September 30, 2024

First, let's review the consolidated financial results for the first half ended September 30, 2024.

## Results for 1st Half Ended September 30, 2024

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**Automotive-related market : Production volume decreased year-on-year both in Japan and overseas**

**Information and communications related : Although the global production volume of HDDs decreased year-on-year, the total demand for our main product, HDD suspension, increased.**

(100 million yen)

| | | | FY2023 | FY2024 1st half | | | Results | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1st half results | May forecast | August forecast | Results | Vs. FY2023 1st half | Vs. May forecast | Vs. August forecast |
| **Net Sales** | | | **3,621** | **3,777** | **3,950** | **3,912** | **290** | **135** | **-37** |
| **Operating Profit** | | | **79** | **142** | **220** | **229** | **149** | **87** | **9** |
| Ratio | | | 2.2% | 3.8% | 5.6% | 5.9% | 3.7% | 2.1% | 0.3% |
| **Ordinary Profit** | | | **187** | **195** | **275** | **269** | **82** | **74** | **-5** |
| Ratio | | | 5.2% | 5.2% | 7.0% | 6.9% | 1.7% | 1.7% | -0.1% |
| **Interim Profit Attributable to Owners of Parent** | | | **143** | **150** | **200** | **215** | **71** | **65** | **15** |
| Extraordinary profits/losses | | | 13 | - | 20 | 20 | 6 | 20 | - |
| Average Rate | US$ | | 141.3 | 150.0 | 153.7 | 152.3 | 11.0 | 2.3 | -1.4 |
| | Thai Baht | | 3.9 | 4.0 | 4.2 | 4.2 | 0.3 | 0.2 | - |
| Current Rate | US$ | This year | 149.6 | 150.0 | 150.0 | 142.7 | -6.9 | -7.3 | -7.3 |
| | | Previous year | 133.5 | 151.4 | 151.4 | 151.4 | 17.9 | - | - |
| | Thai Baht | This year | 4.1 | 4.0 | 4.4 | 4.4 | 0.3 | 0.4 | - |
| | | Previous year | 3.8 | 4.1 | 4.1 | 4.1 | 0.3 | - | - |



For the first half ended September 30, 2024, net sales were 391.2 billion yen, operating profit was 22.9 billion yen, ordinary profit was 26.9 billion yen, and interim profit attributable to owners of parent was 21.5 billion yen.

Compared to the first half of FY2023 and the initial plan, both sales and profits increased. The results were generally in line with the revised forecast issued in August.

Regarding market conditions compared to the first half of FY2023, production volumes in the automotive-related market decreased both domestically and internationally. In the non-automotive market, although global HDD production volumes declined, demand for our flagship product, HDD suspensions, increased, particularly for data center applications.

As for exchange rates, they are as shown here.

Results for 1st Half Ended September 30, 2024

## Variable Factor Analysis for Operating Profit

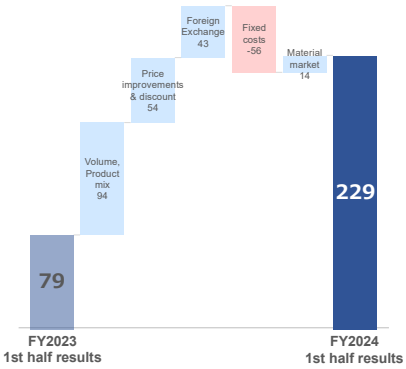
NHK SPRING CO.,LTD.

(100 million yen)

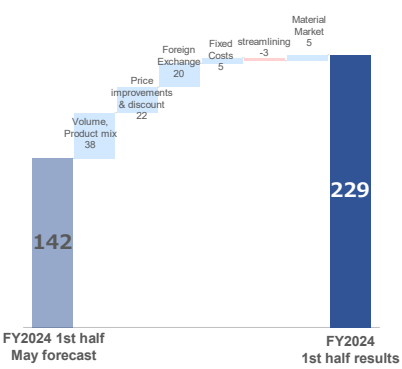
| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half August forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast | Vs. August forecast |
|---|---|---|---|---|---|---|---|
| Net Sales | 3,621 | 3,777 | 3,950 | **3,912** | 290 | 135 | -37 |
| Operating Profit | 79 | 142 | 220 | **229** | 149 | 87 | 9 |
| Ratio | 2.2% | 3.8% | 5.6% | **5.9%** | 3.7% | 2.1% | 0.3% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year)




#### (Vs. May forecast)




### Vs. FY2023 1st half

About half of the increase in sales reflected the impact of the weaker yen on overseas subsidiaries. Sales were therefore significantly impacted by fluctuations in exchange rates.

In terms of profit and loss, factors such as a recovery in the volume of HDD-related components, which had been sluggish in the previous year, and profit boosts from the shifts in exchange rates contributed to higher sales and increased profits.

### Vs. May forecast

Although there were negative impacts from the slowdown in the automotive market, particularly in Thailand, stronger-than-expected recovery in demand for HDD-related components contributed to increased revenue and profit.

### Vs. August forecast

Operating profit landed roughly in line with expectations.

In the automotive-related business, despite a decline in volume in North America and delays in price revisions, profit growth was secured through measures such as offsetting the impact of rising steel prices and other material costs in Japan. In the non-automotive-related business, results slightly underperformed projections due to lower volumes of HDD-related components and the impact of yen appreciation.



Of the 29 billion yen increase in revenue compared to the first half of FY2023, approximately half, or 13.9 billion yen, was due to foreign exchange conversion gains from overseas subsidiaries driven by yen depreciation.

In addition, the HDD-related business, which was sluggish in the previous fiscal year, recovered significantly. Combined with the profit boost from yen depreciation, operating profit increased by 14.9 billion yen compared to the first half of FY2023.

Compared to the initial forecast, while the slowdown in the automotive market, particularly in Thailand, had a negative impact, the HDD-related business performed better than expected, leading to an overall profit increase of 8.7 billion yen.

Results for 1st Half Ended September 30, 2024

## Non-operating and Extraordinary Profits/Losses

NHK SPRING CO.,LTD.

### Non-operating profits/losses

(100 million yen)

| Breakdown | | FY2023 1st half results | FY2024 1st half results | Vs. FY2023 Results |
|---|---|---|---|---|
| Non-operating profits/losses | Exchange rate profits/losses (Japan) | 52 | **△28** | △ 80 |
| | Exchange rate profits/losses (Asia, America & Europe & Others) | 18 | **35** | 17 |
| | Dividend income | 15 | **16** | 1 |
| | Equity in profits/losses of affiliates | 9 | **10** | 1 |
| | Other | 13 | **7** | △ 6 |
| | Total | 108 | **40** | △ 68 |

### Extraordinary profits/losses

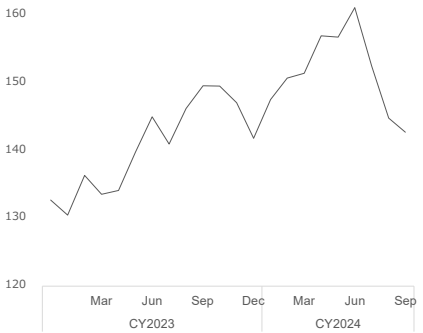
(100 million yen)

| Breakdown | | FY2023 1st half results | FY2024 1st half results | Vs. FY2023 Results |
|---|---|---|---|---|
| Extraordinary profits | Gain on sale of investment securities | 13 | **–** | △ 13 |
| | Settlement proceeds received | – | **20** | 20 |
| | Total | 13 | **20** | 6 |

### ▽Exchange gain or loss

Due to the rapid depreciation of the dollar in the foreign exchange market towards the end of September, foreign exchange losses were incurred at business sites in Japan, but at some overseas business sites that use a December accounting period, foreign exchange gains were recorded due to the appreciation of the dollar towards the end of June.

### ▽Dollar-Yen Exchange Rate Fluctuations






Next, I'd like to discuss non-operating profits and losses, as well as extraordinary profits and losses.

Due to the yen appreciating toward the end of September, foreign exchange gains decreased significantly compared to the first half of FY2023.

The extraordinary income of 2 billion yen is attributed to settlement proceeds received from a patent infringement lawsuit.

Results for 1st Half Ended September 30, 2024

## Net Sales/Operating Profit by Business Segment

NHK SPRING CO.,LTD.

(100 million yen)

| | | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|---|
| Automotive Suspension Spring | Net Sales | 786 | 865 | **835** | 49 | -29 |
| | Operating Profit | -35 | 4 | **-6** | 28 | -10 |
| | Ratio | -4.5% | 0.5% | **-0.8%** | 3.7% | -1.2% |
| Automotive Seating | Net Sales | 1,555 | 1,516 | **1,508** | -46 | -7 |
| | Operating Profit | 77 | 43 | **54** | -22 | 11 |
| | Ratio | 5.0% | 2.8% | **3.6%** | -1.3% | 0.8% |
| Precision Springs & Components | Net Sales | 454 | 483 | **498** | 43 | 15 |
| | Operating Profit | -7 | 9 | **17** | 24 | 8 |
| | Ratio | -1.5% | 1.9% | **3.4%** | 5.0% | 1.6% |
| Disk Drive Suspension | Net Sales | 293 | 359 | **519** | 226 | 160 |
| | Operating Profit | 13 | 58 | **126** | 112 | 68 |
| | Ratio | 4.6% | 16.2% | **24.3%** | 19.7% | 8.1% |
| Industrial Machinery & Others | Net Sales | 532 | 554 | **550** | 17 | -3 |
| | Operating Profit | 31 | 28 | **37** | 6 | 9 |
| | Ratio | 5.8% | 5.1% | **6.9%** | 1.0% | 1.8% |
| Total | Net Sales | 3,621 | 3,777 | **3,912** | 290 | 135 |
| | Operating Profit | 79 | 142 | **229** | 149 | 87 |
| | Ratio | 2.2% | 3.8% | **5.9%** | 3.7% | 2.1% |

### Vs. FY2023 1st half

With the exception of the seat business, which performed strongly in the previous term, sales and profits increased in all businesses.

In particular, the DDS business performed strongly and drove overall performance. Suspension springs also improved significantly compared to the previous term.

### Vs. May forecast

With the exception of the suspension springs business, each business secured operating profit that exceeded the initial plan.

In particular, the DDS business performed more strongly than initially expected, and this greatly boosted overall operating profit.



This slide provides an overview of net sales and operating profit by business segment.

Compared to the first half of FY2023, all businesses except for the automotive seating business showed improved earnings, with the DDS business achieving a substantial profit increase.

Compared to the initial forecast, results exceeded expectations in all businesses except automotive suspension springs. The DDS business, in particular, outperformed initial projections and made a significant contribution to the increase in sales and profits for the first half.

We will look at the details of each business segment shortly.

Results for 1st Half Ended September 30, 2024

## Net Sales/Operating Profit by Region Segment

NHK SPRING CO.,LTD.

(100 million yen)

| | | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|---|
| ●Japan | Net Sales | 2,084 | 2,083 | **2,194** | 110 | 111 |
| | Operating Profit | 84 | 68 | **154** | 70 | 86 |
| | Ratio | 4.0% | 3.3% | **7.0%** | 3.0% | 4.2% |
| ●Asia | Net Sales | 896 | 960 | **1,014** | 118 | 54 |
| | Operating Profit | 36 | 85 | **113** | 77 | 28 |
| | Ratio | 4.1% | 8.9% | **11.2%** | 7.2% | 2.1% |
| ●America & Europe & Others | Net Sales | 640 | 734 | **702** | 62 | -31 |
| | Operating Profit | -40 | -11 | **-38** | 2 | -27 |
| | Ratio | -6.4% | -1.5% | **-5.5%** | 0.9% | -5.0% |
| Total | Net Sales | 3,621 | 3,777 | **3,912** | 290 | 135 |
| | Operating Profit | 79 | 142 | **229** | 149 | 87 |
| | Ratio | 2.2% | 3.8% | **5.9%** | 3.7% | 2.1% |

### Vs. FY2023 1st half

In Japan, sales and profits increased compared to the same period of the previous year, driven significantly by the recovery in HDD-related components. Additional contributions came from the effects of yen depreciation, increased volumes of semiconductor process components, and the turnaround to profitability in the motor core business.

In Asia, despite a decline in the automotive market in Thailand, the recovery in volumes in the HDD-related sector led to higher sales and profits.

In Europe, America, and other regions, although losses in the U.S. suspension springs business narrowed, declines in profitability in the Mexico and U.S. automotive seating business limited operating profit growth to a slight increase.

### Vs. May forecast

In Japan, sales and profits increased due to a recovery in the volume of HDD-related parts that exceeded expectations. The automotive-related business also secured an increase in profits.In Asia, despite the downturn in the Thai automotive market, sales and profits increased due to the strong performance of HDD-related parts.

In Europe, America, and other regions, both sales and operating profits fell short of the initial plan, affected by a decline in volumes and delays in sales price adjustments in the U.S. suspension springs business and adverse changes in the product mix in the automotive seating business.

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Next, we'll review the overview by region.

In Japan, the recovery of HDD-related components significantly contributed to increased sales and profits compared to the first half of FY2023. Additionally, the recovery of semiconductor process components and expanded motor core sales also contributed.

The same trend was observed against the initial forecast, with the automotive-related business also achieving profit growth.

In Asia, while Thailand's automotive market experienced a downturn, the recovery of HDD-related components drove growth, resulting in increased sales and profits compared to both the first half of FY2023 and the initial forecast.

In the America and Europe, losses in automotive suspension springs in North America and Europe narrowed compared to the first half of FY2023. However, for automotive suspension springs in Mexico and other automotive-related businesses, profits declined, limiting operating profit growth to a slight increase despite higher revenue.

Compared to the initial forecast, automotive-related businesses in North America saw volume declines, delays in sales price improvements for automotive suspension springs, and adverse product mix changes in the automotive seating business, resulting in performance falling short of the plan.

Let's now take a closer look at each business segment.

Results for 1st Half Ended September 30, 2024 : Analysis by Business Segment

## Automotive Suspension Spring

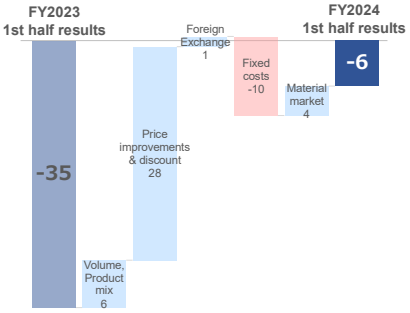
NHK SPRING CO.,LTD.

(100 million yen)

| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 786 | 865 | **835** | 49 | -29 |
| Operating Profit | -35 | 4 | **-6** | 28 | -10 |
| Ratio | -4.5% | 0.5% | **-0.8%** | 3.7% | -1.2% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year 1st half)




#### (Vs. May forecast)


**Vs. FY2023 1st half**

Although costs increased due to the launch of new products in Mexico, the effects of improved sales prices and productivity enhancements at U.S. operations and the reduction in fixed costs in China primarily contributed to a narrowing of the deficit.

**Vs. May forecast**

In Japan, despite a decline in volume, improved sales prices and the incorporation of higher raw material costs into pricing contributed to profits exceeding the initial forecast. However, in North America, volume declines, delays in sales price improvements, as well as increased costs due to changes in supply bases, and the slowdown in Thailand's automotive market resulted in both sales and operating profits falling short of the initial plan.

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Next, I'll go over the automotive suspension springs business. Compared to the first half of FY2023, while costs increased due to the launch of new products in Mexico, profitability improved thanks to sales price improvements at operations in the America and Europe. In China, fixed costs were reduced due to impairment charges at the end of the previous fiscal year. Overall, the automotive suspension springs business reduced its deficit compared to the first half of FY2023.

Against the initial forecast, profits increased domestically. However, in North America, factors such as volume declines, delays in sales price improvements, cost increases due to changes in supply bases, and the slowdown in Thailand's automotive market caused overall results to fall short of expectations.

Results for 1st Half Ended September 30, 2024 : Analysis by Business Segment

## Automotive Seating

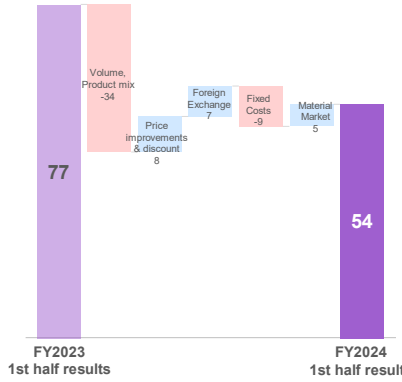
NHK SPRING CO.,LTD.

(100 million yen)

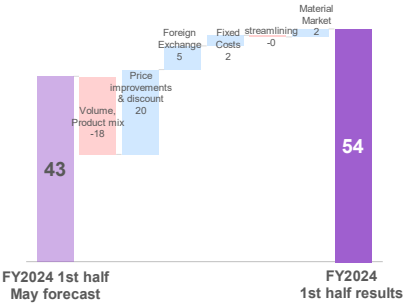
| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 1,555 | 1,516 | **1,508** | -46 | -7 |
| Operating Profit | 77 | 43 | **54** | -22 | 11 |
| Ratio | 5.0% | 2.8% | **3.6%** | -1.3% | 0.8% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year 1st half)




(Vs. May forecast)




**Vs. FY2023 1st half**

Although efforts were made to reflect higher costs and improve sales prices, a decline in production volumes in Thailand and Japan, a decrease in development revenue in Japan, and adverse changes in the product mix in North America led to lower sales and profits.

**Vs. May forecast**

Despite challenges such as the slowdown in Thailand's automotive market, product mix changes in North America efforts to manage price cooperation and incorporate higher raw material costs into pricing resulted in increased profits despite a decline in sales.



In the automotive seating business, reductions in production volumes in Thailand and Japan, decreased recovery of development costs, and profit declines due to adverse changes in vehicle and product mix in North America led to lower sales and profits compared to the first half of FY2023.

Against the initial forecast, although production volumes in Thailand declined and profitability in North America deteriorated, measures such as limiting price concessions and recovering the impact of rising material costs contributed to an increase in profits despite lower sales.

Results for 1st Half Ended September 30, 2024 : Analysis by Business Segment

## Precision Springs & Components

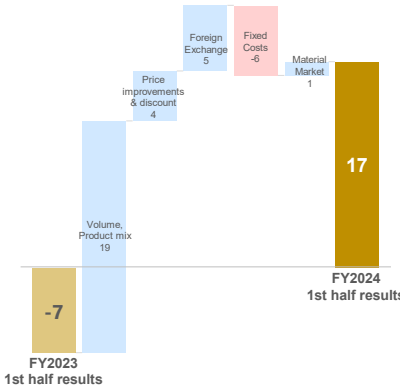
NHK SPRING CO.,LTD.

(100 million yen)

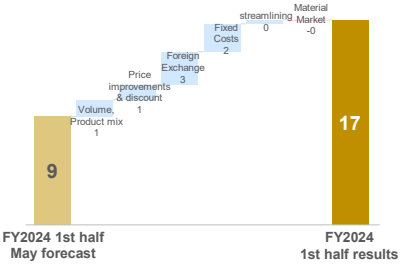
| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 454 | 483 | **498** | 43 | 15 |
| Operating Profit | -7 | 9 | **17** | 24 | 8 |
| Ratio | -1.5% | 1.9% | **3.4%** | 5.0% | 1.6% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year 1st half)




(Vs. May forecast)




### Vs. FY2023 1st half

The sales growth and productivity improvements in the domestic motor core business, along with the recovery in the volume of HDD mechanical components, contributed to improved profitability. Additionally, the boost in profits from yen depreciation led to increased sales and profits.

### Vs. May forecast

The increase in HDD mechanical component volumes, sales growth and productivity improvements in the domestic motor core business, and profit gains from yen depreciation all contributed to higher sales and profits.



In the precision springs and components business, sales and profits increased compared to both the first half of FY2023 and the initial forecast. This was driven by sales growth and productivity improvements in the domestic motor core business, a recovery in HDD mechanical component volumes, and profit boosts from yen depreciation.

Results for 1st Half Ended September 30, 2024 : Analysis by Business Segment

## DDS (Disk Drive Suspension)

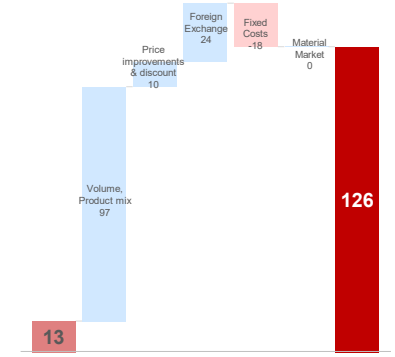
NHK SPRING CO.,LTD.

(100 million yen)

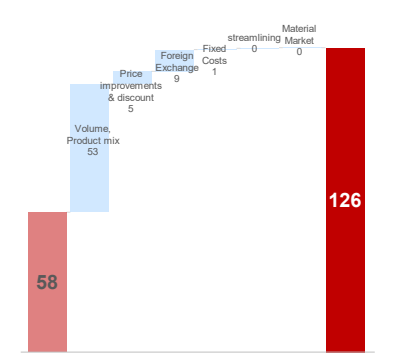
| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half **Results** | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 293 | 359 | **519** | 226 | 160 |
| Operating Profit | 13 | 58 | **126** | 112 | 68 |
| Ratio | 4.6% | 16.2% | **24.3%** | 19.7% | 8.1% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year 1st half)




#### (Vs. May forecast)




### Vs. FY2023 1st half

During this period, demand for high-capacity HDDs for data centers recovered, leading to a significant increase in sales volumes of HDD suspensions compared to the previous year. Additionally, the boost in profits from exchange rate effects led to increased sales and profits.

### Vs. May forecast

Demand for HDD suspensions exceeded initial expectations in Japan, Thailand, and China. In addition to volume growth, the profit contribution from yen depreciation resulted in a substantial increase in both sales and profits.



In the DDS business, demand in the industry dropped significantly in the first half of FY2023. However, since the beginning of this year, volumes have recovered sharply. Supported by favorable exchange rates, the DDS business achieved substantial increases in sales and profits, exceeding both the results of the first half of FY2023 and the initial forecast.

Results for 1st Half Ended September 30, 2024 : Analysis by Business Segment

## Industrial Machinery & Others

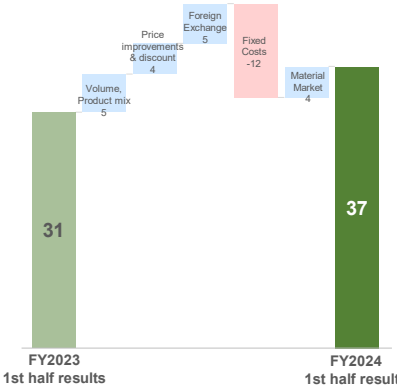
NHK SPRING CO.,LTD.

(100 million yen)

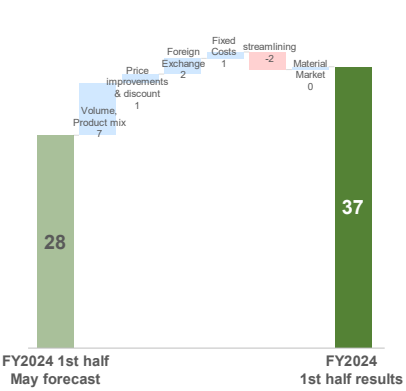
| | FY2023 1st half results | FY2024 1st half May forecast | FY2024 1st half Results | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 532 | 554 | **550** | 17 | -3 |
| Operating Profit | 31 | 28 | **37** | 6 | 9 |
| Ratio | 5.8% | 5.1% | **6.9%** | 1.0% | 1.8% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year 1st half)




#### (Vs. May forecast)




**Vs. FY2023 1st half**

Although volumes decreased in the leisure sector, including golf shafts and marine products, as well as in integrated metal substrates, the recovery in semiconductor process component volumes, driven by a rebound in the semiconductor market, and profit boosts from exchange rate effects contributed to higher sales and profits.

**Vs. May forecast**

Although the fact that there were upfront costs for expanding the metal substrate business, a decrease in the volume of existing products, a decline in volumes in the leisure sector, steady sales of semiconductor process components and parking devices, along with profit gains from yen depreciation, contributed to increased profits despite a decline in sales.



In industrial machinery and other businesses, while there were upfront costs associated with expanding the IMS (integrated metal substrates) business, lower volumes of existing products, and a downturn in the leisure market compared to the first half of FY2023, recovery in semiconductor process components and profit boosts from yen depreciation led to increased sales and profits.

Against the initial forecast, although the leisure sector experienced a significant drop in sales, strong performance in semiconductor process components and other businesses exceeded expectations. As a result, overall profits increased despite lower sales.

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NHK SPRING CO.,LTD.

# Forecast of Consolidated Results for the Year Ending March 31, 2025

Next, I will explain the forecast of consolidated results for the year ending March 31, 2025.

## Forecast for the year ending March 2025

NHK SPRING CO.,LTD.

| | | | FY2023 Results | FY2024 May forecast | FY2024 August forecast | FY2024 Latest Forecast | Results Vs. FY2023 Result | Results Vs. May forecast | Results Vs. August forecast |
|---|---|---|---|---|---|---|---|---|---|
| **Net Sales** | | | **7,669** | **7,800** | **8,000** | **8,000** | **330** | **200** | **-** |
| **Operating Profit** | | | **346** | **400** | **480** | **500** | **153** | **100** | **20** |
| Ratio | | | 4.5% | 5.1% | 6.0% | 6.3% | 1.7% | 1.1% | 0.3% |
| **Ordinary Profit** | | | **478** | **470** | **550** | **550** | **71** | **80** | **-** |
| Ratio | | | 6.2% | 6.0% | 6.9% | 6.9% | 0.6% | 0.8% | - |
| **Profit Attributable to Owners of Parent** | | | **391** | **400** | **450** | **450** | **58** | **50** | **-** |
| Extraordinary profits/losses | | | 90 | 85 | 105 | 105 | 14 | 20 | - |
| Average Rate | US$ | | 144.4 | 148.0 | 152.1 | 148.9 | 4.5 | 0.9 | -3.2 |
| | Thai Baht | | 4.0 | 4.0 | 4.2 | 4.2 | 0.2 | 0.2 | 0.0 |
| Current Rate | US$ | This year | 151.4 | 145.0 | 145.0 | 145.0 | -6.4 | - | - |
| | | Previous year | 133.5 | 151.4 | 151.4 | 151.4 | 17.9 | - | - |
| | Thai Baht | This year | 4.1 | 4.0 | 4.0 | 4.2 | 0.1 | 0.2 | 0.2 |
| | | Previous year | 3.8 | 4.1 | 4.1 | 4.1 | 0.3 | - | - |

15

The forecast for the year ending March 2025 is as follows: net sales of 800 billion yen, operating profit of 50 billion yen, ordinary profit of 55 billion yen, and profit attributable to owners of parent of 45 billion yen.

The exchange rates are as shown.

Forecast for the year ending March 2025

## Variable Factor Analysis for Operating Profit

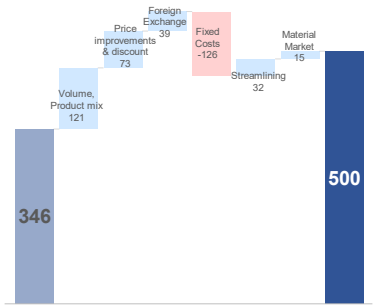
NHK SPRING CO.,LTD.

(100 million yen)

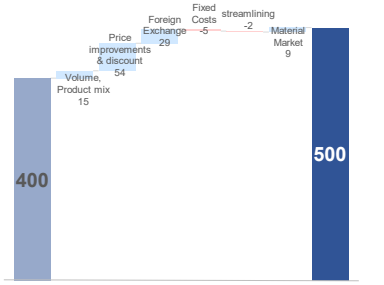
| | FY2023 Results | FY2024 May forecast | FY2024 August forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast | Vs. August forecast |
|---|---|---|---|---|---|---|---|
| Net Sales | 7,669 | 7,800 | 8,000 | **8,000** | 330 | 200 | - |
| Operating Profit | 346 | 400 | 480 | **500** | 153 | 100 | 20 |
| Ratio | 4.5% | 5.1% | 6.0% | **6.3%** | 1.7% | 1.1% | 0.3% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year)




(Vs. May forecast)




**Vs. FY2023**

Although the automotive seating business, which performed well in the previous year, declined, strong performance in HDD-related components and semiconductor process components and profit gains from yen depreciation are expected to contribute to higher sales and profits.

**Vs. May forecast**

In the automotive-related business, a slowdown primarily in automotive suspension springs and seating is expected to continue, similar to the first half of the year. However, stronger-than-anticipated demand recovery in HDD-related components is projected to drive overall group performance, leading to higher sales and profits.



In the automotive-related business, a slowdown centered on automotive suspension springs and seating is expected. However, the HDD-related business is anticipated to maintain strong performance, and operating profit is forecast to reach 50 billion yen, an increase of 2 billion yen compared to the revised forecast at the end of the first quarter.

Compared to FY2023, while profits are expected to decline in the automotive seating business, strong performance in the HDD-related business and semiconductor process components, along with operating profit boosts from yen depreciation, are projected to result in higher sales and profits.

Against the initial forecast, the strong performance in the HDD-related business is expected to offset the slowdown in the automotive-related business, leading to increased sales and profits.

Forecast for the year ending March 2025

## Net Sales/Operating Profit by Business Segment

NHK SPRING CO.,LTD.

| | | FY2023 | FY2024 | | Vs. FY2023 | Vs. May |
|---|---|---|---|---|---|---|
| | | Results | May forecast | Latest Forecast | Results | forecast |
| Automotive Suspension Spring | Net Sales | 1,711 | 1,800 | **1,700** | -11 | -100 |
| | Operating Profit | 15 | 42 | **15** | 0 | -27 |
| | Ratio | 0.9% | 2.3% | **0.9%** | -0.1% | -1.5% |
| Automotive Seating | Net Sales | 3,241 | 3,100 | **3,050** | -191 | -50 |
| | Operating Profit | 191 | 116 | **110** | -81 | -6 |
| | Ratio | 5.9% | 3.7% | **3.6%** | -2.3% | -0.1% |
| Precision Springs & Components | Net Sales | 945 | 990 | **1,010** | 64 | 20 |
| | Operating Profit | 6 | 40 | **45** | 38 | 5 |
| | Ratio | 0.7% | 4.0% | **4.5%** | 3.8% | 0.4% |
| Disk Drive Suspension | Net Sales | 671 | 740 | **1,100** | 428 | 360 |
| | Operating Profit | 64 | 116 | **245** | 180 | 129 |
| | Ratio | 9.6% | 15.7% | **22.3%** | 12.7% | 6.6% |
| Industrial Machinery & Others | Net Sales | 1,099 | 1,170 | **1,140** | 40 | -30 |
| | Operating Profit | 68 | 86 | **85** | 16 | -1 |
| | Ratio | 6.2% | 7.4% | **7.5%** | 1.3% | 0.1% |
| Total | Net Sales | 7,669 | 7,800 | **8,000** | 330 | 200 |
| | Operating Profit | 346 | 400 | **500** | 153 | 100 |
| | Ratio | 4.5% | 5.1% | **6.3%** | 1.7% | 1.1% |

### Vs. FY2023

Sales and operating profit for suspension springs are expected to be about the same as in the previous term.

Although sales and profits for seats, which were strong in the previous term, are expected to decrease, non-automotive related businesses, centered on DDS, are expected to perform well, and overall sales and profits are expected to increase.

### Vs. May forecast

The automotive business continues to slow down. Non-automotive business is generally strong, but the market for leisure products is sluggish, and there are also factors such as increased costs due to upfront investment to expand orders for the metal substrate business and a decrease in existing products, so industrial equipment and other products are expected to fall slightly short of the initial operating profit target.

DDS continues to perform well and is driving the overall business.



This slide provides an overview of the performance forecast by business segment.

In the automotive suspension springs business, sales and operating profit are expected to remain at approximately the same level as FY2023.

The automotive seating business is forecast to see a decline in both sales and profits, falling short of the strong performance in FY2023.

On the other hand, the non-automotive-related business, led by the DDS business, is expected to perform well, resulting in an overall increase in sales and profits compared to FY2023.

Compared to the initial forecast, the automotive-related business is expected to continue its slowdown. While the non-automotive business is generally expected to remain solid, the leisure-related and integrated metal substrates businesses are projected to continue facing a sluggish market.

Overall, the strong performance of the DDS business is expected to make a significant contribution, leading to an increase in sales and profits.

Forecast for the year ending March 2025

## Net Sales/Operating Profit Forecast by Region

NHK SPRING CO.,LTD.

| | | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|---|
| ●Japan | Net Sales | 4,377 | 4,365 | **4,565** | 187 | 200 |
| | Operating Profit | 299 | 234 | **337** | 37 | 103 |
| | Ratio | 6.8% | 5.4% | **7.4%** | 0.5% | 2.0% |
| ●Asia | Net Sales | 1,869 | 1,983 | **2,040** | 170 | 57 |
| | Operating Profit | 79 | 171 | **210** | 130 | 39 |
| | Ratio | 4.2% | 8.6% | **10.3%** | 6.1% | 1.7% |
| ●America & Europe & Others | Net Sales | 1,423 | 1,452 | **1,395** | -28 | -57 |
| | Operating Profit | -31 | -5 | **-47** | -15 | -42 |
| | Ratio | -2.2% | -0.3% | **-3.4%** | -1.1% | -3.0% |
| Total | Net Sales | 7,669 | 7,800 | **8,000** | 330 | 200 |
| | Operating Profit | 346 | 400 | **500** | 153 | 100 |
| | Ratio | 4.5% | 5.1% | **6.3%** | 1.7% | 1.1% |

**Vs. May forecast**

**● Japan**

Despite the slowdown in the automotive-related business, including suspension springs and seats, the sluggishness of the leisure sector, and the burden of upfront costs for metal substrates, strong performance in HDD-related components and semiconductor process components and profit gains from yen depreciation are expected to contribute to higher sales and profits.

**● Asia**

Although there are expected to be effects from the decline in automobile production in Thailand and the integrated metal substrates business in Malaysia is projected to experience lower volumes compared to the plan, higher-than-anticipated demand for HDD suspensions is expected to drive increased sales and profits.

**● America & Europe & Others**

Due to factors such as a decrease in sales volume in North America, increased costs due to a change in the supply base for the suspension spring business, and a deterioration in the product mix in the seat business, as well as increased expenses associated with the launch of new products in Mexico, the forecast is for results to fall below the initial plan.



This slide shows the performance forecast by region.

In Japan, although the automotive-related business, including automotive suspension springs and seating, is slowing down, and the leisure-related and integrated metal substrates businesses remain sluggish, the strong performance of HDD-related components and semiconductor process components is expected to drive growth. Sales and profits are forecast to increase compared to both FY2023 results and the initial forecast.

In Asia, while factors such as reduced automobile production volumes in Thailand and lower integrated metal substrates volumes in Malaysia are anticipated, the significant growth in HDD-related components is expected to result in strong performance compared to both FY2023 and the initial forecast.

In the America and Europe, the forecast is below both FY2023 and the initial forecast. This is due to volume declines in North America, increased costs from supply base changes in the automotive suspension springs business, adverse product mix changes in the automotive seating business, and additional costs associated with launching new products in Mexico.

Next, we'll examine the performance forecast by business segment.

Forecast for the year ending March 2025 : Analysis by Business Segment

## Automotive Suspension Spring

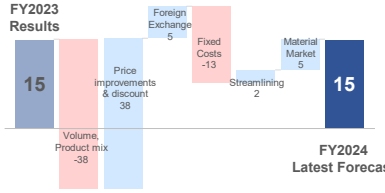
NHK SPRING CO.,LTD.

(100 million yen)

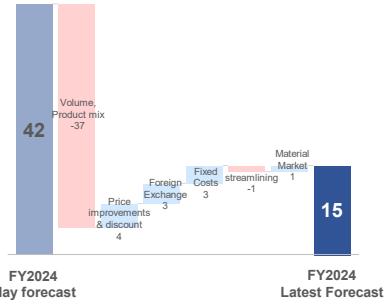
| | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 1,711 | 1,800 | **1,700** | -11 | -100 |
| Operating Profit | 15 | 42 | **15** | 0 | -27 |
| Ratio | 0.9% | 2.3% | **0.9%** | -0.1% | -1.5% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year)




(Vs. May forecast)




**Vs. FY2023**

Although sales price improvements, particularly in the U.S., are anticipated, factors such as reduced volumes and increased costs related to the launch of new products in Mexico are expected to result in operating profit remaining at a similar level to the previous year.

**Vs. May forecast**

In addition to the impact of a decrease in global sales volume, there were also additional costs in Mexico and increased costs due to a change in the supply base for North America, and the forecast is expected to fall below the initial forecast.



First, the automotive suspension springs business.

The impact of volume declines and additional costs in Mexico is significant, and sales and operating profit are expected to remain at approximately the same level as FY2023.

Compared to the initial forecast, the business is expected to fall short of the plan due to global volume declines, additional costs in Mexico, and increased costs from supply base changes for North American operations.

Forecast for the year ending March 2025 : Analysis by Business Segment

## Automotive Seating

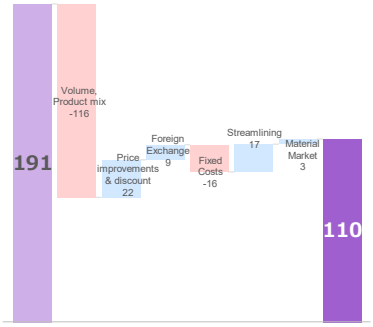
NHK SPRING CO.,LTD.

(100 million yen)

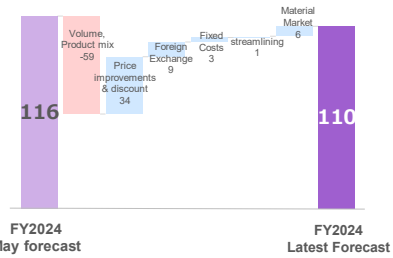
| | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 3,241 | 3,100 | **3,050** | -191 | -50 |
| Operating Profit | 191 | 116 | **110** | -81 | -6 |
| Ratio | 5.9% | 3.7% | **3.6%** | -2.3% | -0.1% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year)




(Vs. May forecast)




**Vs. FY2023**

Sales volumes declined compared to the previous term due to factors such as the slowdown in the automobile markets in Thailand and Japan. Additionally, factors such as a decrease in development cost recovery, adverse product mix changes in the U.S., are projected to result in lower sales and profits.

**Vs. May forecast**

While efforts to improve sales prices and incorporate higher material costs into pricing are included, the slowdown in Thailand's automotive market, product mix changes in North America, are expected to lead to lower sales and profits.



Next, the automotive seating business.

Similar to the first half, factors such as a decline in production volumes in Thailand and Japan, reduced recovery of development costs, and adverse changes in the vehicle and product mix in North America are expected to result in lower sales and profits compared to the previous fiscal year.

Against the initial forecast, the business is also projected to see a slight decrease in profits, impacted by lower production volumes in Thailand and worsening profitability in North America.

Forecast for the year ending March 2025 : Analysis by Business Segment

## Precision Springs & Components

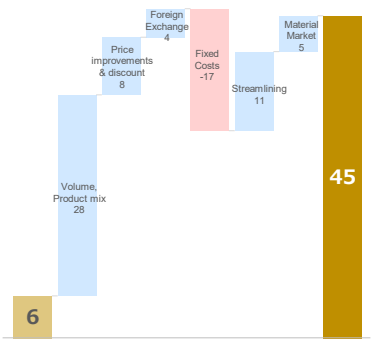
NHK SPRING CO.,LTD.

(100 million yen)

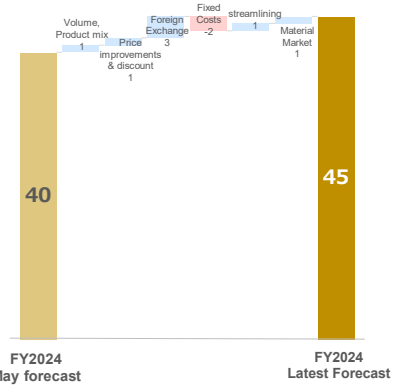
| | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 945 | 990 | **1,010** | 64 | 20 |
| Operating Profit | 6 | 40 | **45** | 38 | 5 |
| Ratio | 0.7% | 4.0% | **4.5%** | 3.8% | 0.4% |

### Variable Factor Analysis for Operating Profit

(Vs. Previous year)




(Vs. May forecast)




**Vs. FY2023**

HDD mechanical components performed better than initially expected. In addition, sales growth and productivity improvements in the domestic motor core business, along with the positive effects of yen depreciation, have contributed to higher sales and profits.

**Vs. May forecast**

Although sales of existing products in the automotive sector are expected to decline, the company is forecasting increased sales and profits thanks to factors such as improved productivity in the production of motor cores, strong sales of mechanical components for HDDs, and the boost to profits from the depreciation of the yen.



In the precision springs and components business, sales and profits are expected to increase compared to FY2023. This is driven by volume growth in HDD mechanical components, profitability improvements in the motor core business, and the positive effects of yen depreciation.

Compared to the initial forecast, while traditional automotive products are expected to see volume declines, productivity improvements in motor cores, strong performance in HDD mechanical components, and favorable effects of yen depreciation are anticipated to result in increased sales and profits.

Forecast for the year ending March 2025 : Analysis by Business Segment

## DDS (Disk Drive Suspension)

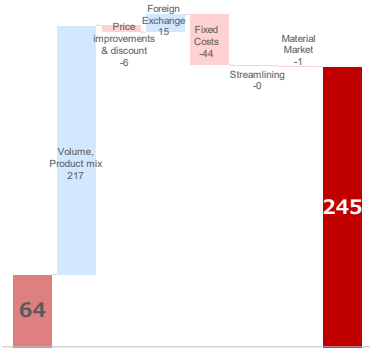
NHK SPRING CO.,LTD.

(100 million yen)

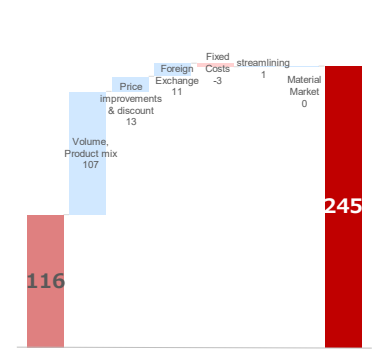
| | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 671 | 740 | **1,100** | 428 | 360 |
| Operating Profit | 64 | 116 | **245** | 180 | 129 |
| Ratio | 9.6% | 15.7% | **22.3%** | 12.7% | 6.6% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year)




#### (Vs. May forecast)




**Vs. FY2023**

Demand for HDDs, which was sluggish in the previous term, has recovered, leading to a significant increase in sales of HDD suspensions.

Additionally, profit boosts from yen depreciation are expected to contribute to higher sales and profits.

**Vs. May forecast**

Demand for HDD suspensions is projected to increase beyond initial expectations. Combined with volume growth and profit contributions from yen depreciation, significant increases in both sales and profits are anticipated.



The DDS business is expected to maintain strong performance, with operating profit forecasted at 24.5 billion yen.

Forecast for the year ending March 2025 : Analysis by Business Segment

## Industrial Machinery & Others

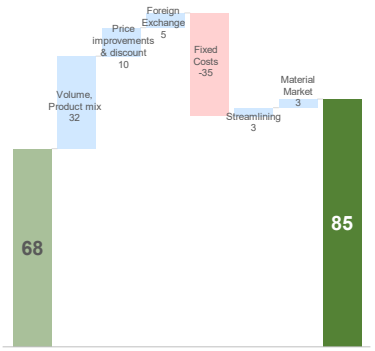
NHK SPRING CO.,LTD.

(100 million yen)

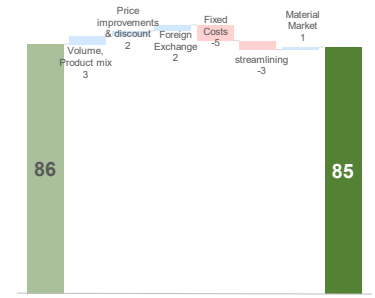
| | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | Vs. FY2023 Results | Vs. May forecast |
|---|---|---|---|---|---|
| Net Sales | 1,099 | 1,170 | **1,140** | 40 | -30 |
| Operating Profit | 68 | 86 | **85** | 16 | -1 |
| Ratio | 6.2% | 7.4% | **7.5%** | 1.3% | 0.1% |

### Variable Factor Analysis for Operating Profit

#### (Vs. Previous year)




#### (Vs. May forecast)




**Vs. FY2023**

Despite upfront costs associated with increasing production of integrated metal substrates, a decrease in the volume of existing products, and a decline in volumes in the leisure sector, strong performance in semiconductor process components and the positive effects of yen depreciation are expected to contribute to higher sales and profits.

**Vs. May forecast**

While increases in semiconductor process component volumes and the effects of yen depreciation are expected, the impact of a decrease in profits in integrated metal substrates and a decrease in volume in the leisure sector is projected to result in operating profits slightly falling short of the initial target.



Finally, industrial machinery and other businesses.

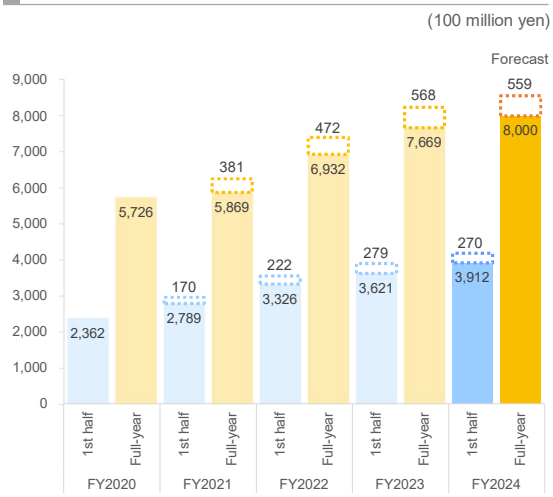
Although the IMS (integrated metal substrates) business faces upfront costs for sales expansion, reduced volumes of existing products, and sluggish market conditions in the leisure sector, strong performance in the semiconductor process components business and profit boosts from yen depreciation are expected to result in higher sales and profits compared to FY2023.

However, against the initial forecast, significant impacts from lower profits in the IMS business and the continued slump in the leisure sector are expected to lead to a decline in sales.

# Results Trends

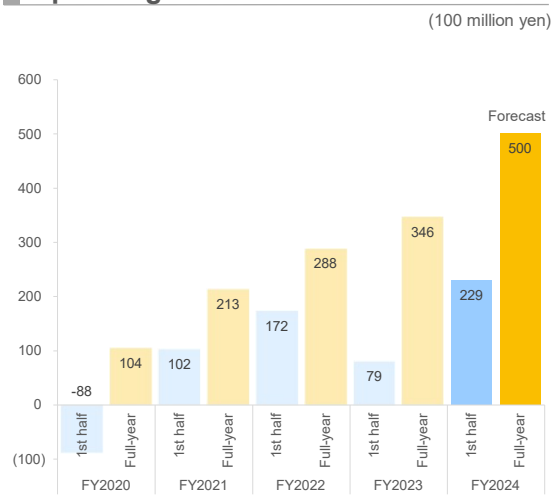
NHK SPRING CO.,LTD.

## Net Sales




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





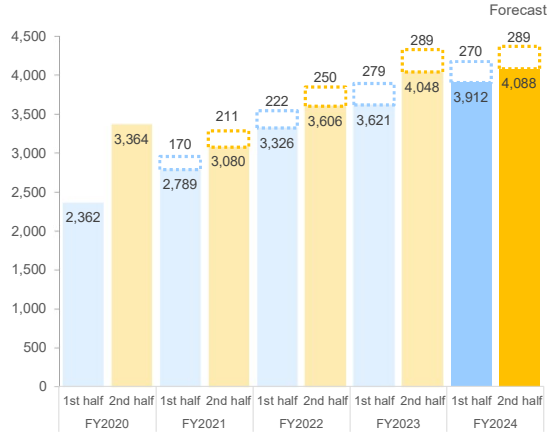

This graph illustrates the results trends, including the first-half results and full-year forecast.

# Results Trends (Semi-Annual Basis)

NHK SPRING CO.,LTD.

## Net Sales

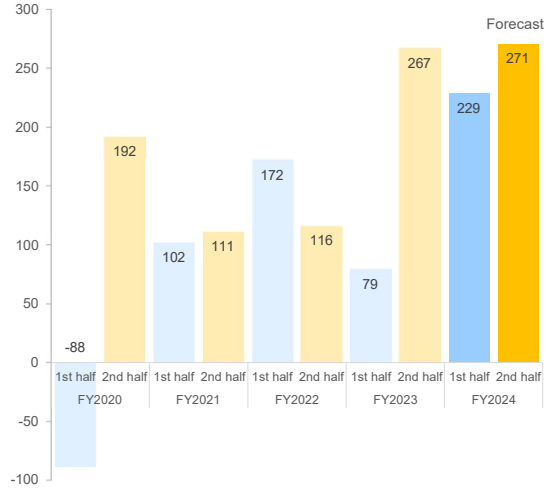
(100 million yen)




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)



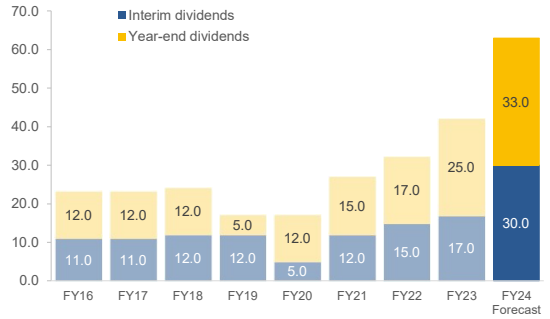



This slide shows the results trends on a semi-annual basis.

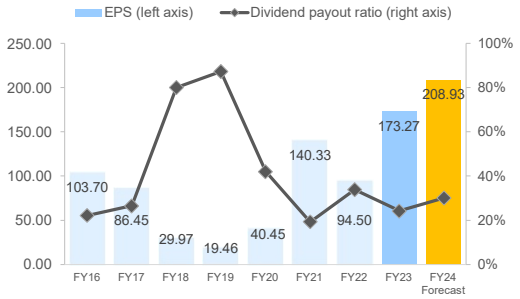
# Dividends

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. 2024** | 17.0 yen | 25.0 yen | **42.0 yen** | 24.2% |
| **Forecast for the year ending Mar. 2025** | 30.0 yen | 33.0 yen | **63.0 yen** | 30.2% |



As announced on August 7, the interim dividend is set at 30 yen, and the year-end dividend forecast is 33. The dividend payout ratio is expected to be 30.2%.

# Management Indicators

NHK SPRING CO.,LTD.

## Trends in Key Management Indicators

(100 million yen)

| | | 21.3 | 22.3 | 23.3 | 24.3 | 25.3 (Forecast) | 27.3 Mid-term plan |
|---|---|---|---|---|---|---|---|
| Profitability | Net Sales | 5,726 | 5,869 | 6,932 | 7,669 | **8,000** | 8,500 |
| | Operating Profit | 104 | 213 | 288 | 346 | **500** | 520 |
| | Ratio | 1.8 % | 3.6 % | 4.2 % | 4.5 % | **6.3 %** | 6.1 % |
| | Ordinary Profit | 145 | 306 | 373 | 478 | **550** | 570 |
| | Ratio | 2.5 % | 5.2 % | 5.4 % | 6.2 % | **6.9 %** | 6.7 % |
| | Net Income | 93 | 319 | 215 | 391 | **450** | 430 |
| | Ratio | 1.6 % | 5.5 % | 3.1 % | 5.1 % | **5.6 %** | 5.1 % |
| Investment Efficiency | ROE | 3.4 % | 10.5 % | 6.4 % | 10.4 % | **10.8 %** | Over 10% |
| | ROIC | 2.4 % | 4.4 % | 5.5 % | 6.1 % | **7.9 %** | Over 7% |
| Soundness | Stockholder's Equity to Total Assets Ratio * | 50.6 % | 54.9 % | 57.6 % | 58.7 % | **60.5 %** | Over 50% |



This slide shows the trends in management indicators.

ROE is forecasted at 10.8%, and ROIC at 7.9% for the full year.

This concludes the explanation of the second-quarter financial results and the full-year performance forecast for the fiscal year ending March 2025.

NHKニッパツ
NHK SPRING CO.,LTD.

# About DDS

President & COO
Representative Member of the Board

Kazuhisa Uemura

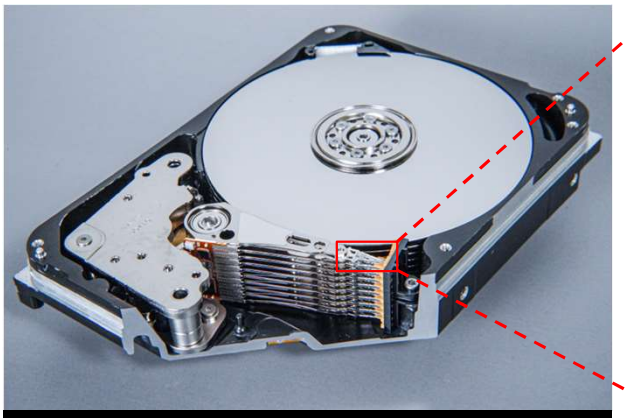
From this fiscal year, we have separated the DDS business segment from the precision springs and components segment.

Let me explain the background of this segmentation.

Previously, the precision springs and components segment primarily included precision spring products for automotive applications and DDS products for the information and communication field. However, since these products serve distinct markets, we received feedback that this segmentation was difficult to understand. Furthermore, we believe that separating the segments allows for more effective communication of each segment's strengths.

## DDS

NHKニッパツ
NHK SPRING CO.,LTD.



HDD (Hard Disk Drive)

DDS (Disk Drive Suspensions)

**A tiny leaf spring that controls the position of the magnetic head that reads magnetic data on a disk**

Now, let me explain DDS. DDS stands for "Disk Drive Suspension."

It is a tiny leaf spring installed inside HDDs that holds the magnetic head, which reads and writes data on the HDD, while ensuring its precise positioning. On the slide, the red section inside the HDD represents the DDS. One DDS is used on each side of a disk, so, for example, an HDD with 10 disks would use 20 DDS units.

## HDDs at Data Centers

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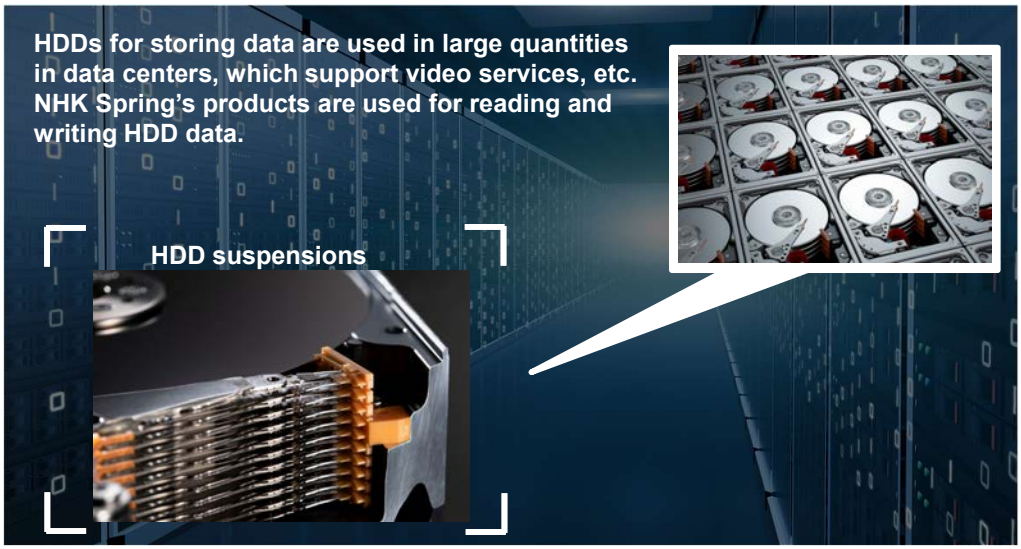


**HDDs are used in key data storage equipment at data centers**

30

In recent years, DDS has been widely used in HDDs for data centers.

Data centers, supporting cloud services such as video streaming and social media sites, are now extensively used not only by individual users but also by businesses. The scale of data centers continues to expand.

## Configuration of Storage at Data Centers

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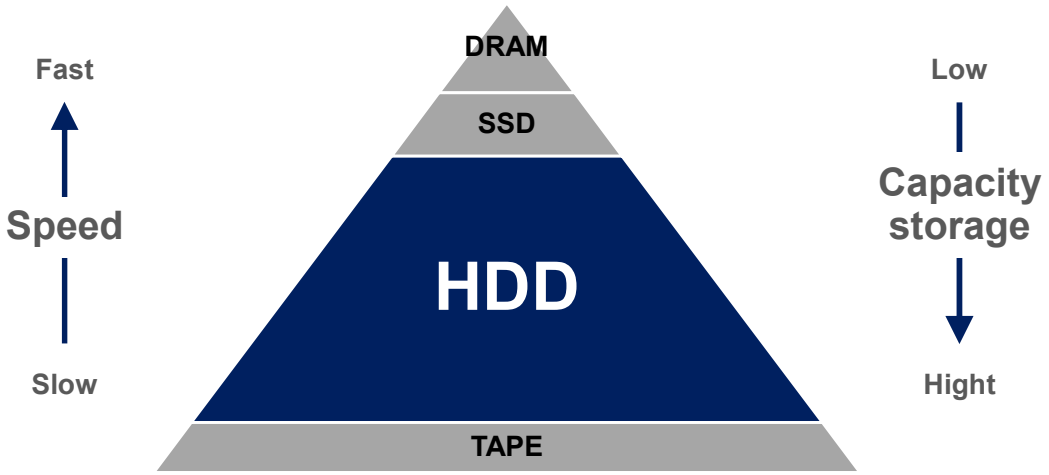


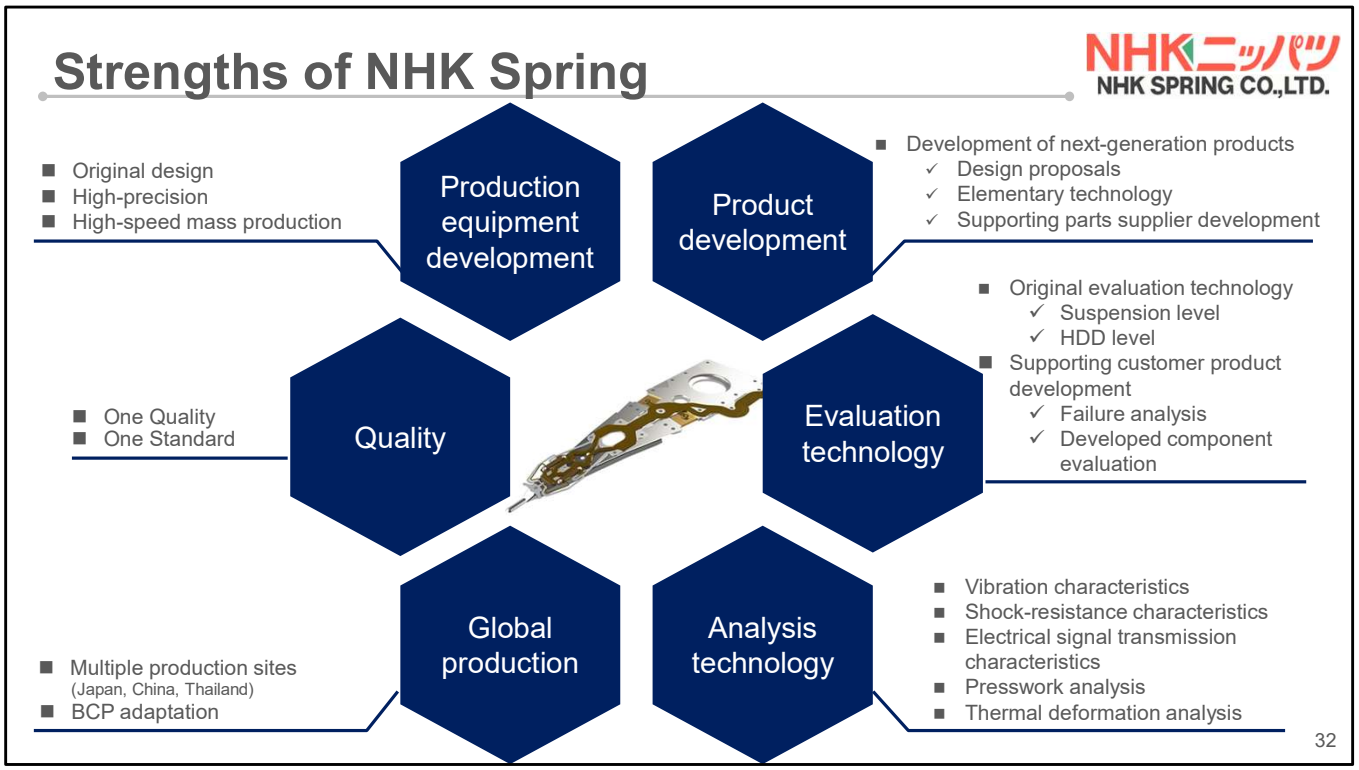

**Nearline HDDs, which offer an excellent balance of capacity, speed, cost, and quality, are responsible for key storage areas at hyperscale data centers**



This slide schematically illustrates the storage composition of a data center.

Devices such as DRAM, SSDs, HDDs, and tape drives are used, each with distinct functions and characteristics. The diagram shows differences in data read/write speed and storage capacity. Each device is utilized in ways that suit its specific strengths. HDDs, with their balanced combination of capacity, speed, cost, and quality, remain a primary storage option. The expansion of data centers is expected to drive further growth in HDD usage.

The component that controls the position of the read/write head in these HDDs is the DDS.




I will explain the six strengths of our DDS business.

First is product development. For next-generation product development, we provide comprehensive support, including design proposals, elemental technologies, and development assistance for component suppliers. This allows us to quickly bring products tailored to customer needs to market.

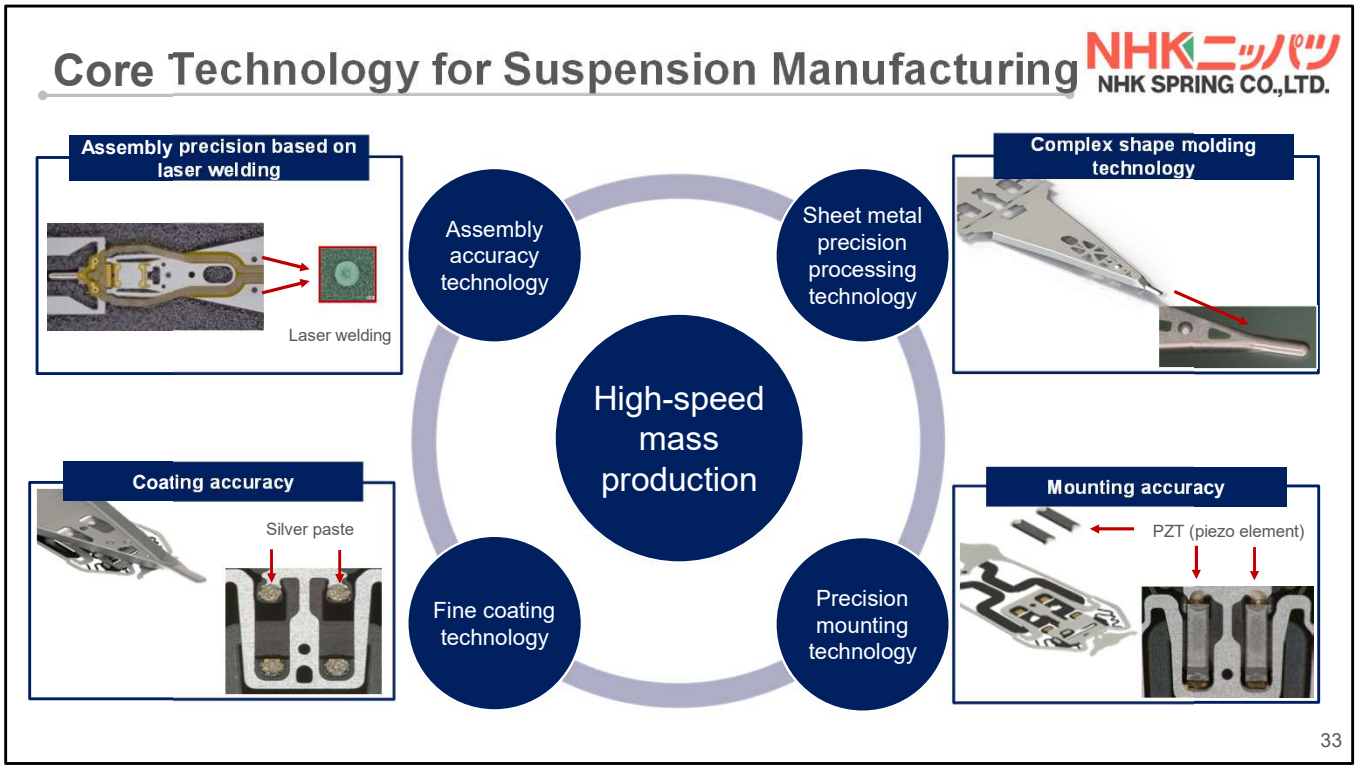
Second is evaluation technology. Using proprietary evaluation technologies, we can perform high-precision evaluations at both the drive suspension and HDD levels. We also provide comprehensive support for customers' product development, including failure analysis and evaluation of the developed components.

Third is analysis technology. Our company has diverse analysis technologies that enhance product performance and allow us to deliver better products to customers.

Fourth is global production. We have production sites in Japan, China, and Thailand, which also support our BCP. Beyond merely having production facilities, the long-term operation of these bases has enabled us to cultivate talented local human resources, which we consider another strength.

Fifth is quality. Under the motto "One Quality & One Standard," we deliver consistent high quality across all production sites, ensuring reliable products for our customers.

Sixth is production equipment development. We develop proprietary production equipment, enabling high-precision, high-speed, and large-scale production. This capability allows us to respond to customer needs quickly and accurately, which is a core strength.




Here, we introduce our core technologies developed using proprietary production techniques.

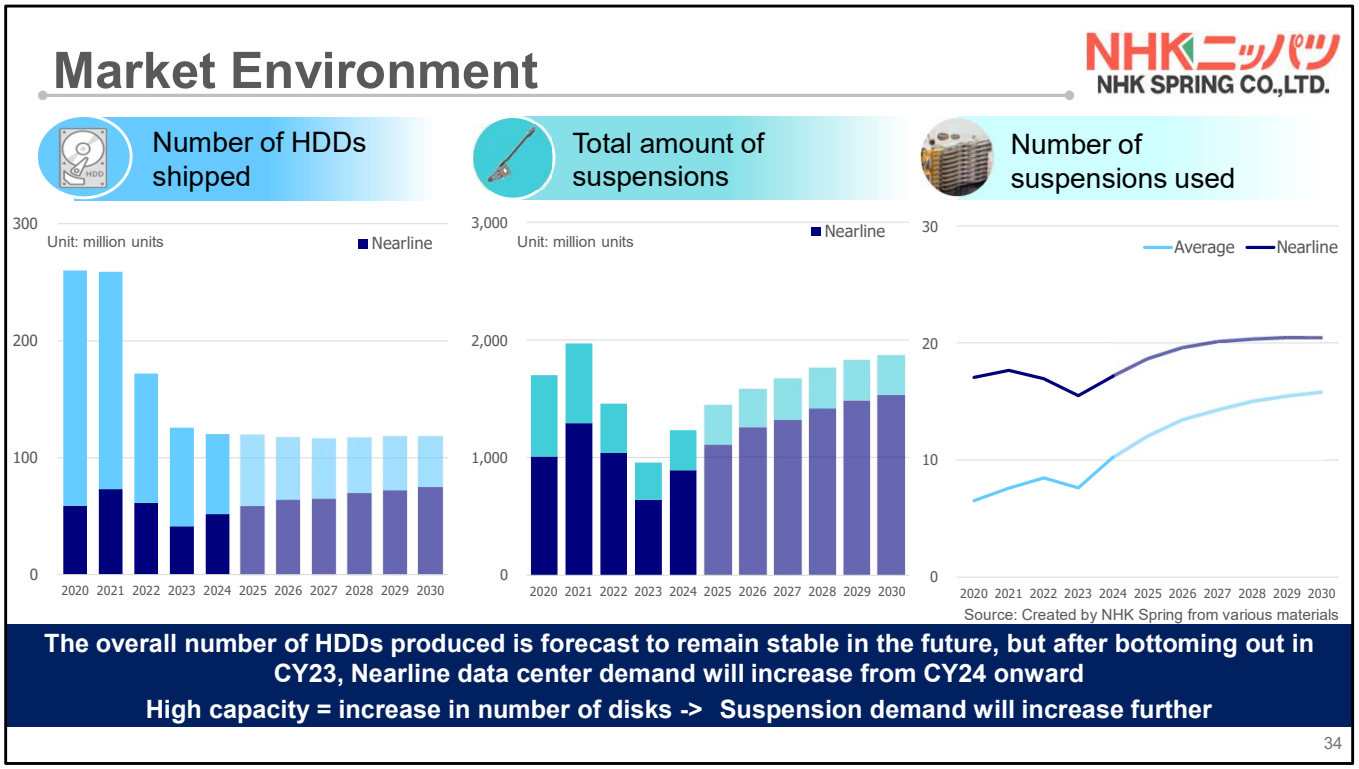
First is our sheet metal precision processing technology, which relies on advanced die design and manufacturing.

Next is the technology for mounting piezo elements, which play a vital role in the operation of suspensions, as well as fine adhesive coating technology.

We also excel in laser welding technology for joining components, enabling mass production at the micron level.

Lastly, we have developed and operate continuous production lines capable of high-speed, large-scale production of these precision components.

By leveraging our advanced technical capabilities and global production system, we deliver products and services that meet the diverse needs of our customers.

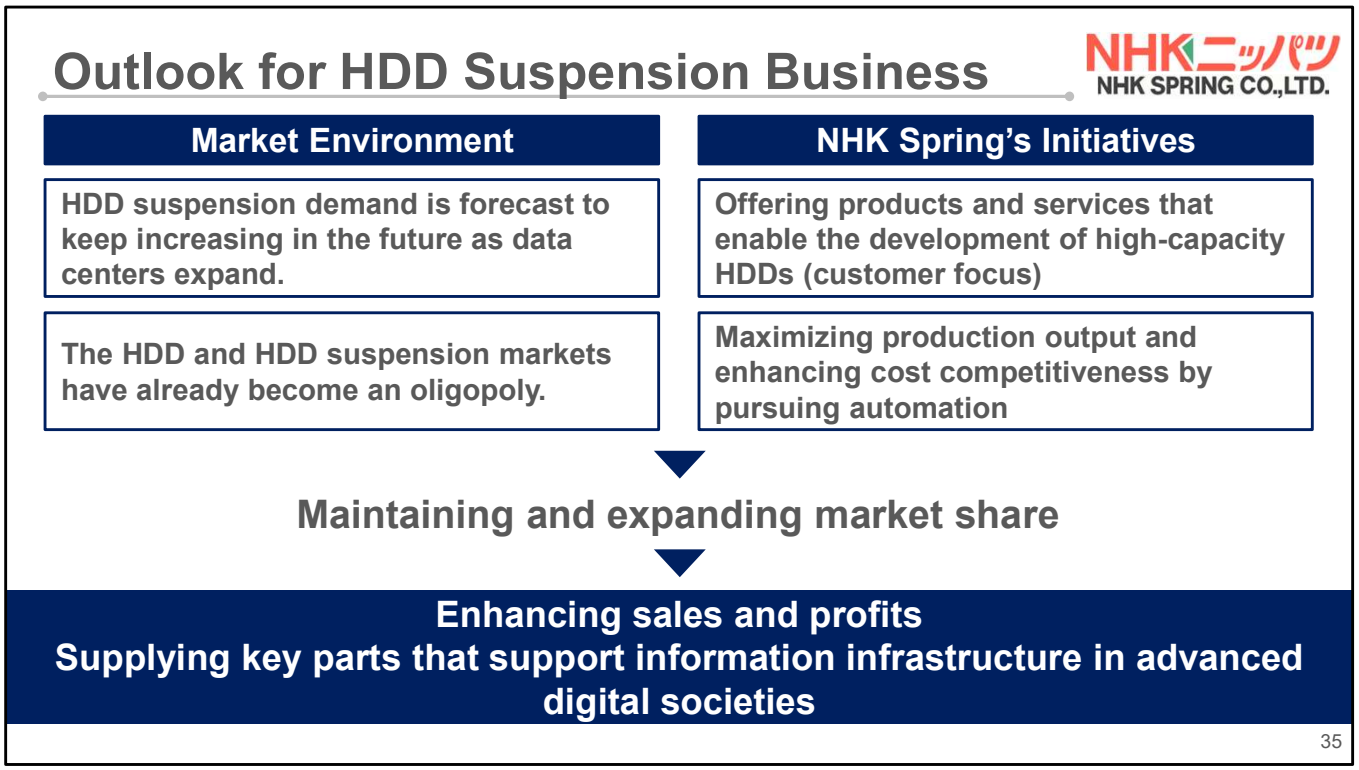



Let me now explain the market environment.

The graph on the left shows the global shipment trends of HDDs. Overall HDD shipments are expected to remain stable at approximately 120 million units globally. However, nearline HDDs for data centers are expected to continue growing.

Since nearline HDDs have higher capacities, they require more disks, which in turn increases the demand for suspensions. The graph on the far right shows the average number of suspensions per HDD.

The light blue line represents the overall average, while the dark blue line represents the average for nearline HDDs. The number of suspensions per HDD is increasing year by year, currently averaging about 18 units per drive, and this trend is expected to continue.




Next, I will explain the outlook.
As explained earlier, in the current market environment, the demand for HDD suspensions is expected to continue increasing in line with the expansion of data centers.
At the same time, the HDD and HDD suspension markets are already highly consolidated.

To address this, our strategy is to support our customers' product development and manufacturing to meet the evolving demands of high-capacity HDD technology. We aim to provide customer-centric products and services.
As part of our 2026 mid-term plan, we are committed to implementing automated transport systems to reduce labor needs, leveraging digital transformation (DX) to further stabilize quality, and advancing toward smart factories.
In parallel, we will further enhance our core technologies to maximize productivity and promote automation, thereby strengthening cost competitiveness.

Through these efforts, we aim to maintain and expand our market share, provide indispensable key components that support the information infrastructure of the advanced digital society, and contribute to society while achieving revenue growth.

This concludes our explanation of the DDS business.
Thank you for your attention.

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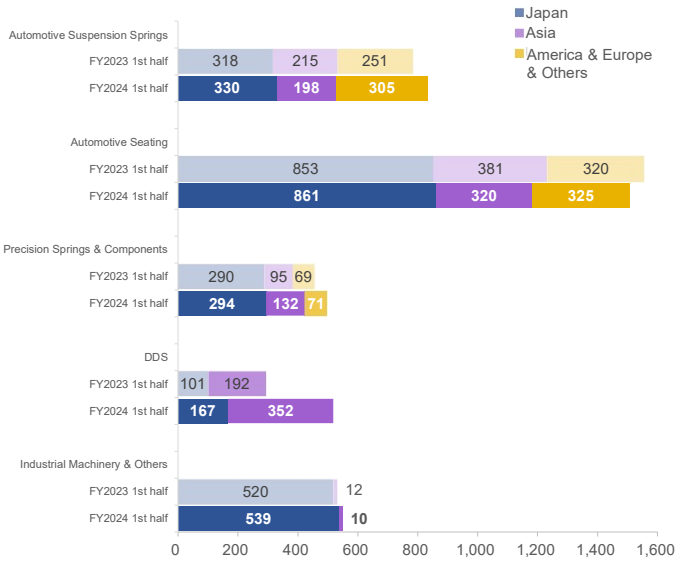
# Supplementary Materials

Supplementary Materials

# Details of Net Sales (1st Half)

NHK SPRING CO.,LTD.



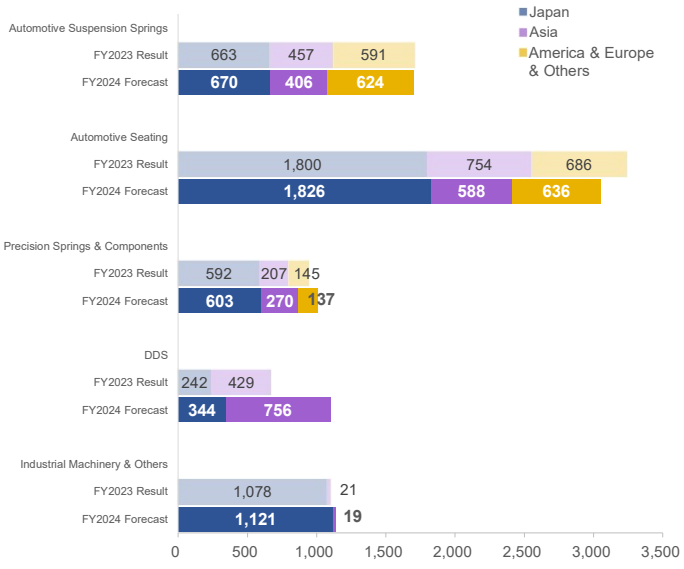

(100 million yen)

| | | Japan | Asia | America & Europe & Others | Total |
|---|---|---|---|---|---|
| **Automotive Suspension Springs** | FY2023 1st half | 318 | 215 | 251 | 786 |
| | FY2024 1st half | 330 | 198 | 305 | 835 |
| **Automotive Seating** | FY2023 1st half | 853 | 381 | 320 | 1,555 |
| | FY2024 1st half | 861 | 320 | 325 | 1,508 |
| **Precision Springs & Components** | FY2023 1st half | 290 | 95 | 69 | 454 |
| | FY2024 1st half | 294 | 132 | 71 | 498 |
| **Disk Drive Suspension** | FY2023 1st half | 101 | 192 | - | 293 |
| | FY2024 1st half | 167 | 352 | - | 519 |
| **Industrial Machinery & Others** | FY2023 1st half | 520 | 12 | - | 532 |
| | FY2024 1st half | 539 | 10 | - | 550 |
| **Total** | FY2023 1st half | 2,084 | 896 | 640 | 3,621 |
| | FY2024 1st half | 2,194 | 1,014 | 702 | 3,912 |

Supplementary Materials

# Details of Net Sales (full-year)

NHK SPRING CO.,LTD.




(100 million yen)

| | | Japan | Asia | America & Europe & Others | Total |
|---|---|---|---|---|---|
| **Automotive Suspension Springs** | FY2023 Result | 663 | 457 | 591 | 1,711 |
| | FY2024 Forecast | 670 | 406 | 624 | 1,700 |
| **Automotive Seating** | FY2023 Result | 1,800 | 754 | 686 | 3,241 |
| | FY2024 Forecast | 1,826 | 588 | 636 | 3,050 |
| **Precision Springs & Components** | FY2023 Result | 592 | 207 | 145 | 945 |
| | FY2024 Forecast | 603 | 270 | 137 | 1,010 |
| **Disk Drive Suspension** | FY2023 Result | 242 | 429 | - | 671 |
| | FY2024 Forecast | 344 | 756 | - | 1,100 |
| **Industrial Machinery & Others** | FY2023 Result | 1,078 | 21 | - | 1,099 |
| | FY2024 Forecast | 1,121 | 19 | - | 1,140 |
| **Total** | FY2023 Result | 4,377 | 1,869 | 1,423 | 7,669 |
| | FY2024 Forecast | 4,564 | 2,039 | 1,397 | 8,000 |

Supplementary Materials

# Assets Status

NHK SPRING CO.,LTD.

(100 million yen)

| | FY2020 Results | FY2021 Results | FY2022 Results | FY2023 Results | FY2024 1st half results | Increase/ Decrease |
|---|---|---|---|---|---|---|
| **Total Assets** | 5,607 | 5,880 | 6,060 | 6,902 | **6,976** | 74 |
| **Stockholder's Equity** | 2,839 | 3,226 | 3,492 | 4,050 | **4,092** | 42 |
| **Stockholder's Equity to Total Assets Ratio** | 50.6% | 54.9% | 57.6% | 58.7% | **58.7%** | -0.0% |
| **Cash and Bank Deposits** | 793 | 921 | 729 | 1,032 | **1,071** | 39 |
| **Interest-Bearing Debt** | 697 | 505 | 500 | 474 | **640** | 166 |
| **Net Cash** | 95 | 416 | 229 | 558 | **431** | -127 |

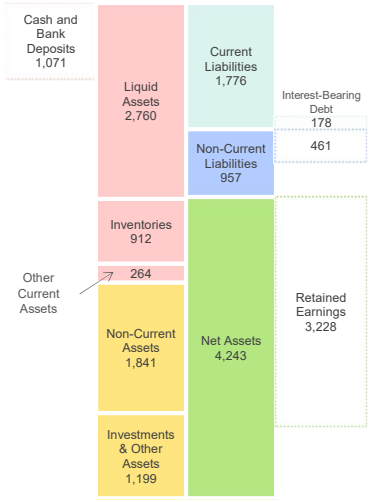
Supplementary Materials

# Balance Sheet Status

NHK SPRING CO.,LTD.

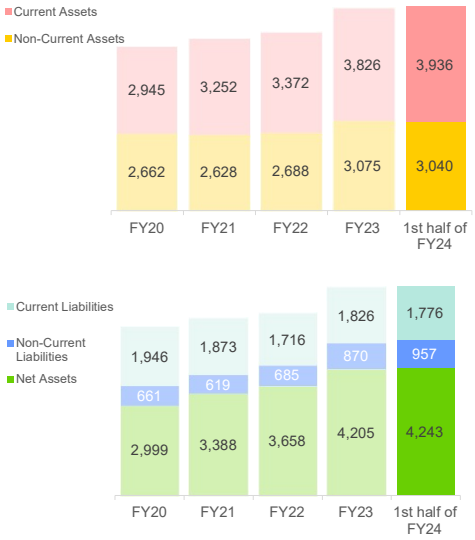
## FY2024 1st half results

(100 million yen)




## Balance Sheet Trends

(100 million yen)




### ▼Assets

Although investment securities decreased due to market valuation adjustments, the yen-converted value of assets held by overseas subsidiaries increased due to exchange rate fluctuations. Additionally, property, plant, and equipment assets increased as a result of higher capital expenditures.

### ▼Liabilities

While income taxes payable decreased due to tax payments, overall liabilities increased due to a rise in long-term borrowings.

### ▼Net Assets

Despite a reduction from the acquisition of treasury shares, net assets increased due to the accumulation of retained earnings from interim profit attributable to the owners of the parent company.

Supplementary Materials

# Capital Investment/Depreciation & Amortization by Business Segment

NHK SPRING CO.,LTD.

(100 million yen)

| | | FY2022 Results | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | FY2024 Variance |
|---|---|---|---|---|---|---|
| **Capital Investments** | Automotive Suspension Springs | 45 | 58 | 88 | **101** | 13 |
| | Automotive Seating | 46 | 49 | 61 | **69** | 8 |
| | Precision springs & components | 121 | 107 | 84 | **125** | 41 |
| | DDS | | 45 | 74 | **64** | -10 |
| | Industrial Machinery & Others | 58 | 82 | 163 | **95** | -68 |
| | Company-wide sharing | 9 | 27 | 42 | **34** | -8 |
| | Total | 280 | 370 | 512 | **488** | -24 |
| | Vs. Previous year | 20.7% | 31.8% | 38.4% | **31.9%** | |
| **Depreciation & Amortization** | Automotive Suspension Springs | 66 | 63 | 66 | **58** | -8 |
| | Automotive Seating | 55 | 56 | 48 | **49** | 1 |
| | Precision Springs & Components | 113 | 47 | 53 | **53** | 0 |
| | DDS | | 63 | 68 | **66** | -2 |
| | Industrial Machinery & Others | 35 | 35 | 45 | **42** | -3 |
| | Company-wide sharing | 17 | 19 | 27 | **25** | -2 |
| | Total | 288 | 286 | 307 | **293** | -14 |
| | Vs. Previous year | 2.0% | -0.7% | 7.1% | **2.2%** | |

Supplementary Materials

# Capital Investment/Depreciation & Amortization by Region Segment

NHK SPRING CO.,LTD.

(100 million yen)

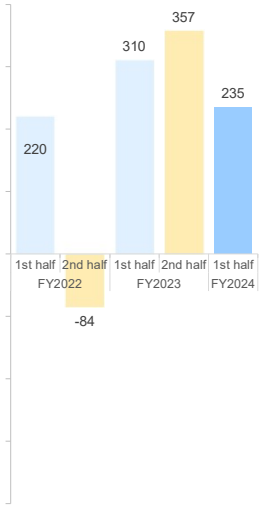
| | | FY2022 Results | FY2023 Results | FY2024 May forecast | FY2024 Latest Forecast | FY2024 Variance |
|---|---|---|---|---|---|---|
| **Capital Investments** | Japan | 178 | 259 | 280 | **298** | 18 |
| | Asia | 61 | 75 | 172 | **92** | -80 |
| | America & Europe & Others | 40 | 34 | 60 | **98** | 38 |
| | Overseas total | 102 | 110 | 232 | **190** | -42 |
| | Total | 280 | 370 | 512 | **488** | -24 |
| **Depreciation & Amortization** | Japan | 149 | 146 | 178 | **168** | -10 |
| | Asia | 86 | 92 | 88 | **83** | -5 |
| | America & Europe & Others | 52 | 47 | 41 | **42** | 1 |
| | Overseas total | 139 | 139 | 129 | **125** | -4 |
| | Total | 288 | 286 | 307 | **293** | -14 |

Supplementary Materials

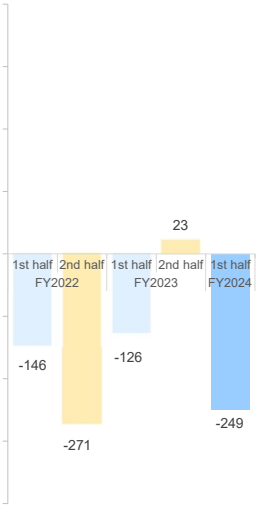
# Cash Flow Status (Semi-Annual Basis)

NHK SPRING CO.,LTD.

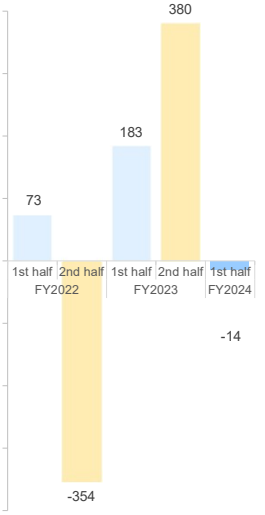
## Operating CF




## Investment CF

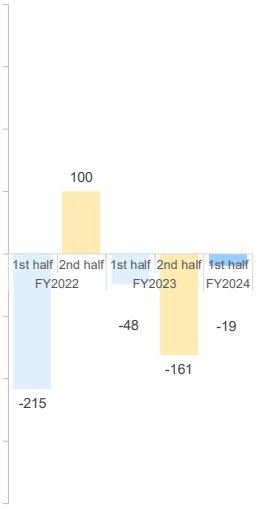



## Free CF




## Financial CF

(100 million yen)



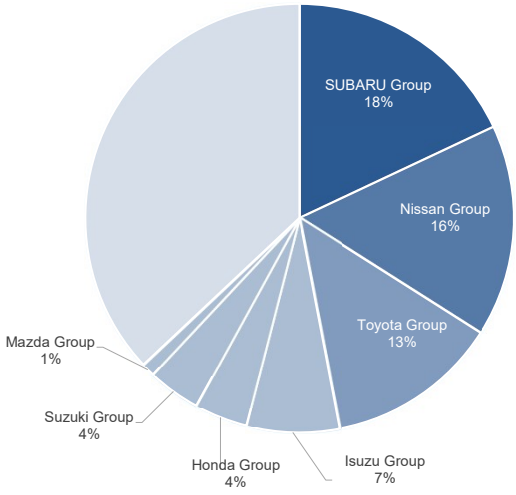
Supplementary Materials

# Sales Breakdown to Each of the Major Car Makers

NHK SPRING CO.,LTD.

| Major car makers | FY2022 | FY2023 |
|---|---|---|
| SUBARU Group | 16% | **18%** |
| Nissan Group | 15% | **16%** |
| Toyota Group | 14% | **13%** |
| Isuzu Group | 7% | **7%** |
| Honda Group | 4% | **4%** |
| Suzuki Group | 4% | **4%** |
| Mazda Group | 1% | **1%** |
| Top 3 Companies | 45% | **47%** |

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



Supplementary Materials

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

NHK SPRING CO.,LTD.

(100 million yen)

| | | FY2023 | | | | | | | FY2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1Q | 2Q | 1st half | 3Q | 4Q | 2nd half | Full-year | 1Q | 2Q | 1st half | 2nd half | Full-year |
| Precision Springs & Components | Motor Core | 28 | 28 | **57** | 28 | 33 | **62** | **119** | 29 | 31 | **61** | **69** | **131** |
| Industrial Machinery & Others | Semiconductor process components | 31 | 40 | **72** | 39 | 41 | **81** | **154** | 37 | 47 | **84** | **117** | **202** |
| | Integrated metal substrates | 21 | 21 | **42** | 22 | 19 | **41** | **84** | 19 | 19 | **39** | **34** | **73** |
| | Leisure Sector (Golf Shafts, Marine Products, etc.) | 40 | 40 | **81** | 34 | 33 | **67** | **148** | 34 | 32 | **66** | **72** | **139** |

Supplementary Materials

# Management Indicators

NHK SPRING CO.,LTD.

## ROIC by business segment

(100 million yen)

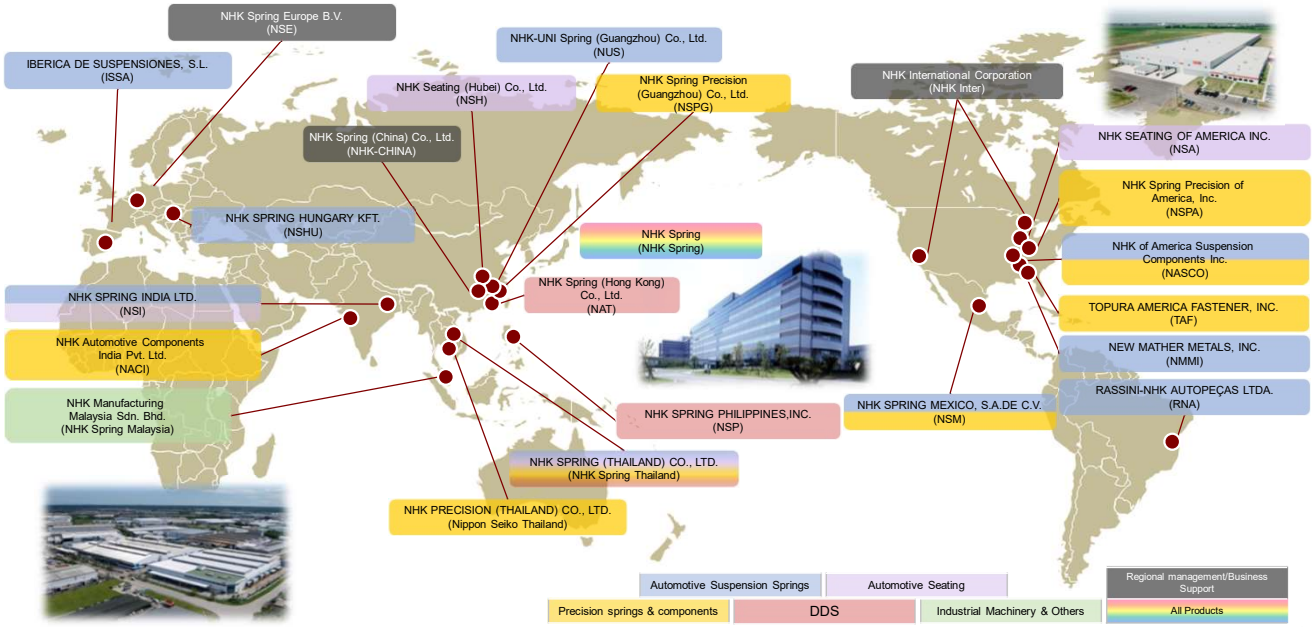
| | | Automotive Suspension Spring | Automotive Seating | Precision Springs & Components | Disk Drive Suspension | Industrial Machinery & Others | Total |
|---|---|---|---|---|---|---|---|
| FY2024 | Operating Profit | 15 | 191 | 6 | 64 | 68 | **346** |
| | R O I C * | **1.1** % | **20.2** % | **0.6** % | **10.9** % | **6.2** % | **6.1** % |
| FY2025 (Forecast) | Operating Profit | 15 | 110 | 45 | 245 | 85 | **500** |
| | R O I C * | **0.9** % | **11.5** % | **3.3** % | **37.0** % | **6.5** % | **7.9** % |

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

Supplementary Materials

# Major Overseas Operations

NHK SPRING CO.,LTD.



Supplementary Materials

# Reportable segment classification

NHK SPRING CO.,LTD.

The classification of reporting segments has been changed from the existing "Automotive Suspension Springs Business ", "Automotive Seating Business", "Precision Springs and Components Business", and "Industrial Machinery and Equipment, and Other Operations" to "Automotive Suspension Springs Business ", "Automotive Seating Business", "Precision Springs and Components Business", "DDS (Disk Drive Suspension) Business", and "Industrial Machinery and Equipment, and Other Operations", effective from the beginning of the year ending March 31, 2025.

Prior to the previous consolidated fiscal year

| Reportable segments | Major products |
|---|---|
| **Automotive suspension springs** | Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others |
| **Automotive seating** | Seats, mechanical seating components, trim parts and others |
| **Precision springs and components** | HDD suspensions and mechanical components, wire springs, flat springs, motor cores, LCD/semiconductor testing probe units, fastener (screw), precision machine components and others |
| **Industrial machinery and equipment, and other operations** | Semiconductor processing products, ceramic products, spring mechanisms, pipe support systems, polyurethane products, metal substrates, automatic parking systems, security products, lighting equipment, golf club shafts and others |

From the current consolidated fiscal year onwards

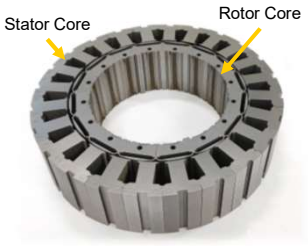
| Reportable segments | Major products |
|---|---|
| **Automotive suspension springs** | Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others |
| **Automotive seating** | Seats, mechanical seating components, trim parts and others |
| **Precision springs and components** | HDD mechanical components, wire springs, flat springs, motor cores, fastener (screw), precision machine components and others |
| **Disk Drive Suspension** | HDD suspensions, LCD/semiconductor testing probe units and others |
| **Industrial machinery and equipment, and other operations** | Semiconductor processing products, ceramic products, spring mechanisms, pipe support systems, polyurethane products, metal substrates, automatic parking systems, security products, lighting equipment, golf club shafts and others |

Supplementary Materials

# Product Introduction: Motor Cores (Precision Springs & Components Segment)

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 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.

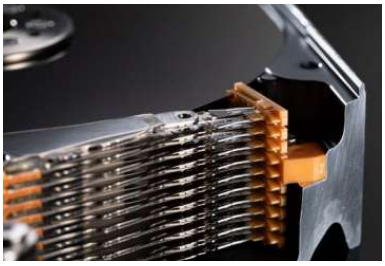
Supplementary Materials

# Product Introduction: HDD Suspensions (DDS Segment)

NHK SPRING CO.,LTD.

■ HDD suspensions

■ HDD suspension placement



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

In recent years, HDDs are increasingly used for data centers, such as those supporting social media and video-sharing sites, rather than for personal computers. Data centers store massive gigabyte-sized files, with hundreds of thousands of large-capacity HDDs aligned in racks. Each of these HDDs contains many HDD suspensions. As shown in the image to the left, 20 suspensions are used in a single HDD, and data centers utilize an enormous number of suspensions in total.

Large-capacity HDD suspensions feature ultra-small actuators that finely control the tiny components used for reading and writing data. These actuators enable higher-density data reading and writing on the disk.

The ultra-small actuators are classified as follows: those integrated into the central section are called DSA, and those embedded in the tip are referred to as CLA. Using a human analogy, DSA corresponds to wrist movement, while CLA represents fingertip motion. To achieve even higher performance, we developed our flagship product, the TSA, which incorporates both DSA and CLA. TSA enables precise yet dynamic movements, significantly contributing to the increasing capacity of HDDs used in data centers.

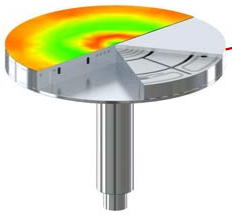
Our company was the first in the world to mass-produce CLA and TSA, securing a leading global market share.

* DSA stands for “Dual Stage Actuators”
* CLA stands for “Co-Located Actuators”
* TSA stands for “Triple Stage Actuator”

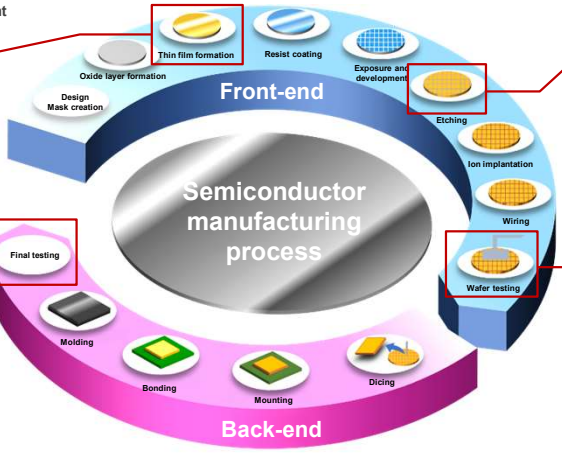
# Semiconductor-Related Products

NHK SPRING CO.,LTD.

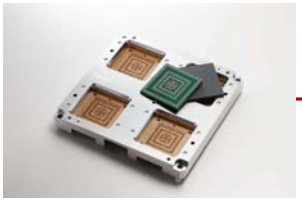
■ Stage heater with multi-zone temperature distribution control function for film deposition equipment



■ Ceramics spray-coated cooling plate for etching equipment




■ Test sockets



■ Contact probes (Microcontactors®)

■ Probe cards

Supplementary Materials

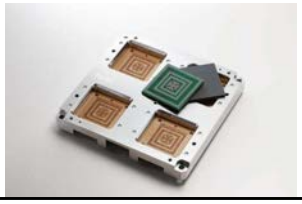
# Product Introduction: Semiconductor Testing Tools (DDS Segment)

NHK SPRING CO.,LTD.

■ **Contact probes (Microcontactors®)**

■ **Probe cards**

■ **Test sockets**



Semiconductor testing involves inspecting semiconductor products by applying electricity to ensure they operate correctly.

Semiconductor testing tools serve as connectors between the semiconductor and the testing equipment. We provide probe cards used in front-end (wafer processing) inspections, test sockets used in back-end (packaging process*) inspections, and the spring products and contact probes (Microcontactors®) incorporated into these tools to semiconductor manufacturers and their related companies worldwide.

Microcontactors
Microcontactors are testing terminals that use fine springs in semiconductor testing. Electrical signals output from the test equipment are transmitted to the semiconductor through the Microcontactors. Each semiconductor terminal requires a uniquely processed tip shape, and we can handle the entire process in-house, from design to manufacturing. We can also propose custom shapes tailored to specific customer requirements.

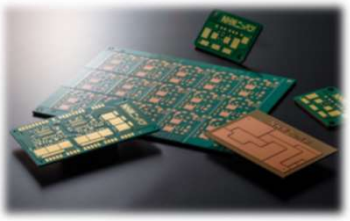
Probe cards
Probe cards are tools used in the front-end process. A disc-shaped plate with fine holes contains anywhere from tens to thousands—or even tens of thousands—of Microcontactors. On the wafer being tested, there are countless small semiconductor terminals, and each one must be precisely contacted by the Microcontactors to inspect the electrical characteristics (pass/fail) of individual semiconductors. Accurate and uniform contact requires the use of high-conductivity, high-precision Microcontactors.

Test sockets
Test sockets are tools used in the back-end process. Individual semiconductor packages inserted into the sockets are connected to the testing equipment through the Microcontactors, where their electrical characteristics and reliability are tested.

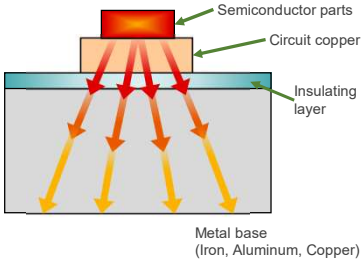
* Packaging process (the process of encapsulating ICs, cut from semiconductor wafers, in plastic or ceramic to protect the circuitry and facilitate connection to external peripheral circuits)

# Product Introduction: Integrated Metal Substrates (Industrial Machinery/Equipment and Other Segments)

NHK SPRING CO.,LTD.



■ **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.

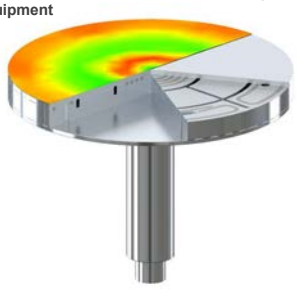
We have been developing IMS since 1980s, and have been leading the industry by introducing high heat dissipation insulating materials to the market successively.

Supplementary Materials

# Product Introduction: Semiconductor Process Components (Industrial Machinery/Equipment and Other Segments)

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. 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.

NHKニッパツ

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