



Integrated Report

NHK SPRING REPORT 2023

Manufacturing Derived from Springs. ————— Technology to Change & Unchanged Reliance



NHK Spring Group contributes to realizing

INDEX

Co-creation with Stakeholders Supporting Core Technologies	2	Corporate Message, Table of Contents, Core Technologies Supporting NHK Spring Group
	4	Message from Management
	6	Various NHK Spring Group Products in Cities Life
	8	Approach to Sustainability, and Materiality
	10	Value Creation Process
	12	Solving Social Issues through Business
Value Creation Stories	14	History of NHK Spring
	16	Employees' Roundtable 01/Exploration of New Fields
	20	Employees' Roundtable 02/Support to automated driving: Development of seats for car sickness mitigation
	24	Employees' Roundtable 03/Development and Production Structure of Key Parts with an Eye to the Future of Electrification
E S G S t r a t e g y	28	[Topics] "Respect for People" ~ Initiatives for Empowering Diverse Human Resources ~
	30	Employment and Talent Development/Rewarding and Comfortable Workplace/Labor-Management Relations
	32	D&I Promotion (Initiatives for Empowering Diverse Human Resources)
	34	Promotion of Health Management
Human Capital		
E S G S t r a t e g y	36	[Topics] NHK Spring Group's Global Environmental Conservation Activities
	38	CO ₂ Reduction Activities in NHK Spring Group
	39	Utilizing Renewable Energy / Zero Emissions Initiatives
	40	Sharing of CO ₂ Reduction Technologies (CO ₂ Reduction Activity Awards) / Environmental Audit
Natural Capital		
G r o w t h S t r a t e g y	42	NHK Spring Group Products for Supporting Future Society
	44	Outline of the 2023 Medium-Term Management Plan
	45	Growth Strategy by Business Segment
Manufacturing Capital/ Intellectual Capital		
B a s e f o r S u p p o r t i n g S u s t a i n a b i l i t y	50	Research and Development
	52	Research and Development
	54	Supply Chain Management (CSR Procurement)
	56	Corporate Governance
	58	Management Organization
	60	Messages from the External Directors/Auditors
	62	Compliance
	64	Human Rights
	65	Risk Management
	66	Global Network
Social Capital		
F i n a n c i a l C a p i t a l	68	Financial Highlights 2022

Editorial Policy

Since fiscal 2008, NHK Spring has published the NHK Spring Report, which summarizes and outlines our annual social, environmental, and financial activities, including those in the NHK Spring Group companies. Now in its 16th year, NHK Spring Report 2023 has newly added contents on materiality and for the first time is issued as an integrated report.

Please read in tandem with the latest sustainability information and detailed information for shareholders and investors that can be found on our website.

NHK Spring website <https://www.nhkspg.co.jp/>

Reference Guidelines

Integrated Reporting Framework (VRF)

Value Co-Creation Guidance (Ministry of Economy, Trade and Industry)

GRI Standards (GRI)

Scope of Reporting

This Report basically covers the NHK Spring Group's business activities. We have strived for accuracy in reporting by using "the NHK Spring Group" for activity reports covering the entire Group, "our Company/the Company" for activity reports covering NHK Spring Co., Ltd. alone, and the name of each company for activity reports covering Group companies.

Reporting Period

In principle, the Report covers our business activities from April 2022 to March 2023. As it is published in September, it also includes any major developments since April 2023.

Intended Readers

This report is intended for our shareholders, investors, customers, business partners, employees and their families, local residents and others.

a sustainable society through manufacturing.

Based on these core technologies, the NHK Spring Group, as a manufacturer, supplies key parts indispensable to society. We contribute to a sustainable society through manufacturing that is underpinned by sure technical prowess.

Core Technologies Supporting the NHK Spring Group

Materials Development Technology

We are jointly developing high-strength and high-toughness steel materials for springs with material manufacturers. We also respond to the needs of society with our unique compounding technologies used with urethane raw materials for the automotive seating business, insulating materials for the metal substrate business and so on.



Steel materials for springs developed jointly with a materials manufacturer

Metal Processing Technology

Since materials for springs are hard and cannot afford to have even the smallest flaw that could cause breakage, advanced processing technology is needed. In addition to press working and wire bending to form springs of various sizes for automobiles, we are also pursuing shot peening to improve fatigue strength and microfabrication technologies to manufacture extremely small springs for the increasingly sophisticated telecommunications field.



Stamping process for HDD suspensions using high-precision dies

Heat Treatment Technology

To increase the durability of spring materials, quenching and tempering heat treatment processes are required. We intend to accelerate our carbon-neutral and energy saving initiatives, such as current heating and high-frequency heating using electricity with low environmental impact.



Electric current heating for stabilizer bar [Reduces CO₂ emissions]

Simulation Technology

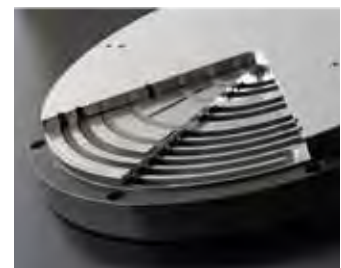
One of NHK Spring's great strengths lies in its analysis and evaluation technologies and simulation technologies that have been cultivated over many years. As we aim for virtual manufacturing, we strive to actively introduce and further evolve constantly advancing simulation technologies.



Computer simulation to visualize the behavior of valve springs when driven at high speeds

Bonding Technology

We have developed our own highly reliable brazing materials and deployed them in semiconductor process components used in special environments. We are also developing technologies for bonding dissimilar materials to meet needs for lighter weight in electric vehicles and so on.



Semiconductor process components made by leveraging technology for bonding different metals

Co-creation with Stakeholders
Supporting Core Technologies

Value Creation Stories

ESG Strategy

Human Capital

Natural Capital

Growth Strategy

Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

Message from Management

I would like to thank our many stakeholders, including customers, shareholders, investors, business partners, and local residents, for their continued warm support of the activities of our group.

Our employees are the source of our growth

Having reached its 80th anniversary in 2019, NHK Spring aims for further improvement in its corporate value as it looks towards its 90th and 100th anniversaries.

I believe that the source of the NHK Spring Group's growth has resided in and will continue to reside in our employees. NHK Spring's employees are all in earnest. That does not mean that they have a serious character, but rather that they take a sincere and earnest approach to their work. The NHK Spring Group's employees not only differ in terms of background including gender, whether they entered the company as a new graduate or mid-career recruit, age, and nationality, but they also have diversity in terms of their thinking and the jobs they perform. Through combining this diversity and earnestness of our employees, the NHK Spring Group has evolved its "manufacturing" without diverging from our main purpose or becoming fettered by past customs and success stories. This earnestness has become rooted in our corporate culture as the source of the NHK Spring Group's growth.

Furthermore, NHK Spring Group has a culture of supporting the passionate desires of employees, which they express as, "I want to do this" or "I want to continue doing this". As somebody who has come from the development field, I have cherished this line of thinking and consciously preserved it in managing the company, and I believe this culture is something we must not change in the future.

Continuing to create new things through R&D

The earnestness and passion of our employees are important elements in R&D too.

Our R&D activities are broadly divided into the expansion of existing business fields and the development of new fields. In existing businesses, NHK Spring Group's mission is to provide added value based on the trend of the times. In other words, by supplying the key parts that only NHK Spring can, we aim to create trends together with our customers. For example, in line with the electrification of automobiles, because vehicles become heavier and require more space to install automotive batteries, stringent conditions are imposed regarding space saving and lighter weight of suspension system springs. The NHK Spring Group is utilizing its technology to improve the added value of suspension spring products that support heavy loads. We are also working on developing seats that cater to automated driving, and I believe that the earnestness of our employees in addressing such demands from customers allows the company to gain the trust of customers.

Concerning our other mission of developing new business fields, we have newly established the Sales Planning Division, which is working together with the R&D Division to develop new fields without being constrained by existing business fields. In order to create new products, the biggest element is the passion that employees can bring to R&D in the shape of, "I want to do this" or "I want to continue doing this". When such passionate sentiments match with NHK Spring's technology and the trend of the times, we can produce truly unique products that will drive future generations.

When new products are created by the passion of employees, we immediately change course and devote resources towards them with a view to grabbing the moment and expanding our business. Examples of such products are motor cores and integrated metal substrates. These are themes that have been greatly accelerated by the Electrification Business Promotion Department, which was newly established as an organization under my direct control after I became President. They are about to flourish in the near future, and we are currently making aggressive capital investments both in Japan and overseas.

In order for the NHK Spring Group to grow sustainably, we must constantly create new things. To this end, I attend dozens of R&D meetings in each division every year, giving direct instructions on the content and progress of developments, and in some cases, even putting a stop to work. I also actively communicate with employees in the R&D department. I understand what the R&D department

Our culture of letting employees do what they want to do is the source of our value creation

Turning employees' passion into corporate value

President & CEO and Representative
Member of the Board

T. Kayamato

is trying to do and the things they are struggling with, which is one of the strengths of a "President with a background in development". As a result, I am pleased to report that the speed of R&D and the clarity of themes have improved considerably since I first took office as President, and the seeds of many new fields are being planted.

NHK Spring Brand for "Trustworthiness"

This increase in the speed of our R&D and the added value of our products will lead to faster R&D by our customers, as well as to greater customer satisfaction and trust. As a result, we believe that our products and technologies will be protected and nurtured, and product value will increase, in other words, the "NHK Spring Brand" will be enhanced.

The brand power we aim for is not so much recognition of our corporate name, but rather trust in our products and technologies. We aim to be a Company that is trusted by customers so that they have a sense of expectation and security expressed as "We should consult NHK Spring first" and "Any proposal from NHK must be a good one".

We believe that the NHK Spring brand of trust will lead to increased pride and motivation for our employees and accelerate the growth of the Company.

Converting the Dramatically Changing Business Environment into Opportunities

With the business environment surrounding the NHK Spring Group currently undergoing significant changes, we must face the risks that arise out of that. In order to face the risks, clear the challenges against the risks, and enhance the foundation of sustainability, we have identified "Responding to global environmental conservation activities" and "Respect for people" as important issues (materialities) of the Group's sustainability.

With regard to our global environmental preservation activities, we will incur additional costs and face the risk that our product competitiveness and social credibility may decline if we are unable to respond appropriately to the future expected strengthening of climate change policies and environmental laws and regulations and related customer needs in the countries where we do business. Facing this risk and boldly continuing to take on challenges is an important issue that we cannot avoid when considering the viability of NHK Spring as a manufacturing company. To achieve carbon neutrality and zero industrial waste by 2039, the NHK Spring Group is reviewing its production facilities and processes to reduce energy consumption and CO₂ emissions generated in the manufacturing process, and is working to increase the ratio of renewable energy used.

Another important issue concerns our initiatives about "Respect for people". In Japan, which faces the risk of a declining birthrate unparalleled in any other country, the question is what direction the collaborative relationship between AI and humans in the workplace will take in the future, and ongoing efforts to maximize the value of human resources will become even more important. While preserving a corporate culture that respects employees' desires expressed as "I want to do this" or "I

want to continue doing this", our richly diverse employees should feel comfortable and fulfilled in their work and maximize their capabilities, and this will ultimately lead to maximizing the value of human resources. We will boldly take on the challenge of creating systems to achieve this, improving operations to make full use of these systems, and strengthening the recruitment of human resources, including those within the NHK Spring Group.

Management soundness and management systems as the foundation for sustainability

Finally, I would like to say a few words about governance. The NHK Spring Group has established the "Basic Global CSR Policy" and is working to enhance corporate governance and ensure compliance with laws and regulations. In order to strengthen our competitiveness and management foundation in our core businesses while simultaneously enhancing our corporate value in society, soundness of management is the very foundation of our sustainability. Accordingly, we will continue to work on strengthening our governance system to ensure that the soundness of our management will never change, even if there are changes in management personnel.

As part of efforts to strengthen the structure, a new Nomination and Compensation Committee was established in 2021 to enhance the supervisory function of the Board of Directors and further ensure transparency in decision-making. The majority of the members of this committee are external directors to ensure the independence of the committee.

External directors are given plant tours and pre-board meeting briefings to deepen their knowledge of NHK Spring.

As chairman of the Board of Directors, I make a conscious effort to elicit the opinions of all members, and recently I feel that more opinions are being exchanged than ever before. In particular, our external directors are constantly raising issues and making proposals from the perspective of whether there are any problems or hidden risks in the management system from a strictly external viewpoint.

We will continue to strive for a more effective management structure that contributes to the enhancement of our corporate value.

Greetings

The NHK Spring Report 2023 has for the first time been published as an integrated report and summarizes our thinking and strategies with the focus on important issues (materialities) in the NHK Spring Group's sustainability.

The NHK Spring Group will continue to provide "indispensable key parts" while contributing to the realization of a sustainable society and resolution of social issues. We hope that this report will help our shareholders, investors, and other stakeholders gain a better understanding of our thinking regarding the social role the Group should play and some of our activities towards realizing a sustainable society, and provide an opportunity for constructive dialogue geared to enhancing our corporate value. We look forward to enjoying your continued support for many years to come.

Various NHK Spring Group Products in Cities Life

The NHK Spring Group contributes to manufacturing in each field, from automotive to data telecommunications, industry, and lifestyle. The products of four businesses (Suspension Springs, Seating, Precision Springs and Components, Industrial Machinery and Equipment, and Other Operations) that play integral roles in everyday life will be introduced.

On golf courses



Golf shafts

In stadiums



Lighting equipment

In stores



Anti-counterfeiting labels



In automobiles



Automotive suspension springs



Accumulators for brakes



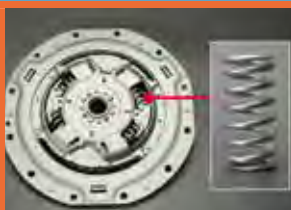
Automotive seats



Motor cores for electric vehicles



Wire springs



Damper springs for HEVs



Leaf springs for holding



Thin leaf springs



Integrated metal substrates



Polyurethane products

On boats and ships



Marine products

In data centers



HDD suspensions



HDD mechanical components

Suspension Springs Business

Automotive Seating

Precision Springs and Components Business

Industrial Machinery and Equipment, and Other Operations Business

On railways

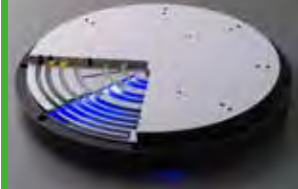


Railway tension balancers



Turnouts

In semiconductor manufacturing



Cooling plates for etching equipment

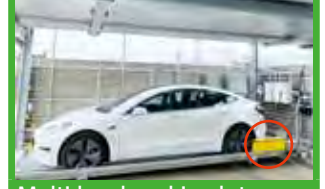


Stage heaters for film-forming equipment



Microactuators

In multi-level parking lots



Multi-level parking lot with EV charger

Co-creation with Stakeholders
Supporting Core Technologies

Value Creation Stories

ESG Strategy

Human Capital

Natural Capital

Growth Strategy

Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

Approach to Sustainability, and Materiality (Important Issue)

Basic Sustainability Policy

NHK Spring is committed to contributing to the realization of a sustainable society and resolution of social issues by continuing to provide "indispensable key parts".

Moreover, concerning the NHK Spring Group's legal, ethical and social responsibility, in 2016 we established our "Basic Global CSR Policy", under which we declared the following five principles: "Maintain transparency", "Act ethically", "Preserve the global environment", "Nurture people", and "Engage globally as a Group", and we strive to enhance our corporate governance and comply thoroughly with laws and regulations.

NHK Spring aims to continue being a Company that is trusted by society by strengthening the competitiveness and management base in our core businesses, increasing our corporate value, and returning the fruits of our efforts to our respective stakeholders.



NHK Spring Group Basic Global CSR Policy

The basic policy of the NHK Spring Group to take on the challenge of solving the various social issues that exist in society at large, based on our Guiding Principles and Corporate Philosophy.

We are committed to solving the broad range of social issues that pervade society by making the best use of our abilities. Our basic policy for achieving this is as follows:

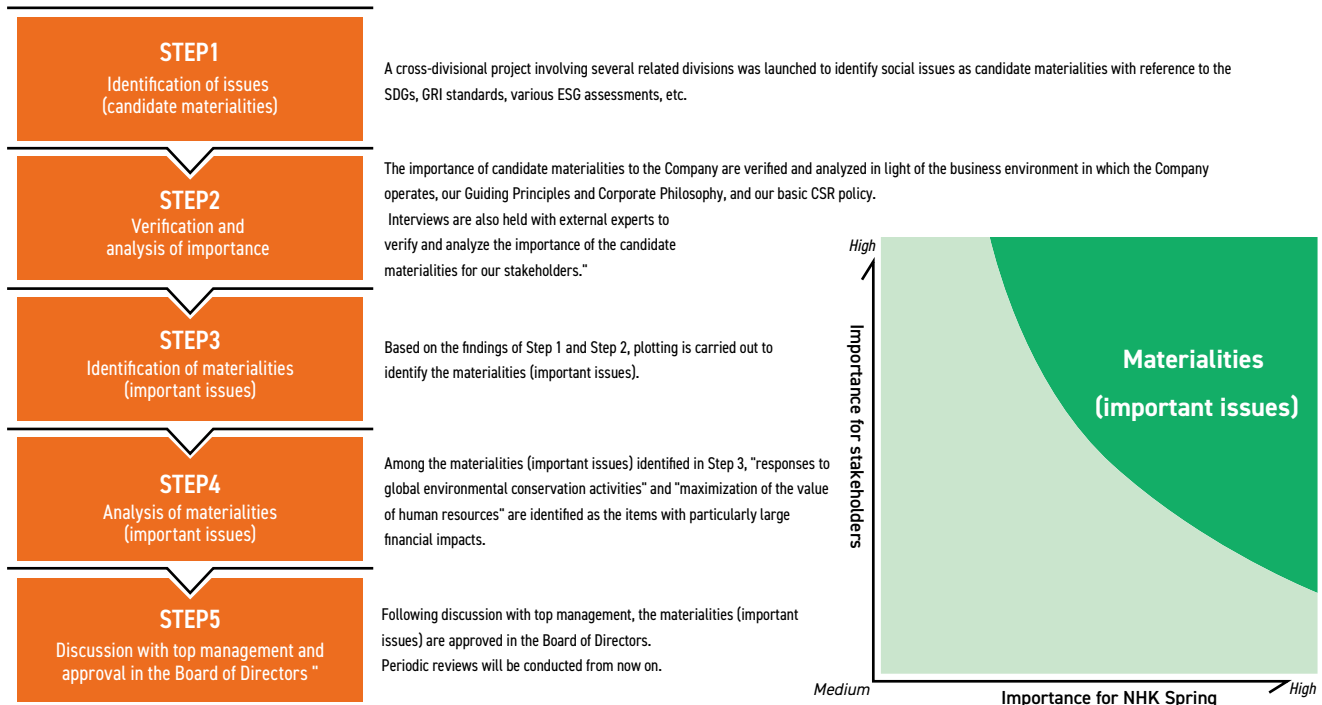
1. **Maintain transparency...**We will always maintain transparency and accountability in our corporate activities that affect society, the environment, and the economy.
2. **Act ethically...**We will not only comply with international norms and each country's laws and regulations, but also act ethically.
3. **Preserve the global environment...**We will make every effort to preserve the global environment.
4. **Nurture people...**We will uphold human rights, advocate D&I, care for others, and nurture people.
5. **Engage globally as a Group...**All members of the NHK Spring Group will share this basic policy, and we will globally engage in CSR activities.

Governance and Risk Structure concerning Sustainability in General

In order to anticipate and prevent risks from various perspectives and minimize their impact, the Company has established risk management regulations and a risk management system in which the President and chief responsible officer and the President of Corporate Planning and Control Division is responsible for advancing measures. The Company has established a risk management manual and a system for reporting to top management depending on level of importance on matters where risks are foreseen to occur.

Process for Identifying Materialities (Important Issues)

NHK Spring has identified materialities (important issues) through the following process.



Materialities (important issues)

NHK Spring has identified the following materialities (important issues).

Classification	Materiality (important issue)	Major initiatives	Related pages
External factors	"Environmental Challenges" <ul style="list-style-type: none"> Reduction of CO₂ emissions Reduction of environmentally hazardous substances 	<ul style="list-style-type: none"> Achievement of carbon neutrality by 2039 Zero industrial wastes by 2039 	36p 37p (Topics)
	Creation of products that contribute to the environment	<ul style="list-style-type: none"> Development and production of electric vehicle-related products (motor cores, integrated metal substrates, etc.) 	42p 43p
Management base that supports business activities	"Respect for People" Maximization of the value of human resources <ul style="list-style-type: none"> Safety and health of employees Rewarding and comfortable workplace D&I 	<ul style="list-style-type: none"> Promotion of health management Work style reform and review of personnel systems Recruitment and development of diverse human resources, D&I training, etc. 	28p 29p (Topics)
	Respect for human rights	<ul style="list-style-type: none"> Drafting and disclosure of our thinking on human rights 	64p
	Human resources development on the global scale	<ul style="list-style-type: none"> Implementation of English conversation and cross-cultural training programs, etc. Implementation of career interviews 	30p
	Compliance	<ul style="list-style-type: none"> Ongoing education for executive officers and employees 	62p 63p
Resolution of social issues through business activities	Development of products that will contribute to resolving social issues	<ul style="list-style-type: none"> Development and production of HDD-related parts and semiconductor process parts responding to demand for big data 	12p 13p
	Group management	<ul style="list-style-type: none"> Group-wide and global initiatives for addressing the above issues 	66p 67p

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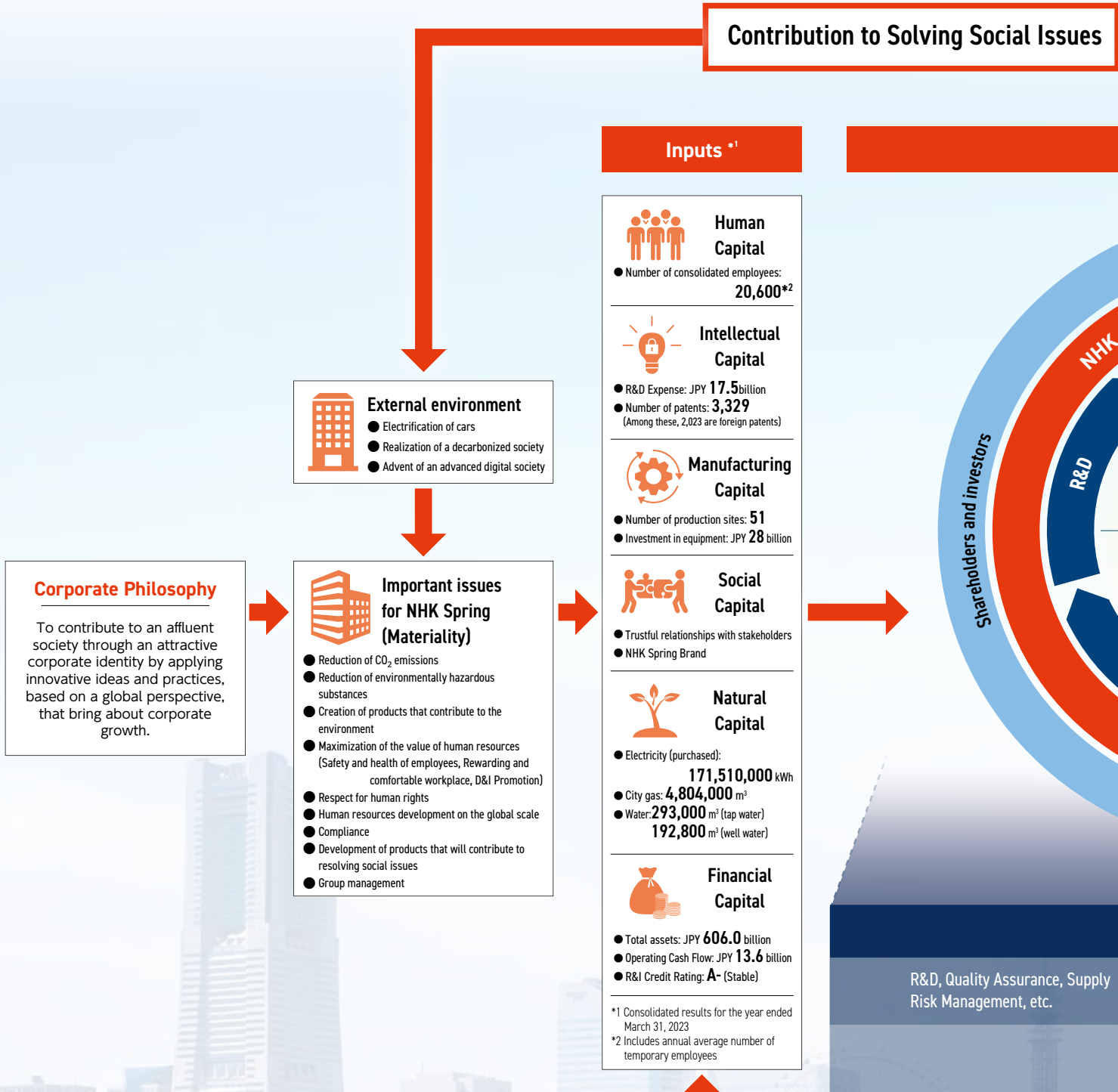
Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

Value Creation Process

Based on the thinking contained in our Corporate Philosophy, we aim to contribute to the development of an affluent society through our business activities. To realize this goal, we are promoting our business from a medium - to long - term perspective to address management issues in light of social challenges in a drastically changing external environment. We aim to solve social issues and increase our corporate value by providing various technologies and products through "NHK Spring's Monozukuri" (manufacturing in good faith), which leverages our strengths cultivated over many years in a wide range of fields including automobiles, information and telecommunications, daily life, and industry.

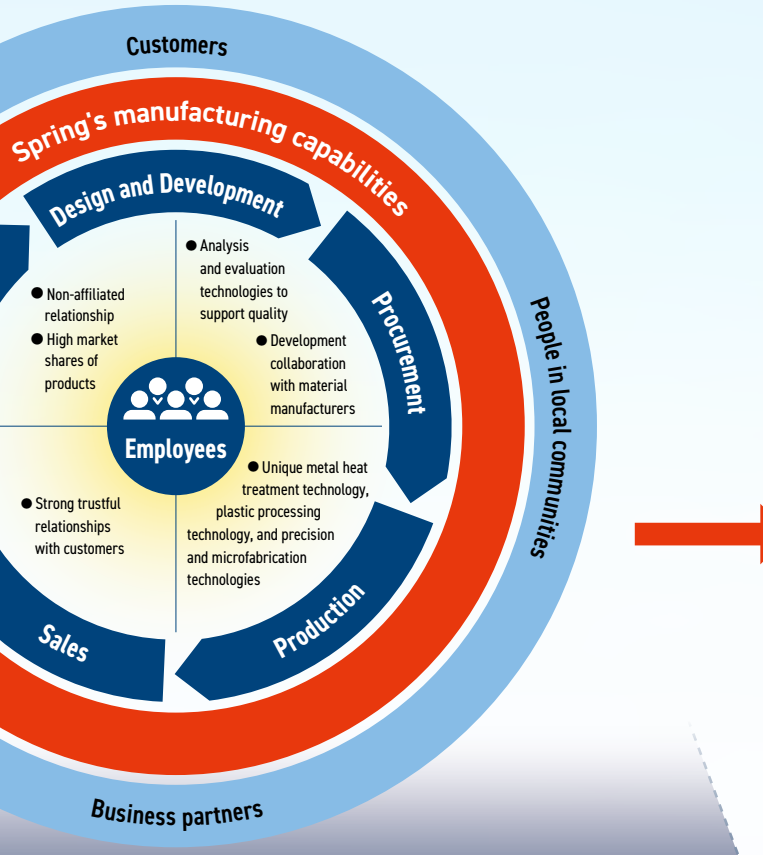


NHK Spring's Sustainable Growth

Value chain

Outputs

Outcomes



Automotive Suspension Springs Business P.45

Automotive Seating Business P.46

Precision Springs and Components Business P.47, 48

Industrial Machinery and Equipment, and Other Operations Business P.49

SUSTAINABLE DEVELOPMENT GOALS

Toward a sustainable society

We contribute to solving social issues through processes that provide safety, security, and comfort to people around the world through key parts that utilize the characteristics of springs.

Secure "profits" for sustainable growth

Base for Supporting Sustainability

Chain Management, Environment, Human Resources Management, Compliance,

Corporate Governance

Increase in economic value

Solving Social Issues through Business

NHK Spring continues to provide key parts

Through providing customers with products that are indispensable to people's safe and comfortable lives in a wide range of everyday fields, the NHK Spring Group contributes to solving social issues and supports the sustainable growth of society.

	The value of the products NHK Spring offers to our customers	Customer issues related to products	The value of the products offered by our customers
HDD suspension	<p>High product performance</p> <ul style="list-style-type: none"> Fine positioning accuracy Characteristics to suppress resonance 	<p>HDD</p> <p>Higher Capacity</p> <p>Higher Density</p> <p>Higher Reliability</p>	<p>Contributing to the development of digital infrastructure such as data centers by providing high-capacity HDDs</p>
Semiconductor process components	<p>High product performance</p> <p>High product reliability</p> <ul style="list-style-type: none"> Temperature control Corrosion resistance, durability 	<p>Semiconductor Processes</p> <p>Miniaturization</p> <p>Complication</p>	<p>Contributing to the stable supply of semiconductors by providing semiconductor manufacturing equipment</p>
Motor cores for electric vehicles	<p>High product reliability</p> <ul style="list-style-type: none"> High machining accuracy High production efficiency 	<p>Motors for EVs</p> <p>Higher power and efficiency</p> <p>Miniaturization and weight reduction</p> <p>Efficient design and development</p>	<p>Providing safe and comfortable mobility by offering EV motors/ electric vehicles. EVs can also be used as storage batteries, not only a means of transportation.</p>
Automotive seats	<p>Product safety</p> <p>Product comfort</p> <ul style="list-style-type: none"> Fatigue reduction Seat weight reduction 	<p>Preventing accidents before they happen</p> <p>Safe driving support functions</p> <p>Diversification of seat forms</p> <p>Automobile electrification</p>	<p>Safety and comfort of passenger space.</p> <p>Free space arrangement.</p>
Automotive suspension springs	<p>High product performance and weight reduction technology</p>	<p>Automobile electrification</p> <p>Weight reduction of car bodies</p> <p>Reduced fuel consumption</p>	<p>Contribute to a decarbonized society by reducing vehicle weight and improving fuel efficiency</p>

indispensable for solving social issues.

Social issues NHK Spring contributes to through our customers

Rapid increase in data processing and communication volume due to IoT, AI and DX
Securing of data storage has become a social issue
Integration of high-volume data centers with high energy efficiency

We contribute to the advanced digital society infrastructure through supplying HDD suspensions.



Digitization of machines in all industries due to IoT, AI, DX, etc.
Shortage of supply due to rapid growth in demand for semiconductors
Concerns about negative impacts on economic activity

Through supplying semiconductor process components, we contribute to improving the performance and functionality of machines used in all industries, to meet the growing global demand for semiconductors.



Reduction of automobile CO₂ emissions, which account for about 16% of total emissions
Curbing of global warming

Promoting the electrification of cars through the supply of motor cores for electric vehicles, we contribute to the reduction of CO₂ emissions.



Building a safe, comfortable, and efficient transportation infrastructure
Contributing to a society with zero fatalities and injuries from traffic accidents

Through supplying automotive seats, we arrange the interior space of vehicles safely and comfortably, supporting "sitting" and thereby contributing to user satisfaction.



Reduction of automobile CO₂ emissions, which account for about 16% of total emissions
Curbing of global warming

Through supplying suspension springs that achieve high driving stability and vehicle weight reduction, we contribute to the improvement of vehicle fuel efficiency and reduction of CO₂ emissions.



Support, Communicate, Hold, Recoil, Spring, Extend, Attach
Peace of mind, Safety, Comfort

History of NHK Spring

Here, we present the history of our Company.

Just as we have made great strides in the spirit of our Guiding Principles and Corporate Philosophy, we are committed to growing even further in the future so that we continue to be a Company that supports society with key parts up to our 100th anniversary and beyond.

Guiding Principles

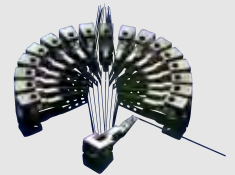
- Continuous progress
- Ceaseless excellence
- Caring teamwork

Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.



Piping support devices



Dot printer armature

1976

Expansion of sales in non-automotive fields

The experience of rapid economic growth and the oil crisis led to the development of non-automotive fields and business diversification. Around this time, in the process of developing products to function in a wide range of fields in the area of industrial machinery and equipment, we conceived design technologies such as thermal stress analysis and vibration analysis, joining technologies such as laser welding, caulking, silver brazing, and press working techniques, and other unique technologies which led to the development of next-generation products. In tandem with this technological development, we also trained human resources who could handle such technologies.

1963

Establishment of NHK Spring (Thailand) Co., Ltd.

Due to Thailand's economic development and industrialization policies, the automotive industry was earmarked for investment incentives, which attracted a succession of Japanese automobile manufacturers into the country. Since NHK Spring had been exporting leaf springs for repairs for some time, we became the first automotive parts manufacturer to enter the Thai market. Since then, NHK Spring (Thailand) has expanded its business beyond the automotive field and made great strides as one of the most important bases of our group.



1949

Entry into the seating business

Following the end of WWII, NHK Spring manufactured seat springs for the Occupation Forces in Nagano Prefecture. As the business expanded, we built new plants in Toyota (Aichi) and Kawasaki (Kanagawa) in the 1960s.



1964

Technical tie-up with the American company Rockwell

Based on a technical tie-up with the American company Rockwell, which possessed technology that could supplement molding difficulties in conventional seat springs, we gained a head start on competitors in acquiring the ability to produce zigzag springs that combined productivity with light weight. After that, we began production of urethane foam integrated seats, and our seating business steadily expanded from there.



1939

Establishment of NHK Spring

NHK Spring was established in 1939, when entrepreneurs from the trading company Suzuki Shoten, anticipating the future of automobiles, acquired Shibaura Spring in Shibaura, Tokyo. They changed the Company name to NHK Spring Co., Ltd. on September 8, 1939 and appointed Eikichi Kaede, one of the founders, as the first President and CEO.

1939~1945

WWII
Following the end of the war, many automobiles were brought into Japan by the U.S. Occupation Forces.

Social events and occurrences surrounding NHK Spring

1923

Great Kanto Earthquake
Automobiles had been regarded as a luxury, however, due to the damage caused to railways by the earthquake, they came to play a more practical role in society.

1939

1950

1960

1970

1980

Strengthening of the Management Base

1944: Formation of the NHK Spring Labor Union

1953: Listed on the Tokyo Stock Exchange

1964: Establishment of the Guiding Principles

1971: Announcement of the Company's first medium- to long-term vision

1978: Start of consolidated accounting

1990: Establishment of the Corporate Philosophy

2000~



Suspensions for HDD



Motor cores for electric vehicles



Semiconductor process components

Development of products for the next generation and strengthening of sustainability

Out of the technologies and human resources that were nurtured from the 1970s onwards, products that would herald a new generation were developed. Examples included high-capacity HDD-related products and semiconductor-related products in the information communication field, as well as electric vehicle products catering to "CASE".

In 2018, to strengthen development of electrification-related products, the Electrification Business Development Office was established under the direct control of the President.

Furthermore, with society placing increasingly heavy demands on companies regarding sustainability, we are also working to be a sustainable Company by strengthening compliance and governance, addressing climate change, promoting diversity, and so on.

2016~present
"CASE" - the new trend of the automobile industry
Heralding a once-in-a-century transformation in the automotive industry

2020
Government of Japan's Carbon Neutral declaration
Companies are being required to take various countermeasures

1990
Bursting of Japan's economic bubble
Shift from high-end products towards individual and functional needs
With more importance coming to be placed on safety and environmental pollution countermeasures, greater safety and riding comfort came to be demanded of automobiles.

1973
Oil crisis
Suffering a sharp decline in orders for automotive parts, the Company scrambled to absorb the needs of its customers.

1976



Advances into Europe and America

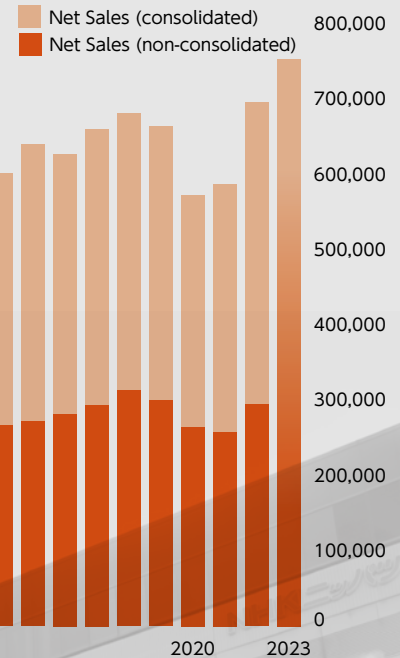
NHK International Corporation was established in the U.S. to serve as a base for exporting to North America. The pace of overseas production accelerated dramatically when automakers began to expand their operations in North America in the late 1980s. NHK Spring established Group companies in North America one after another, thereby steadily solidifying the Company's foundation in various parts of the world.



2002

Advance into China

Against the backdrop of increasing automobile production fueled by rapid economic growth in China, NHK Spring established a series of overseas Group companies in the Suspension Spring Division, Seating Division, Precision Spring & Components Division, and DDS (Disk Drive Suspension) Division between 2002-2010, thereby establishing its foundation in China.



1992: Establishment of the Global Environmental Response Committee

2005: Introduction of the Corporate Officer system

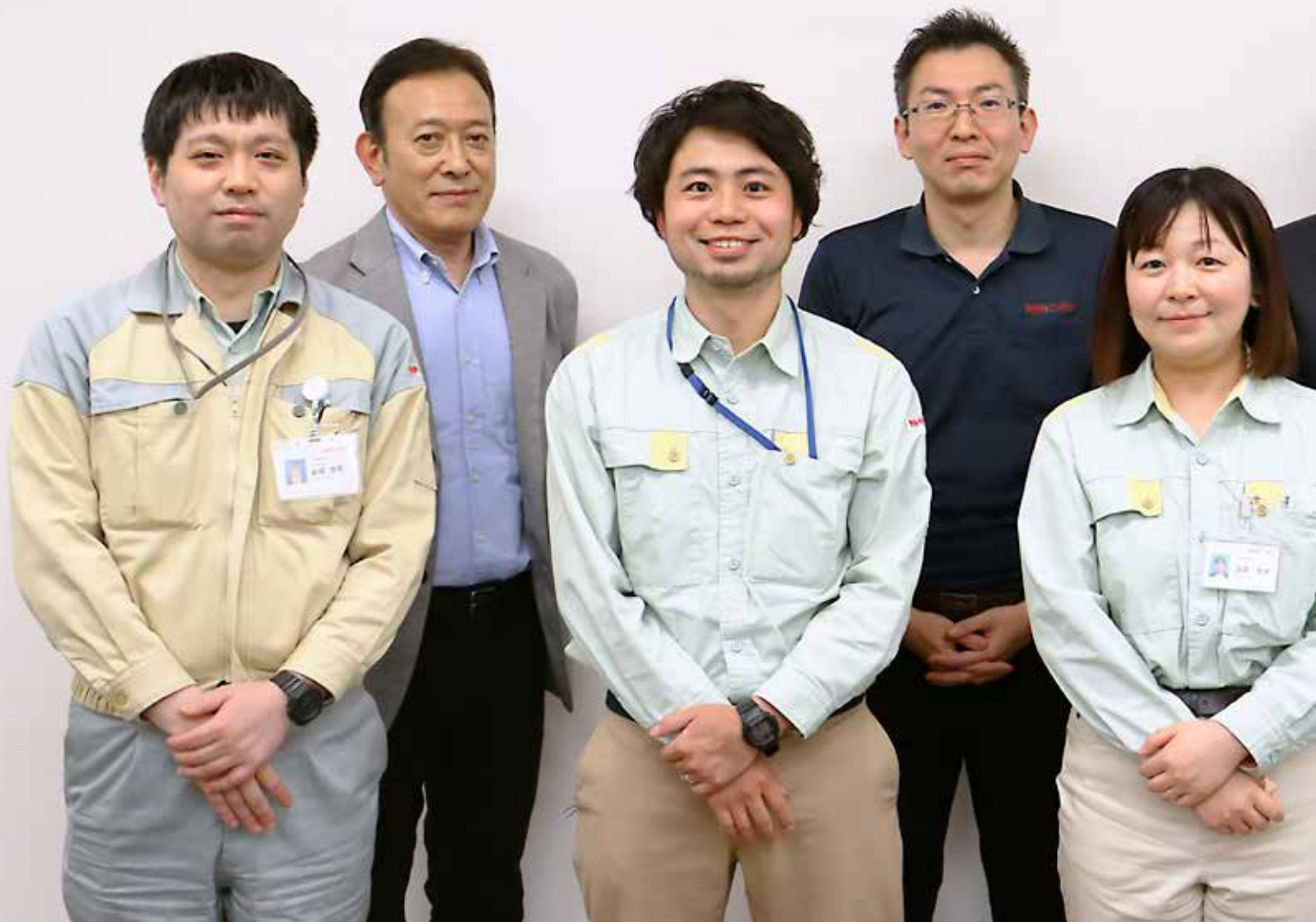
2016: Establishment of the NHK Spring Group Basic Global CSR Policy

2017: Establishment of the Employees Code of Conduct and NHK Spring Way

2020: Establishment of the Approach to Human Rights

2021: Establishment of the Nomination and Compensation Committee
Declaration of Carbon Neutrality
Launch of the Diversity Project

2022: Listed on the Tokyo Stock Exchange Prime Market



Exploration of New Fields

NHK Spring continually explores new fields based on cooperation between the New Field Exploration Team in the Research and Development Division and the Sales Planning Department in the Sales Division. Here, we introduce some of the initiatives that this involves.

Q. Tell us about the roles of the Research and Development Division (R&D Division) New Field Exploration Team and the Sales Planning Department.

Miyaji: The New Field Exploration Team comprises volunteers from within the R&D Division. Members who possess different specialist fields and work experiences gather and work together on developing new products.

Narita: The Sales Planning Department was newly established in FY2022. It is mainly concerned with exploring new products without being limited by existing customers, fields or products. We play the role of coordinator in linking

fields, technologies and products discovered by the R&D Division to the Company's sales personnel, customers and external organizations. Since I also belong to the R&D Division, I can regularly communicate and coordinate between the two departments. Actually, the Sales Division previously had a department for exploring new products. In that sense, this function has always been needed in the Company, albeit under a different name. The only difference with today is that we are working together with the R&D Division.

Q. What are the merits of strengthening cooperation?

Sano: Before the Sales Planning

Department was formed, developing new fields often involved conducting investigations at seminars and trade shows, and we had a hard time making concrete breakthroughs. Since we have collaborated with the Sales Planning Department, we can directly contact customers who have been approached by sales personnel, ask them about the problems they are encountering and present our technologies. This is very helpful and reassuring because we previously didn't know where to go or whom to approach.

Iwagaki: Yes, having more opportunities to directly hear the voices of customers is a huge benefit. When we were setting



Employees' Roundtable

01

(From the left)

Yohei Iwagaki

Manager, Development Department, Research and Development Division

Hitoshi Okayama

Senior Specialist, Sales Planning Department, Sales Division

Masato Shirao

Manager, Development Department, Research and Development Division

Takamitsu Sano

Manager, Development Department, Research and Development Division

Saki Sudo

Manager, Basic Technology Department, Research and Development Division

Shigeki Narita

Director, Sales Planning Department, Sales Division and Senior Manager, Management Planning Department, Research and Development Division

Shinya Miyaji

Director, Management Planning Department, Research and Development Division and Director, Intellectual Property Department (New Field Exploration Team Leader)

development themes based on information acquired at seminars and trade shows, there were numerous competitors. From this year, since we can directly hear the problems customers are having, we get a head start on our competitors when deciding on themes.

Okayama: We are also helped in the Sales Planning Department. In conventional sales activities, we usually specialize in selling the Production Division's products, however, when we visit customers with people from the R&D Division, we are selling NHK Spring's entire product lineup, in other words its core technologies. Even with existing customers, we can broaden the

contents from there.

Narita: Yes, thanks to the R&D Division's perspective, we are able to visit customers with whom we had no contact before now, so this has broadened the view of our sales personnel.

Shirao: When we operated separately, even if we conveyed something that the sales personnel thought was good, it was frequently difficult to adjust the technical aspects. Now that we can advance work while jointly discussing the contents, efficiency has definitely improved.

Miyaji: Working together from the beginning is extremely good. Since there are advantages from

the viewpoints of both technicians in the R&D Division and personnel in the Sales Planning Department, I hope we can find contents that are satisfying to both sides.

Okayama: Everybody sees things from a different viewpoint, so we mutually explain our views to close the gap. As a result, I feel there is an effect whereby we can mutually heighten our knowledge.

Q. Let me ask about job satisfaction.

Shirao: Since I am assigned to the R&D Division, there is a sense of mission which requires us to "tackle new things". Therefore, we are motivated by the opportunity to be involved with exploring new fields.



Also, my specialty is electricity, while Ms. Sudo specializes in chemistry, so we are both involved in fields that are slightly removed from NHK Spring's core technologies. Therefore, we both share a common goal of turning our fields of specialty into core technologies and broadening our fields of activity.

Sudo: I entered NHK Spring as a mid-career recruit, but I enjoy being able to perform work in tandem with external parties. This is also a personality issue, however, in addition to simply focusing on research inside this company, I like to go out of the company with sales personnel and work with various other people, and I feel that I am in an environment where I can do the things I want to do.

Sano: I feel a sense of mission in that exploration of new fields is something that "we must do for the future of NHK Spring", and that combines with the sense of enjoyment I find in working on fields that interest me and let me leverage my field of expertise. As a result, I feel a high degree of motivation. On the other hand, since I need to combine this activity with my primary function, balancing the two jobs can sometimes be challenging.

Q. What are your thoughts on human resources development?

Miyaji: The R&D Division is composed of members who volunteered to join, however, the number of such volunteers is few. Among those who did volunteer, some were eager to join, while others only raised their hands at the last minute. Also, many of

our members are mid-career recruits with a high degree of individuality, and I feel that we each impart a positive impact on each other.

Sudo: I only recently became a manager, however, I hope that I can offer my subordinates not only guidance but also show them an example of somebody who works with a sense of enjoyment.

Shirao: When it comes to exploring new fields, it is difficult to produce results, and it is sometimes even natural to expect no results. Therefore, more than outcomes, I think that the process we adopt in our approach and the way we get things done are evaluated more.

Miyaji: Yes. It may become a problem if no results are produced for years, however, we do attach importance to the approach we take to doing the things that we "want to do". Because the President and other executive officers respect that desire to do the things that we "want to do", we strive to convey this

feeling when we work on research and development and present ideas for new products in meetings.

Okayama: The members of the Sales Planning Department are all veterans who have experienced working as department directors. Therefore, they can leverage their respective experiences, knowledge, skills and human connections in acting as coordinators when exploring new fields. Having said that, we also need to incorporate the viewpoints of younger members in our future activities. Since individuality is important in sales, we want to develop people so that this individuality is nurtured. It may also be a good idea for the Sales Division to recruit volunteers in the same way that the R&D Division has done.

Shirao: I hope that the R&D Division, too, not only limits itself to personnel from the R&D Division, but also canvasses for people and ideas from the respective production divisions.

Sano: The idea of running a contest to gather ideas from the entire company is also interesting. I'm sure there are lots of potential ideas that are hidden in the company.



Q. What do you think about the future of new field exploration?

Iwakaki: The current atmosphere is pointing us towards exploring new areas without limiting ourselves to any particular fields.

Sano: Yes. Personally speaking, since I cannot persist with something unless it is interesting to me, I hope we have freedom to explore.

Iwakaki: Since starting work in a joint effort between the R&D Division and Sales Planning Department, in a good sense, I think that the thinking of the Sales Planning Department is unfettered. People in the R&D Division unconsciously tend to put limits on themselves because they consider technical feasibility, however, by passionately first considering what kind of products we want to send into the world and what kind of markets we want to challenge, I hope that we can avoid making technical feasibility the sole

criterion for development.

Narita: We do not limit ourselves to any particular fields, however, as a general policy, we want to contribute to finding solutions to social issues such as the SDGs. Mr. Iwakaki said that he feels that the thinking of people in the Sales Planning Department is unfettered, and I think that is because the Sales Planning Department looks to create movements or trends more than simply make products.

Okayama: The world is full of products and diversifying needs. Under these conditions, rather than limiting ourselves to 100% in-house development, I think it is also necessary to quickly get products out into the world by also involving external parties in the same way that start-up ventures do.

Narita: One of the results of the collaboration between the R&D Division and the Sales Planning

Department is our "partnership with SkyDrive". This arose out of the passionate desire of a member who had concurrent posts in the Sales Planning Department and R&D Division at that time. He launched the project and suggested it to the President based on a strong desire to enter this market. Although the field of flying cars is not one that will immediately produce results, the Company, showing understanding for our passion, decided to fund the project and enter into the partnership. NHK Spring currently assigns a number of personnel to the project, and they leverage the Company's technology and know-how in advancing the development of flying cars. It is possible that air mobility equipped with NHK Spring's components will become a reality from 2030 onwards.



©Skydrive

In 2022, NHK Spring invested in SkyDrive Co., Ltd. with the aim of developing "flying cars" and "cargo drones". In the future, it is anticipated that "flying cars" will develop into a new means of mobility for people living on remote islands or in mountain areas, a mode of emergency transport in cases of disasters, a new taxi service in urban areas and so on. In the "Public-Private Council for Air Mobility Revolution", for which the Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure and Transport have established a joint secretariat, it is forecast that flying cars will become disseminated in earnest in the 2030s. NHK Spring intends to construct technical cooperation and a capital relationship in order to realize synergy effects with SkyDrive.



Support to automated driving :

Here, we introduce some examples of development and the members involved in the seating business as it works on future challenges.

Q. Please tell us about the roles and members of the Seat Development Department.

Kato: Conventionally, the Development Department was involved in advance development, which entailed developing products that meet conditions of functionality, safety, comfort, productivity, etc. based on needs in the stage that came before mass production design, however, in the past 10 years, in order to pursue even better products, we have conducted research in the stage that comes before advance development. We call this base technology, and we also conduct research on what truly comfortable seats are and how such seating

should best be evaluated. In simple terms, we are like a research institute inside the Seating Business. Within the Development Department, I oversee the three pillars of static sitting comfort, dynamic vibrational riding comfort, and thermal comfort. I joined NHK Spring as a mid-career recruit, and I have specialized on ergonomics since my previous position.

Kim: I am primarily involved with researching base technologies, embodying ideas into products, and proposing them to customers. I too joined NHK Spring as a mid-career recruit.

Suzuki: I have worked in the Seat Development Department ever

since I joined the Company, and I primarily work on the area of dynamic vibrational riding comfort. I researched ergonomics at university and have the opportunity to leverage this learning in my job.

Honda: I have also worked in the Seat Development Department ever since joining the Company, and it is my job to measure data in experimental work.

Q. How did you become involved in developing seats for car sickness mitigation?

Kato: Soon after the term "automated driving" appeared in everyday conversation, a thesis was published which claimed that "because

Employees' Roundtable

02

(From the left)

Kazuhito Kato

Senior Manager, Development Department, Seating Division

Chikanori Honda

Development Department, Seating Division

Kosuke Suzuki

Assistant Manager, Development Department, Seating Division

Donghyoun Kim

Manager, Development Department, Seating Division

Development of seats for car sickness mitigation

automated driving will free drivers from the need to conduct driving operations, drivers will become prone to the effects of car sickness in the same way as passengers". Mitigation of vibrations conveyed from the road surface when vehicles run on roads has conventionally been a development theme, however, the need to consider the future possibility of automated driving spurred us on to launch development in earnest. **Kim:** The automobile industry has conventionally worked on the theme of car sickness, however, development efforts before now focused on suppressing vibrations through vehicle structure, suspension springs and so on. Therefore, when

we suggested that seating could have an impact on car sickness, we were greeted with surprise by customers and ordinary consumers alike.

Q. What difficulties have you encountered in development?

Suzuki: The car sickness prevention mechanism we have developed aims to suppress head vibration and tilting during cornering and acceleration by modifying the shape of the headrest. Therefore, we really struggled in finding a solution to the question of "how to suppress head movement". As we repeatedly tested prototypes of various shapes, we arrived at the realization that "the head sits most comfortably in the pose where a

person clasps their hands behind their head", and we made rapid progress from that point.

Honda: We tried various methods and painstakingly made and tested prototypes to see what kinds of movements led to car sickness, and this process was much harder than we expected.

Kato: We didn't know that the headrest provided the answer at the beginning. In addition to the headrest, we tested various conditions including the armrests, reclining, and seat contact surface in an effort to mitigate head and body movements. If we include all of these factors, it took us 23 years to arrive at the solution of "anchoring the back

Employees' Roundtable 02



of the neck with the headrest".

Kim: From there, we moved onto design, operability, legal requirements, safety and so on. We encountered difficulties here too. A major difference with conventional seating development is that laws and regulations related to automated driving are not fully established around the world. Even if conventional safety standards are cleared, there is a higher risk potential due to the greater freedom of movement that automated driving affords. Therefore, we had to think about ways to measure and evaluate safety in the absence of any guidelines. When guidelines eventually do become clear in the future, this research on safety is sure to become a strength of NHK Spring's seating.

Suzuki: Another key point is experimentation. When we conduct seating experiments, we ask sample participants to actually sit in seats and see if they become sick or not, however, for experiments that involve people, we must always obtain the consent of the Company's Ethics Committee. Therefore, we need to have correct knowledge on ethics in order to conduct these experiments.

Kato: Participants cooperate with our experiments after conducting informed consent (consenting after receiving an explanation) procedure.

Since persons of various genders, ages and body shapes sit on seating, we ask various people in the company to help, however, nobody likes to volunteer for car sickness, so we also struggled to find participants.

Suzuki: We are working on "modelling" in seating comfort. By numerically processing and modelling people's

responses to external stimulations in the shape of riding comfort, sitting comfort, and thermal comfort, we eventually become able to forecast comfort even if someone is not sitting on a seat.

Kato: Since there is a wide variation in the way that people feel things, it is very difficult to conduct numerical processing. Moreover, since the physiological phenomenon of car sickness is very complicated, it is difficult to establish any clear indicators. In that respect, I am confident that our modelling technology, albeit limited in its capacity, is something that gives us an edge over competitors.

Kim: Modelling enables us to shorten the development process. Moreover, when giving explanations to customers too, the fact that we can give logical explanations based on numbers adds persuasiveness to our proposals. I think that this is another reason why our seating attracts such a good reaction. In addition, we can leverage our independent standing to periodically meet with customers to discuss the technologies that will be needed in the future. I think that this ability to gather information is another strength of NHK Spring.

Q. Let me ask about how you convert development articles into final products.

Kim: After we have fabricated development articles, we conduct patenting procedures, then present the articles at trade fairs and the like. If customers display a favorable response, we then conduct individual presentations. Whether or not we proceed to making into products depends on the results of these presentations. In some cases, we conduct hearings and discussions on points that need to be improved.

Kato: When we arrive at that stage, we advance the work in cooperation with the Sales Division and the Design Division.

Kim: Balance is important when it comes to developing final products. For example, no matter how good a test product's performance is, we cannot develop it into a final product if it contains any negative elements in terms of legislation. We advance development upon attaching importance to base technologies upon clearing all the necessary elements with good balance.

Q. What are your thoughts when conducting development?

Honda: Since I personally am prone to car sickness, I felt a strong sense of anticipation in developing car sickness prevention seating, and



this motivated me to conduct development. As the member in charge of experimentation, I also felt a sense of mission in that I didn't want to let the efforts of everybody who cooperated go to waste.

Suzuki: For me, this was the first time that a developed article was developed this far and drew a response in trade fairs and from the media. I was delighted that our efforts were rewarded in this way.

Kim: The work of the Development Department is not easy because it covers such a wide range from information collection to making prototypes, experimentation, legal compliance, and making proposals to customers, however, I feel a strong sense of achievement when I see how our efforts have led to this outcome.

Q. What are your hopes for the future?

Suzuki: Of course, we need to respond to "things that are now needed", however, from now on, I think we will need to turn our attention more to "things that are likely to be required in the future". I am talking about five to 10 years in the future. I hope that we can make use of exhibitions, academic meetings and so on to independently uncover

new themes.

Kim: Yes. While keeping an eye on major changes such as CASE, I hope we can develop new and higher added value seating and propose it in a logical manner so that its value is recognized from now on. NHK Spring's business is based on the business-to-business (BtoB) model, however, seating has elements that are closer to the business-to-customer (BtoC) model, therefore, I hope we can increase our opportunities for investigating users' needs and linking findings to better developments.

Kato: Since good development articles are created out of numerous ideas, this work entails a high birth and high death rate, i.e. the yield is not high. However, as our President Mr. Kayamoto often says, "It is natural for experiments to end in failure". I feel that this has led to the creation of our corporate culture that permits failures. Since it is natural for experiments to fail, such failures encourage us to consider why the failure occurred and look to the next step. As the Development Department, I hope that we can continue to take on risks and challenges without fear. In terms of human resources

development, our department currently has people who comprise various careers, nationalities, and ages. In that respect, I think we have a lot of variety, and I believe that ideas are more likely to be generated if there are people from diverse backgrounds and endowed with various ways of thinking. Ideally speaking, in order to broaden the scope of our experiments and evaluations, I would like to see more women join us; moreover, since we are making products that cater to people, I would like to have more members who specialize not only in ergonomics but also in psychology. I would be grateful if the Company could recruit such human resources, however, if this isn't possible, I hope we can utilize external agencies to help our current members acquire such know-how, and I also would like to see members actively attend academic society meetings and exhibitions. Also, since development is often advanced in collaboration with universities inside and outside of Japan, there is much we can learn from these institutions too. By enhancing the value of each member, I hope that we can link this to the development of excellent products in the future.

How headrests work

When the headrest is deployed as shown in the picture, it supports the back of the head and keeps the head from tilting. In doing so, it mitigates the acceleration that is imparted on the heads of passengers. As a result, compared to conventional seats, the time it takes for passengers to display symptoms of car sickness has been extended roughly three times.





Development and Production Structure of Key Parts

Looking towards the future electrification of automobiles, NHK Spring established the Electrification Business Promotion Department to focus on development as an organization under the direct control of the President & CEO in 2018, and has since worked on developing the key parts that will be used in the drive motors of electric vehicles. From FY2023, to further strengthen the structure, the Motor Core Project, which incorporates the activities of development, production and sales, has been newly organized together with the Precision Spring and Components Division, which is responsible for producing motor cores.

NHK Spring, when the timing is right, is prepared to suddenly change direction and devote resources to new products that are created by the passion of its employees. Here, we introduce one such example of this in the shape of motor-related parts.

Q. Tell us about the time when the Electrification Business Promotion Department was newly established.

Hirota: I have been involved with the Electrification Business Promotion Department from the start as a member in charge of production technology. When I was transferred to the Electrification Business Promotion Department, I belonged to a production equipment launch team in a separate department. I felt that the timing was wrong because we were just about to

introduce the equipment, however, I felt encouraged that it was a good opportunity to develop my career and promote the introduction of new production technology.

Nakamura: I was manager of the manufacturing section in Atsugi Plant at that time, however, I felt excited when I heard the President & CEO talk about Electrification Business Promotion Department as a way to "survive through electrification". At the same time, because we needed to assign people from the plant to the Electrification Promotion Unit, I

was unsure about which people to choose.

Hirota: I too vividly remember the President and CEO's words when he said, "In any event, we will focus on development of electrification-related parts". When the Electrification Business Promotion Department was actually established with the mission of expanding the business, I personally had no knowledge of motor cores and struggled to know where to start.

Nakamura: In the case of a plant, there are customers and clear goals



Employees' Roundtable

03

(From the left)

Isamu Ninomiya

Precision Spring and Components Division Motor Core Project Director and Senior Manager, Electrification Business Promotion Department

The bridge between the Electrification Business Promotion Department responsible for sales and development and Atsugi Plant responsible for production

Tsuyoshi Nakamura

Plant Manager, Precision Spring and Components Division Atsugi Plant

The top official at Atsugi Plant, which is responsible for motor core production

Yuji Hirota

Senior Manager, Electrification Business Promotion Department An original member of the Electrification Business Promotion Department, which is responsible for motor core development

Co-creation with Stakeholders
Supporting Core Technologies

Value Creation Stories

ESG Strategy

Human Capital

Natural Capital

Growth Strategy

Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

with an Eye to the Future of Electrification

such as product delivery deadlines, quantities and specifications, however, in the case of development, it is sometimes difficult to envisage a clear objective.

Hirota: Yes. First of all, we started off by hearing about the problems that were being experienced on the production line, and this revealed the technical issue of how to raise productivity, so we established the resolution of this issue as our goal. At first, we struggled to realize any achievements and experienced numerous discouraging setbacks. Even so, since we had a strong determination to put this business into orbit somehow or other, we held repeated discussions with the persons concerned and reached our goal through a process of trial and error.

Q. What are the characteristic features of the Electrification Business Promotion Department under the direct control of the President & CEO?

Hirota: Because we are immediately given the green light to try the things we want and take on lots of new challenges, I feel that the speed of technological development is very fast and the members are highly motivated. The speed of decision making is also very fast. We needed expensive specialized equipment to develop technologies, however, we were able to introduce equipment with unusual speed and also have many more technicians assigned thanks to the President & CEO's backup. I feel that we could do these things because the unit is under the direct control of the President & CEO, and this active deployment of

management resources has led to the rapid development of elementary technologies and improvement of productivity.

Q. How was the relationship between the Electrification Business Promotion Department and Atsugi Plant at the start?

Hirota: My role in the Electrification Business Promotion Department was to conduct technological development for improving productivity and to pass technologies onto the production line at Atsugi Plant.

Nakamura: Atsugi Plant had commenced production of motor cores a few years before establishment of the Electrification Business Promotion Department, however, it still lacked experience and technological maturity, even though

Employees' Roundtable 03



it had an extensive store of press technologies. The plant struggled to develop new technologies in tandem with production. However, with the establishment of the Electrification Business Promotion Department, the plant could concentrate on production and let the Department develop new technologies. Moreover, not only was the speed of technological development enhanced, but the process of passing developed technologies onto production became extremely smooth.

Ninomiya: On the other hand, separation of the Electrification Business Promotion Department from the production plant also brought difficulties. Conventionally speaking, in some ways it was more efficient to advance technological development jointly with the plant, however, there was a mismatch between the two in that the plant was primarily concerned with profits while the Electrification Business Promotion Department gave priority to developing technologies. Against such a background, I was chosen to act as an intermediary between the two sides.

Q. Tell us about the period of transition when collaboration was being reinforced between the Electrification Business Promotion Department, Sales Division and Atsugi Plant.

Ninomiya: I became involved with motor cores a few years after Mr. Nakamura and Mr. Hirota. From 2021, I assumed concurrent positions in the Administration Department of

the Precision Spring and Components Division and the Electrification Business Promotion Department, where I was put in charge of sales. The Electrification Business Promotion Department had two members responsible for sales of motor-related parts, and we had a situation where the staff member in charge of motor cores in the Sales Division and the staff member in charge of motor-related parts in the Electrification Business Promotion Department were independently conducting sales activities in respect to the same customers. Accordingly, in order to deepen cooperation with the Sales Division, we decided to share information concerning products and sales activities in the Electrification Business Promotion Department and build an environment in which both entities could cooperate in expanding sales. After that, somebody was put in charge of sales activities combining the Sales Division and Electrification Business Promotion Department; the sales structure for motor cores and related products was strengthened, and sales expansion activities were revitalized. We advanced work with a view to enabling the Electrification Business Promotion Department, Precision Springs and Components Division, and Sales Division to become a unified team.

Nakamura: Because the standing and roles of the two sides differed, I think that the intermediary had a lot of struggles.

Hirota: As the intermediary between the plant side and the development side, I think that Mr. Ninomiya plays a crucial role and is an essential member. Also, I feel that having Mr. Ninomiya and the sales team members in the same room contributes to enhancing the speed of development.

Q. Tell us about strengthening of earning capacity through establishment of the Motor Core Project.

Ninomiya: Following the transitional period, the Motor Core Project was launched in April 2023 for

the purpose of strengthening cooperation between Atsugi Plant and the Electrification Business Promotion Department, and I was appointed as the Project leader. In this Project, seven departments have been established to realize the business objective, i.e. cost planning, sales expansion activities, product technology, production technology (equipment), production technology (dies), quality assurance, and patent strategy, and we focus energy on planning and executing priority measures in each department.

Nakamura: Regarding construction of the production structure, a new building is currently under construction to reinforce production capacity at Atsugi Plant. If we receive orders for new products, even when this new building is completed, because we forecast that Atsugi Plant will not have sufficient production capacity, we also have to boost production capacity at our factories in China and Mexico. Motor cores have the potential for much greater growth than any of the products we have handled before.

Hirota: Since the production technology for motor cores has matured to an extent, I think it is the right time to enhance earning capacity. The fact that the Motor Core Project has been newly established at this time shows that the Company is forcefully supporting our efforts, and I feel that it has added to the motivation of the project members. Since I am also involved with advancing the development of new technologies for motor core peripheral parts, our



current goal is to receive orders from customers for these parts.

Nakamura: Through this project, we need to enhance the added value of motor cores and turn them into a profitable business. Therefore, I feel that we have been handed a large responsibility.

Ninomiya: I think it is important to build a structure that is geared to making profits. Improvement of productivity is a must. On top of that, we need to realize differentiation from competitors based on developing unique technologies and conceiving original ideas.

Q. What are your thoughts regarding the motor core business and sustainability of NHK Spring?

Nakamura: In the Precision Spring and Components business, because electrification will inevitably lead to a decline in engine-related and transmission-related parts, there is a sense of crisis. Looking ahead, we will need to replace products that face declining demand with new leaf springs for holding batteries, thermal control-related products, connector-related products and other electrification items, however, motor cores will become the most important products.

Ninomiya: We don't have a lot of experience in making major advance investment in the way we are doing with motor cores. In that sense, this project represents a new challenge

and will make a major contribution to NHK Spring's sustainability.

Nakamura: To ensure the success of the project, we will need to hone motor cores as "indispensable parts" through applying added value, seeking differentiation with competitors, and boosting strengths.

Ninomiya: In terms of differentiation, patents are important. It will be necessary to work closely with the intellectual property department, which handles patents, acquire as many patents as possible and leverage them in both an attacking and defensive manner.

Q. How do you foresee the motor core business in the future?

Ninomiya: We know what we need to do, so now it is simply a question of doing it. First, we will obtain new orders for motor cores and improve productivity by increasing the scale of production. At the same time, we will advance preparations with a view to developing businesses out of motor core-related parts.

Nakamura: At Atsugi Plant, because motor cores are larger in size than the springs used in engines and transmissions, unit costs will rise. If we can increase our earning capacity through motor cores, I think that they can become not only

a source of profits for Atsugi Plant, but even a source of profits for NHK Spring. That will be our goal as we strive to increase earning capacity.

Hirota: Entering the Electrification Business Promotion Department has brought me a different sense of reward, and the experience has positively benefited my career. Moreover, because I feel a high sense of motivation in the work, I personally feel that I am having a good time. It took almost three years from establishment of the Electrification Business Promotion Department to the receipt of orders for prototype parts. I am proud of the speed we have displayed, and I believe that we have demonstrated that even the highest barriers can be overcome provided that the necessary resources and desire of members are there. I hope that we can leverage this experience in developing new technologies for motor-related parts.



What are motor cores?

As key components in the drive motors of EV and HEV cars, motor cores are laminated iron cores consisting of hundreds of piled die-punched electric steel sheets measuring around 0.3mm. Internally fitted magnets generate rotational motion that drives automobiles.

In order to make a laminated iron core by piling hundreds of die-punched electric steel sheets, micron-level dimensional precision is required. NHK Spring's strength can be found in the fact that it can leverage its core metal processing technology, which it has honed over many years, to conduct all processes from fabrication to maintenance in-house. Manufacturing products endowed with the same level of quality at its three production centers in Japan, China and Mexico, it supplies products around the world.



Motor cores



Used in electric vehicle drive motors
(The photograph shows a cut model)

Basic Stance

The internal and external environment surrounding NHK Spring has been changing dramatically in recent years, and we will need to modify our approaches to people and organization in order to continue being a company that is needed in the future. For NHK Spring's manufacturing to continue contributing to the resolution of customers' and society's issues, we believe it is important to promote initiatives to build a rewarding and comfortable workplace that maximizes the respective value of diverse human capital, and we are comprehensively implementing measures for developing people, organization and corporate culture.

Strategy

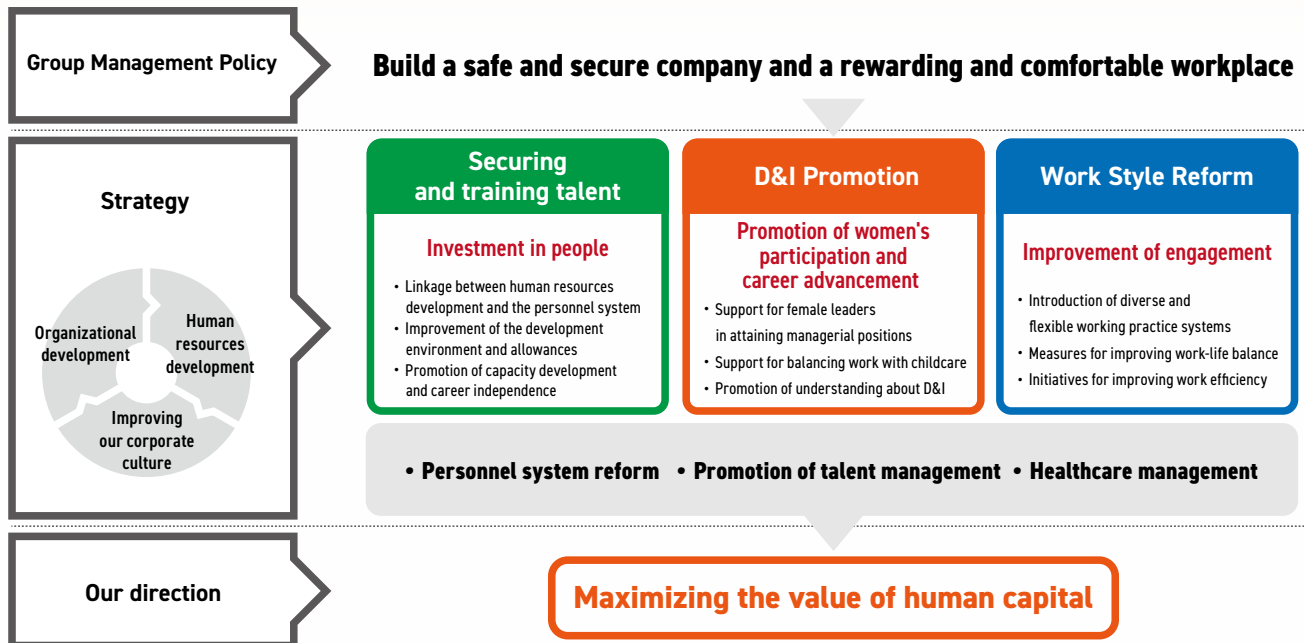
Policy

NHK Spring has consistently maintained the attitude of "respect for people" since our establishment. "People" primarily comprise employees, and it is the ability of each and every employee that underpins NHK Spring. We believe that building a workplace that is rewarding and comfortable for everybody, and investing in people to enhance the value of human capital will lead to the sustainable growth of NHK Spring and eventually be returned in the shape of development for customers and society.

As an independent manufacturer supplying various products in a wide range of fields including automobiles, IT, industry, and lifestyle, we employ human resources in Japan and overseas who are engaged in diverse fields such as R&D, design, procurement, production, sales, management, etc. Understanding the importance of securing and training talent who are endowed with a high degree of expertise in each field and leadership skills for proactively guiding innovation in response to environmental changes inside and outside of the Company, we will build an employment environment that allows these human resources to sense growth and contribution, recognize each other's diverse values and fully exhibit their varied individuality and abilities.

< Execution Measures >

One of NHK Spring Group's management policies is to "Build a safe and secure company and a rewarding and comfortable workplace". In line with this, we implement measures in such areas as "Securing and training talent", "D&I promotion", "Work style reform", "Personnel system reform" and "Promotion of health management".



Implemented Initiatives

In FY2022, we mainly implemented the following initiatives in each area of activity. Concerning D&I Promotion, in FY2021, we received "Kurumin"^(*) certification from the Minister of Health, Labor and Welfare as a "Company that Supports Child Rearing", while in the area of health promotion, we have been recognized as a "2023 Certified Health & Productivity Management Outstanding Organization"^(**).

(*) "Kurumin" is the name for an accreditation mark granted by the Ministry of Health, Labor and Welfare. This mark is granted in cases where an employer formulates and enacts action programs for the support of child rearing by employees and certain fixed conditions are met based on the Law to Promote Measures to Support the Development of the Next Generation enacted in April 2005.
 (**) The Health & Productivity Outstanding Entities Recognition Program recognizes enterprises for working to overcome health-related challenges in regional communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi, and recognizes enterprises for outstanding efforts in health and productivity management.

Securing and training talent	D&I Promotion	Work Style Reform	Health maintenance
<ul style="list-style-type: none"> Expansion of license allowances Introduction of an internal opportunity announcement system Expansion of transfer-related allowances 	<ul style="list-style-type: none"> Training for female leaders D&I training for managers Distribution of a handbook to support balancing of work and family life 	<ul style="list-style-type: none"> Introduction of a regional employee system Ongoing implementation of measures for reducing total working hours and encouraging employees to take annual paid leave Implementation of employee engagement diagnosis tests 	<ul style="list-style-type: none"> Promotion of the health visualization program In-company training and dissemination and awareness promotion activities for healthcare Holding of healthcare events Dietary education activities

Governance

Concerning initiatives for fully extracting the value of human capital, concrete measures are formulated in each division and department according to the management policy. Division managers check the conditions of activities in each department and report on important items in the Management Committee and the Board of Directors. Concerning priority measures, a system is in place whereby projects that have been approved in each conference body are promoted.

Promotion Structure

NHK Spring has adopted a system whereby important initiatives for securing and developing talent are discussed in the Personnel Policy Committee, which is a subordinate body of the Management Committee, and are then referred and reported to the Management Committee and/or the Board of Directors for approval.

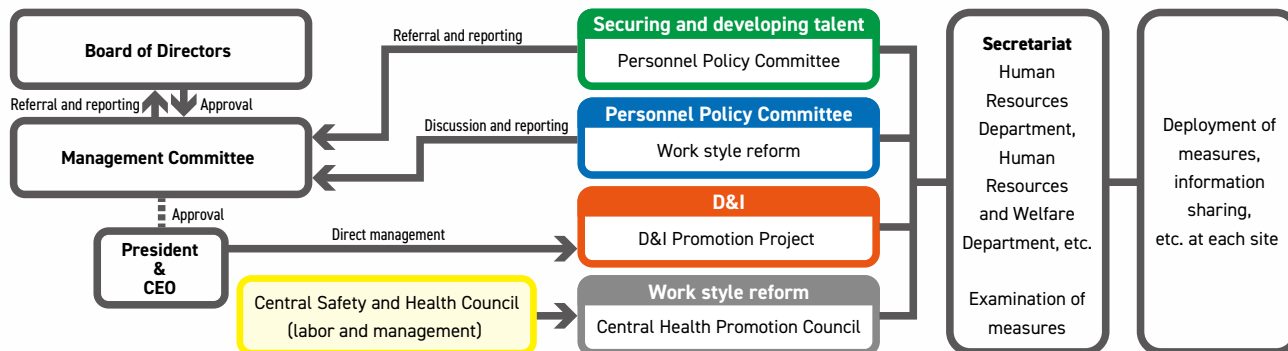
Concerning D&I promotion measures, initiative is taken by the D&I Promotion Project, which is approved by the Management Committee and placed under the direct management of the President & CEO. Project measures are executed by each responsible department after receiving approval from the managers of related departments, the President of the Corporate Planning and Control Division, and the President & CEO, and the state of progress and issues are discussed in the regular project meetings.

Concerning work style reform, measures are primarily implemented in the "Smart Work Project", which is approved by the Management Committee. The Project, which is headed by the Director of the Human Resources Department, plans and formulates policies and execution measures, and matters are referred to secretariat meetings that have participation by labor and management representatives.

Concerning healthcare promotion initiatives, we have established the Central Health Promotion Council, under the Central Safety and Health Council, to formulate company-wide health policies and measures and confirm the implementation status. In addition, each business site has appointed health promotion committee members and health promotion staff to promote various health measures.

Monitoring

The various measures are implemented by each responsible department or project, and progress is managed based on the above governance in principle. Moreover, concerning implementation of new measures and important items, we have established a system whereby the various conference bodies such as the Personnel Policy Committee and Management Committee share and discuss priority issues, review measures and make improvements to project operations.



Risk Management

In order to achieve greater effectiveness in formulating policies and strategies for maximizing the value of human capital, deciding indicators and goals, managing progress and so on, the Board of Directors will examine system building with a view to strengthening the risk management structure so that supervision and monitoring can be implemented more appropriately.

Indicators and Goals

Concerning the indicators that require monitoring and vision (goals) we should aim for, we will review our conventional approach to totaling indicators and the items subject to totaling and examine ways to achieve greater disclosure from now on.

Classification	Indicator	Performance	FY2030 goal
Promotion of women's participation and career advancement	Ratio of female managers	2.3%	5%
	Ratio of female new graduates hired for career track positions	11.3%	20%
	Ratio of male employees taking childcare leave	30.1%	60%
Employee Engagement	Employee engagement diagnostic results	69.7pt	75.0pt

* Performance and goals pertain to conditions in NHK Spring only.
 * The ratio of female managers and ratio of female new graduates hired for career track positions are actual figures as of April 1, 2023. The ratio of male employees taking childcare leave and employee engagement diagnostic results are actual figures for FY2022.
 * The employee engagement diagnosis conducted by NHK Spring is a survey focused on employee experience and has a maximum score of 100. Only specific employees are targeted by the survey.

Employment and Talent Development

Basic Approach to Employment

NHK Spring advocates "growth through innovative ideas and practices" as part of its Corporate Philosophy, and we are widely looking for motivated individuals who are willing to break out of the mold, take on challenges, and overcome difficulties through teamwork.

[NHK Spring is seeking the following type of person]

"(A person who) Has an interest in new things,
and resolutely meets challenges"

"(A person who) Views matters from various perspectives"

"(A person who) Appreciates the individuality of each
colleague and works together to achieve the goal."

In terms of the diversity of talent, we are further promoting the employment of people with disabilities through a special-purpose subsidiary, and are also actively recruiting women and non-Japanese employees. In addition, we employ and support the activities of persons such as top athletes who possess outstanding abilities in various fields.

Talent Development

Our talent development aims to realize qualitative improvement in both the abilities of human resources and organizational capabilities for sustainable growth.

First, in terms of talent, each employee should be aware of our Corporate Philosophy and demonstrate it in his or her own actions. Considering the ideal being aimed for, employees are expected to establish their own ability development goals and strive to achieve them in their work while conducting dialog with their superiors.

In addition to group training based on job level and job function, against the background of the increasing globalization of our business, each employee participates in foreign language and cross-cultural training programs and the like, which are designed to enhance their ability to accept diverse values and communicate cross-culturally.

Also, in order to further improve our competitiveness as a manufacturing company in terms of organizational strength, we conduct courses for training manufacturing line Kaizen (improvement) leaders, courses for instilling the strategic thinking needed to conduct practical business strategy reviews, and courses for cultivating creativity and innovation.

In this way, the entire Company will continue to work on talent development as a three-part system, in which "individuals" who are trying to grow on their own are nurtured by the "organization" and supported by the "personnel system".

Training to be attended 250 hours (during the first 5 years of employment)
Available e-learning courses 233 courses (6th-7th year of employment)
Global human resources training 70 hours per year
Dispatch of trainees abroad 124 trainees to a total of 6 countries (since 2004)

Recruitment

To promote awareness of NHK Spring among as many students as possible, we post "Work experiences" introducing the NHK Spring work style under the catchphrase "Key parts professionals = Monozukuri professionals" online, and provide online "career interviews" with Human Resources Department staff for persons who want to know more about the Company's work style.

We also ask young employees and mid-career employees to join in free talking sessions so that students can hear the real voices of employees. Our activities are designed to give prospective new recruits an idea of our corporate culture and atmosphere, as well as Company life after recruitment.

We are also striving to increase awareness of NHK Spring by disclosing information on recruitment information websites and setting up a dedicated "Recruiting page" on the Company's website.

WEB Special page address:
<https://www.nhkspg-recruit.com/>

Employing People with Disabilities

In April 2002, with the aim of "realizing our corporate social responsibility and contributing to local communities", we established "Nippatsu Harmony" as a special subsidiary to employ people with disabilities (*1). In addition, since March 2009, two group companies, NHK Sales Co., Ltd. and NHK Transport Co., Ltd., have been designated as special subsidiaries applicable to the Group, with the aim of increasing the employment rate of persons with disabilities.

As of the end of March 2023, the Company has established seven offices - three in Kanagawa Prefecture, three in Nagano Prefecture, and one in Shiga Prefecture - where 78 people with disabilities are working happily.

(*1) A special subsidiary company is a company meeting certain requirements, such as employing a large number of persons with disabilities.

• Transition in employment rate of people with disabilities

※ Statutory employment rate: 2.30% (2023)

	FY2019	FY2020	FY2021	FY2022	FY2023
Employment rate	2.29%	2.43%	2.37%	2.36%	2.35%



Rewarding and Comfortable Workplace

"Smart Work Project" for Reforming Work Styles

At NHK Spring, we believe that creating a rewarding and comfortable workplace with top priority given to the health and physical and mental wellbeing of our employees, and enabling each member of our diverse workforce to fully exhibit their abilities is essential for the sustainable development of the Company.

For that reason, in FY2018, we started the "Smart Work Project" geared to reforming work styles, with the goals of being a "safe and secure company" and "a company that is rewarding and comfortable to work in".

• Main Initiatives of the Smart Work Project

1. Diverse and flexible work styles

- Introduction of the telecommuting system and coreless flextime
- Introduction of the in-house recruitment system and regional employee system "

2. Improvement of work-life balance

- Reduction of total working hours based on setting rules concerning days for leaving the Company on time and times for completely vacating the Company
- Management of working hours and implementation of in-company training and e-learning on labor compliance
- Setting of the target number of days for utilization of annual paid leave"

3. Improvement of operational efficiency

- Utilization of technology for using software to automate some items of routine work (RPA)
- Utilization of the online conference system and review of conference bodies
- Sharing of know-how on improving operational efficiency and examples of work style reform initiatives"

4. Implementation of employee engagement diagnosis

- Disclosure of survey findings to managers in each division Grasping of issues and implementation of improvement actions in each workplace"

Supporting Work-Life Balance

At NHK Spring, based on the belief that improving work and private life is key to creating an attractive workplace where employees can achieve self-realization, we have established systems and take various measures to help balance work and private life.

• Leave and vacations for childcare and nursing care, and expansion of the short working hours system

At NHK Spring, in addition to establishing systems for balancing work and private life, we are also devoting efforts to building an environment and cultivating awareness (through training and public information through the Company newsletter, etc.) so that it is easy to utilize systems.

The childcare leave utilization rate is generally 100% among female employees, and the rate is also increase among male employees.

Moreover, concerning measures for supporting development of the next generation, NHK Spring in 2021 acquired "Kurumin" certification from the Minister of Health, Labor and Welfare as a "Company that Supports Child Rearing".

• Encouragement to take annual paid leave

Employees are encouraged to take annual paid leave based on targets that are set between labor and management.

FY	FY2020	FY2021	FY2022
Annual average number of annual paid leave days taken	16.3 days	19.5 days	19.8 days
Annual paid leave utilization target achievement rate	99%	99%	99%

• Rehiring system

Targeting persons who have retired from NHK Spring due to marriage, childbirth, childcare, spouse's transfer, nursing care, infertility treatment or other circumstances but want to display their abilities in the Company once again, this system is for rehiring such persons under certain conditions.

• Regional employee system

NHK Spring introduced the regional employee system, which allows employees to work without being transferred, in FY2022. As well as catering to changing values regarding work, this system contributes to the balancing of work with private life and realization of diverse career formation.

• Special leave system for infertility treatment

We introduced a leave system specifically intended for employees seeking infertility treatment in FY2019. This enables employees to take up to 5 days of leave per year (leave can be taken in half-day units). This system can be used by female and male employees and is intended to prevent employees from retiring from work due to infertility treatment.

Labor-Management Relations

Resolution of issues based on labor-management cooperation

NHK Spring has established numerous opportunities for dialog with NHK Spring Labor Union in an effort to foster mutual understanding. At monthly meetings of the Central Labor-Management Council held at Head Office, labor-management dialog is deepened while the parties check conditions regarding working hours, utilization of annual paid leave, etc. and exchange opinions aimed at creating a better workplace. Also, individual business sites hold monthly meetings of Branch Labor-Management Councils with the NHK Spring Labor Union branches to resolve day-to-day issues.

Through conducting repeated dialog between labor and management, we strive to deepen mutual understanding and trust and realize business operations based on a unified stance

between labor and management that enables us to immediately respond to business expansion and sudden changes in the business environment.

In addition, the Company and the labor union have concluded a comprehensive labor agreement covering all working conditions and overall labor-management relations with the aim of establishing fair and stable labor-management relations and promoting the Company's development and improving the livelihoods of union members. The collective labor agreement is publicly disclosed through printed materials distributed and posted on the Company's intranet so that all employees can view the latest working conditions whenever they want.

In FY2021, we launched the D&I Promotion Project, while our Group Management Policy includes the deployment of initiatives in four priority areas geared to realizing the participation and career advancement of diverse human resources.

Basic Stance

As part of its Corporate Philosophy, NHK Spring advocates contributing to the development of an affluent society based on "growth through innovative ideas and practices". To this end, we implement various initiatives aimed at enabling each employee to fully exhibit their individuality and ability regardless of differences in age, gender, nationality, disability, etc.

• Basic D&I Policy

NHK Spring states its commitment to protect human rights, advocate D&I, care for others, and nurture people in the NHK Spring Basic Global CSR Policy.

In order to continue to be an "indispensable company" that supports the ever-changing society and the progress of our customers, we will continue to value people and promote the participation and career advancement of diverse talent based on the slogan of, "Together we walk, together we prosper".

1. Respect for people

We mutually recognize diverse values and differences in gender, age, nationality, disability, and sexual orientation, and respect the individuality of each employee.

2. Rewarding organizational culture

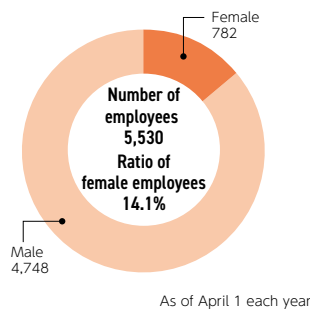
We promote the building of a rewarding workplace in which every employee can fully exhibit their diverse individuality and ability in a vibrant and fair environment.

3. Sustainable growth of the Company

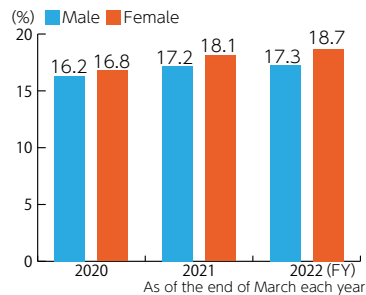
We actively promote the participation and career advancement of diverse talent with a view to realizing a corporate culture that generates innovation and the sustainable growth of NHK Spring.

Basic Indices

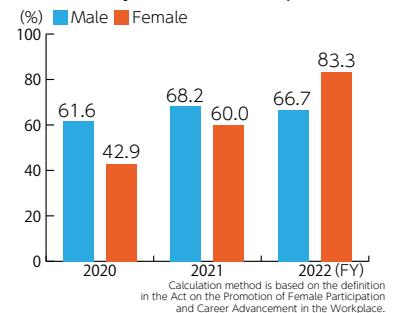
◆ Ratio of female employees



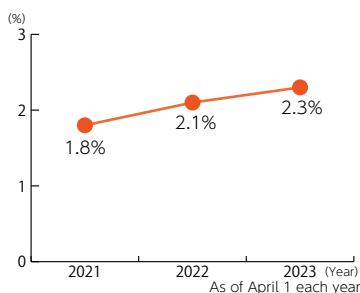
◆ Average length of service by gender



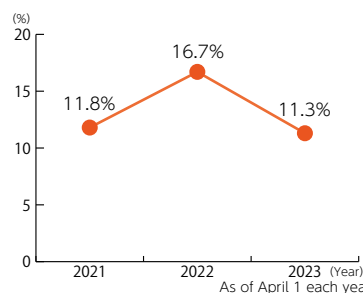
◆ Percentage of continued employment after 10 years of service by gender (Limited to new graduate hires in career-track positions)



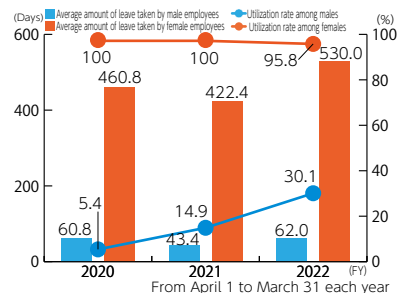
◆ Ratio of female managers



◆ Ratio of female new graduates hired for career track positions

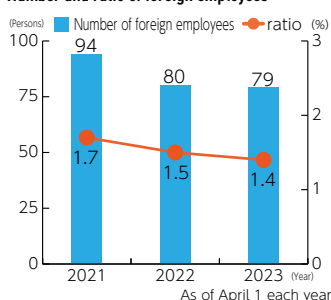


◆ Ratio of childcare leave utilization and average amount of leave taken according to gender

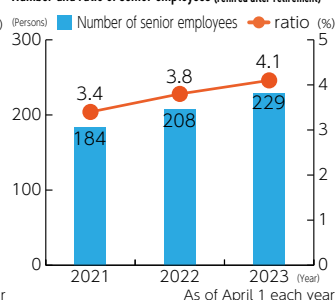


◆ Status of diversity in the workforce

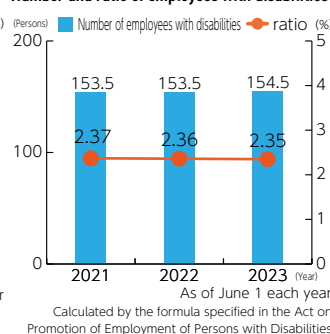
Number and ratio of foreign employees



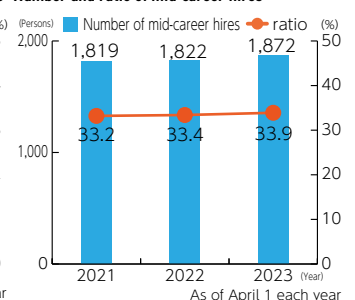
Number and ratio of senior employees (rehired after retirement)



Number and ratio of employees with disabilities



Number and ratio of mid-career hires



Roadmap



Four Key Issues and Initiatives

Issue 1 Promoting understanding of D&I

We disseminate information to each employee through internal newsletters and other means, and conduct training for managers.

- D&I training for newly appointed managers
- Compilation of a special feature on "LGBTQ" in the compliance newsletter for transmission to all employees

Issue 2 Support for balancing work and family life

We offer a full range of support and benefit programs to help our employees balance work and family life. We also continue to implement various initiatives to improve the work-life balance of our employees, such as introducing systems that accommodate diverse work styles, encouraging employees to take annual paid leave, and curbing long working hours.

- We have created and distributed to all employees the "Handbook to support in balancing work and family life" with the objective of allaying the unease and questions of employees taking childcare leave and promoting understanding among other employees.
- Staging of childcare interactive online workshops for employees currently raising children



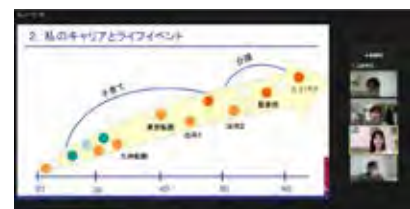
Issue 3 Encouraging male employees to take childcare leave

As the number of dual-earner households increases, in order for women to stay active after childbirth, it is necessary to create a work environment where couples can cooperate in balancing childcare and work. Therefore, we are advancing measures to foster a culture in which men can take childcare leave as a matter of course. The ratio of male employees taking childcare leave in FY2022 was 30.1%, which was far higher than in the previous year (14.9%). Accordingly, we have adopted a childcare leave utilization rate of 60.0% in FY2030 and disclosed it internally and externally in our annual securities report.

Issue 4 Promotion of women's participation and career advancement

Securing and training of female career-track employees is an important issue, to increase the ratio of female managers, which is currently 2% in NHK Spring. We are advancing initiatives aimed at increasing the ratio of female career-track employees, implementing in-company training, and building an environment that is easy to work in for women.

- Implementation of female leader training targeting female chiefs
- Staging of "Women's health seminars" related to health issues and methods unique to women



Training for female leaders (FY2022)

External Evaluation of D&I



In 2021, we received "Kurumin" certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



NHK Spring was certified as a "Platinum Company" in 2021 after satisfying the necessary criteria for becoming a "Kanagawa Corporation for Promoting a Balance between Treatment and Work".

2023 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

NHK Spring has been continually recognized as a component brand under the MSCI Japan Empowering Women Select Index since 2019.

Promotion of Health Management

Basic Policy on Health Management

One of our management policies is to "Build a safe and secure company and a rewarding and comfortable workplace." We believe it is important for the Company's sustainable growth that employees can continue to work with good physical and mental health and vitality, which will lead to improved performance. To this end, we will actively promote health management aimed at improving the health of our employees.

Health Declaration

The NHK Spring Group Health Declaration has been jointly signed by the presidents of the Group companies to ensure that employees and their families, the companies, and health insurance associations work together to promote health improvement and raise the health awareness throughout the entire NHK Spring Group.

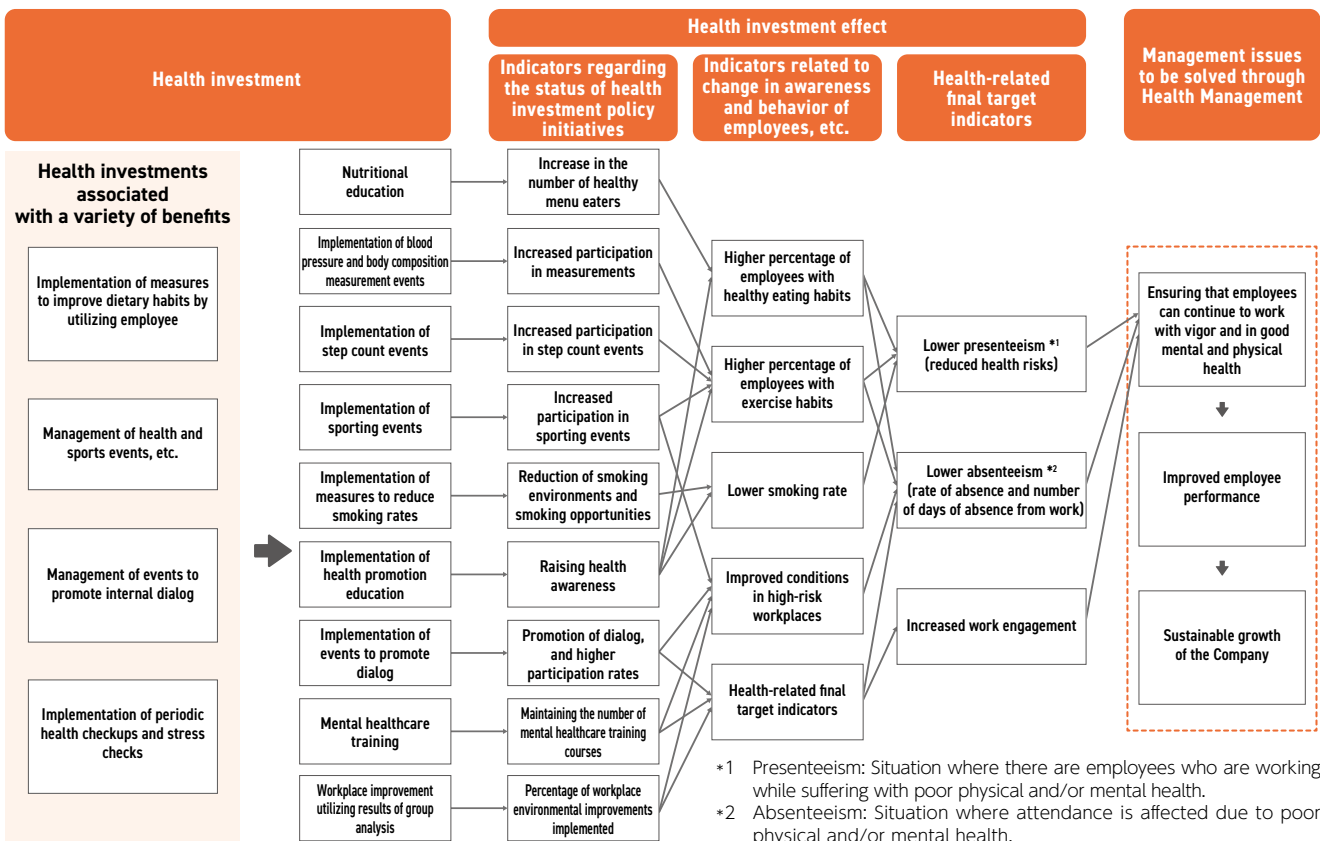


Health Promotion System

To promote health management on a systematic basis, we have established the Central Health Promotion Council, under the Central Safety and Health Council, the highest level organization, to confirm the policy and implementation status of company-wide health measures and examine items to be implemented. In addition, each business establishment has appointed health promotion committee members and health promotion staff to promote various health measures.



Health Management Strategy Map



*1 Presenteeism: Situation where there are employees who are working while suffering with poor physical and/or mental health.
 *2 Absenteeism: Situation where attendance is affected due to poor physical and/or mental health.

Health management/promotion issues and measures for realization

• Mental healthcare

<Policy>

We will promote measures to ensure the sound mental health of our employees and create a safe and comfortable work environment.

We have set goals in the belief that we can improve productivity by lowering the rate and number of days of absence from work due to mental health issues, and thereby reducing absenteeism. In order to reduce the number of employees with mental health issues and shorten the length of absence from work, we must prevent mental health issues before they occur or detect them at an early stage. As measures to realize this, we believe it is important to improve workplace environment for alleviating high-risk workplaces based on the results of stress check group analysis, and to raise the awareness of employees through implementing mental healthcare training.

<Measures and effects>

1. Mental healthcare training

We regularly implement job level-separate education when newly hiring and promoting employees, and education at business site that targets all employees. In FY2022, job level-separate education was conducted five times and education at business site 10 times. Such education is planned and implemented with a view to broadly deepening the awareness of employees.



2. Utilization of stress checks

• Workplace environment improvement

We implement workplace environment improvement utilizing results of stress check group analysis.

• Individual follow-up

For individuals found to have high-stress levels in stress checks and requiring support by medical staff in each business site, individual follow-up is conducted.

• Physical Healthcare

<Policy>

We support employees in raising their self-awareness of health and implement health measures that enable them to continue working with vigor and vitality.

In cases where employees take leave due to physical ailments, particularly in cases arising from lifestyle-related diseases, the period of sickness tends to become longer due to worsening of the condition. Accordingly, viewing the prevention and alleviation of lifestyle-related diseases as an issue, we have made reduction of leave due to lifestyle-related diseases a health improvement goal.

Through improving employees' physical health, we hope to reduce absenteeism and improve conditions regarding presenteeism.

To achieve our goals, we need to improve figures related to obesity, blood pressure, smoking rate and other causes of lifestyle-related diseases.

*3 Line care: Managers improve the work environment for their subordinates and provide individual guidance and counseling on mental health care.

*4 Self care: Workers themselves proactively deal with their own stress.

As measures, we provide tools and stage events for improving health awareness and implement health improvement education concerning diet and so on.

<Measures and effects>

1. Visualizing health promotion

We distribute fitness trackers to employees to raise awareness about doing more exercise, and encourage use of body fat monitors and blood pressure manometers at each business site, and the participation rate in such activities is 38.2%.

To encourage each employee to take measurements and remain aware of their health condition, we regularly hold events with prizes.

Five such events were held in FY2022. The percentage of employees measuring health data is increasing every year, indicating growing awareness of health.

2. Dietary education - Healthy eating

To encourage employees to acquire dietary knowledge and the ability to make balanced food choices and practice healthy dietary habits, we implement health promotion activities in the employee cafeterias at each business establishment.

In this initiative, we label the ingredients (calories, salt, carbohydrates, etc.) of food items on menus, indicate appropriate intake amounts, and provide healthy menus and seasonings with low salt and calorie content.

In FY2022, NHK Spring provided 5,841 meals in all of its employee cafeterias."

3. Revision of smoking habits

In addition to offering encouragement and guidance to smokers on stopping smoking through the health offices at each business site, we also promote non-smoking days and other initiatives. In FY 2022, we made improvements to smoking areas at 13 out of 14 business sites.

4. Health checks and support

To reduce leave rates and days of leave resulting from lifestyle-related diseases, health offices at each business site conduct follow-up of employees who display symptoms.

Health Indicators and Numerical Targets

	FY2020	FY2021	FY2022	Target values
Mental health leave rate (%)	0.98	1.29	1.29	0.8
Mental health leave days (days)	54.0	52.0	65.0	50.0
Physical health leave rate (%)	—	0.90	0.68	0.8
Physical health leave days (days)	—	33.0	48.0	30.0
Stress check participation rate (%)	98.6	97.7	98.7	100.0
Stress check workplace improvement value (compared to previous year: %)	—	100.0	60.0	100.0
Stress check individual follow-up (%)	—	100.0	100.0	100.0
Smoking area improvement rate (%)	—	64.3	92.9	100.0
Non-smoking rate (%)	67.4	67.4	68.8	70.0
Periodic health check participation rate (%)	100.0	100.0	100.0	100.0
Observation rate (%)	63.4	63.0	62.5	—
Follow-up rate among persons showing symptoms (%)	100.0	100.0	100.0	100.0
Observation rate - blood pressure (%)	12.1	11.4	11.2	—
Observation rate - liver function (%)	27.7	26.2	25.3	—
Observation rate -fat (%)	37.6	33.3	33.2	—
Observation rate - blood sugar (%)	16.6	17.7	16.7	—
BMI > 25 (%)	29.1	27.8	28.4	—

NHK Spring Group's Environmental Challenges

In an effort to contribute to global environmental conservation, NHK Spring has earmarked construction of a decarbonized society based on reduction of CO₂ emissions, and realization of zero industrial waste, as materialities (important issues).

Since the publication of the Environmental Voluntary Plan in 1993, the entire NHK Spring Group has been involved in global environmental conservation activities. To further clarify NHK Spring Group's future role in helping to realize a sustainable society, the President & CEO personally declared "NHK Spring Group's Environmental Challenges" in September 2021.

Currently, a roadmap has been formulated in accordance with the medium-term goals for up to FY2026, and the Company checks the progress of activities and promotes initiatives while discussing reduction measures through the Global Environmental Response Committee. In addition, review is being advanced concerning the clarification of governances related to climate change, analysis of risks and opportunities, establishment of risk management and so on.

NHK Spring Group's Environmental Challenges

① Achieve carbon neutrality by 2039.

To this end, reduce CO₂ emissions by 50% from the FY2013 level by 2030.

② Aim to realize zero industrial waste by 2039.

To this end, reduce industrial waste by 95% compared to FY2013 by 2030.

<CO₂ and Industrial Waste Emissions and Main Measures geared to Reduction>

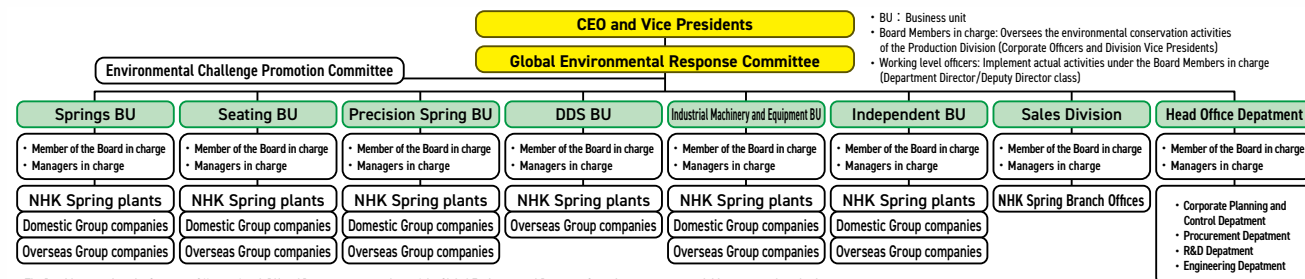
Item	Results		Main Measures Geared to Reduction
	FY2021	FY2022	
CO ₂ (thousand tons-CO ₂)	157	136	Promotion of energy saving, and technical innovation in electrification of equipment/production processes and product development Plant investment in solar power generation, etc./Purchase of electric power derived from renewable energy
Industrial waste (thousand tons)	45.6	48.6	Re-examining of recycling contractors/Promotion of free recycling and conversion of waste materials into valuable resources Consideration of thermal recycling reduction (increase factor: expansion of production quantities)

Targets for totaling: NHK Spring and consolidated subsidiaries in Japan

Governance

Based on the declaration, the Global Environmental Response Committee has compiled a long-term plan of environmental activities for each business and strengthened activities with a view to realizing a sustainable society in NHK Spring Group.

The Global Environmental Response Committee meets two times a year. The Committee sets medium- to long-term goals related to the Environmental Challenges, and compiles scenarios and promotes activities geared to realizing them. It periodically reports on the progress of activities to the Management Committee so that they can be reflected in the management strategy.



- BU : Business unit
- Board Members in charge: Oversees the environmental conservation activities of the Production Division (Corporate Officers and Division Vice Presidents)
- Working level officers: Implement actual activities under the Board Members in charge (Department Director/Deputy Director class)
- The President appoints the Corporate Officers of each BU and Department as members of the Global Environmental Response Committee to promote activities on a top-down basis.
- Through the Environmental Challenge Promotion Committee, which is composed of working level members, specific measures are deployed.
- Each BU and the Head Office Divisions oversee the Group companies and promote activities on a top-down basis.

Strategy

In NHK Spring Group, each Production Division and the Group companies have established numerical goals for FY2026, and they implement specific measures categorized as "Energy saving", "Electrification of equipment", "Technical innovation in production processes and product development", "Plant investment in solar power generation, etc.", and "Purchase of electric power derived from renewable energy" following exhaustive review in the Investment and Loan Committee. The Global Environmental Response Committee receives ongoing reports from each Production Division and the Group companies and monitors the degree of progress in relation to the planned activities.

Moreover, through the Electrification Business Promotion Department that was inaugurated in April 2018, products that contribute to the reduction of CO₂ emissions are supplied.

<Physical risks> Risks related to physical impacts such as disasters, etc. caused by climate change

	Impacted items	Risks	Opportunities	Response
Acute	• Major disasters caused by abnormal weather	• Production disruption caused by river flooding, massive typhoon, drought, tsunami, high tide, lightning strike, etc.	• Gaining of customers' trust and expansion of orders through strengthening of BCP measures	• Tsunami evacuation facilities and displaying of height above sea level in various locations • Installation of lightning conductors/lightning arresters • Reinforcement of the BCP resilience structure • Securing of power sources in emergencies (securing of emergency power sources and utilization of private generation equipment)
Chronic	• Meteorological information • Changes in precipitation and weather patterns • "	• Quality problems arising from insufficient product durability occurring in line with warming	• Improvement of added value and profits based on enhancement of product durability	• Confirmation and improvement of construction sites and building durability • Planning and development of products with outstanding durability, water resistance and heat resistance

<Transition risks> Risks arising in line with transition to a decarbonized society

	Influencing Factors	Risks	Opportunities	Measures
Policies/ Regulations	<ul style="list-style-type: none"> • Electrification promotion measures (ZEV*¹, fuel, gasoline vehicle regulations) • Government's carbon neutral declaration (Expansion of CP *² systems and subsidies) 	<ul style="list-style-type: none"> • Acceleration in development of eco cars by customers, leading to reduced sales of parts for gasoline vehicles • Higher energy costs and deterioration of profits in line with imposition of taxes on fuel and energy (carbon tax) • Harm to reputation (among rating agencies, investors, NGOs, customers, etc.) in the case where we are slow to respond to the GX*³ concept, CP and other climate change countermeasures** 	<ul style="list-style-type: none"> • Increased sales thanks to progress in development of products for EV/FCEV*⁴ (ZEV) • Increased profits thanks to progress in products and manufacturing techniques that leverage government support (subsidies, etc.) • Improvement of management processes in the case where a prompt response is taken to the GX concept, CP and other climate change countermeasures 	Development of EV/FCEV products and parts
Market	<ul style="list-style-type: none"> • Expansion of CASE and MaaS market • Market expansion of new fields leveraging energy saving products, polymer and LED technologies 	<ul style="list-style-type: none"> • Decline in sales of conventional products due to changes in the value and methods of use of automobiles • Non-purchase of products that impart high environmental loads 	<ul style="list-style-type: none"> • Creation of added value and establishment of superiority and business opportunities through products and services supplied to the market as a result of advanced initiatives to address climate change and development of energy saving products • Expansion of the market for low-power consumption devices in the HDD-related market following expansion of innovation for development of GHG*⁵ low-emission products and services • Expansion of the semiconductor process parts business due to higher performance and lower power consumption of semiconductor devices • Securing of greater competitiveness and improvement of corporate value through building resilience (responsiveness to climate change) 	<ul style="list-style-type: none"> • Promotion of cutting-edge research and development with a view to the future of semiconductors and electronics • Timely and continuous supply of high-added-value products equipped with innovative technologies • Development of products with reduced CO₂ emissions thanks to initiatives for making lighter products and so on*
Technology	<ul style="list-style-type: none"> • Energy conversion • Advance and dissemination of renewable energy • Dissemination of energy saving technologies 	<ul style="list-style-type: none"> • Increased costs and financial burden in production technology fields in line with energy conversion • Reduced profits due to inability to keep pace with technological dissemination and lack of progress in decarbonization (CO₂ reduction, etc.) 	<ul style="list-style-type: none"> • Expansion of business and improvement of profits due to development of energy saving and lower cost production in the manufacturing phase • Improvement of profits due to progress in innovation for development of GHG low-emission products and services • Improvement of profits due to progress in establishment of environmentally considerate production processes that leverage renewable energy and energy saving technologies 	<ul style="list-style-type: none"> • Promotion of energy optimization in plants • Active introduction of renewable energy*
Reputation	<ul style="list-style-type: none"> • Changes in customers' evaluations • Changes in investors' evaluations 	<ul style="list-style-type: none"> • Failure to win orders due to inability to cater to demands for products with small environmental load (decarbonization, etc.) 	<ul style="list-style-type: none"> • Greater superiority compared to competitors, and increased orders thanks to development of decarbonized products 	<ul style="list-style-type: none"> • Development of environmentally considerate materials and design of products

*1 ZEV: Acronym for Zero Emission Vehicle. This refers to EVs/FCEVs, etc. that emit no carbon gases, etc. when running.

*2 CP: Acronym for Carbon Pricing. This refers to the pricing of carbon based on carbon tax and emissions trading.

*3 GX: Acronym for Green Transformation. This refers to transformation that is geared to reduction of emissions and improvement of competitiveness based on viewing initiatives for achieving greenhouse gas emission reduction goals as opportunities for growth.

*4 FCEV: Acronym for Fuel Cell Electric Vehicle.

*5 GHG: Acronym for Greenhouse Gas. This refers to CO₂ and other greenhouse gases.

Risk Management

NHK Spring has built a risk management structure having the President & CEO and Representative Member of the Board as the chief responsible officer and the President of the Corporate Planning and Control Division in charge of promotion. Through this structure, we manage risks including those related to climate (physical risks and transition risks).

In conducting risk management, we decide measures and manage progress with a view to averting risks, minimizing damage, and preventing recurrence.

Meanwhile, recognizing the need to build a governance process clearly involving the Board of Directors in risk management, we will take concrete steps in this area too.

Indicators and Goals

NHK Spring Group has set reduction targets for CO₂ emissions calculated according to the amount of energy consumption, and we are committed to implementing global environmental conservation activities. Up to FY2020, we managed our CO₂ emissions per unit of sales, but since FY2021 we have switched to managing based on total emissions in order to achieve carbon neutrality.

< Medium- and Long-term Goals >

Item	Target year	Target value
CO ₂ Emissions	2030	CO ₂ emissions in SCOPE 1* ⁶ + SCOPE 2* ⁷ 50% down compared to FY2013
	2039	Zero CO ₂ emissions in SCOPE 1 + SCOPE 2
Amount of Industrial Waste	2030	95% reduction compared to FY2013
	2039	Aiming for zero industrial waste

*6 SCOPE 1: CO₂ emissions from use of fuel by business operators

*7 SCOPE 2: CO₂ emissions from use of electric power, etc. supplied by other companies**

CO₂ Reduction Activities in NHK Spring Group

Having set reduction targets for CO₂ emissions calculated according to the amount of energy consumption, NHK Spring Group is committed to implementing global environmental conservation activities. Up to FY2020, we managed our CO₂ emissions per unit of sales, but since FY2021 we have switched to managing based on total emissions in order to achieve carbon neutrality. We will also continue to compare with the past activities based on per unit of sales to verify the performance.

CO₂ Reduction Activities in FY2022

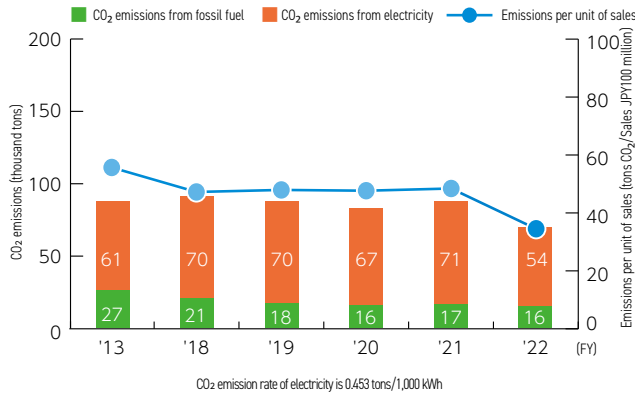
In FY2022, CO₂ emissions decreased in NHK Spring and domestic Group companies. Sales displayed a trend of increase in the same way as the previous year, however, CO₂ emissions decreased due to execution of CO₂ emissions reduction plans based on the Environmental Challenges that were declared in September 2021. CO₂ emissions also decreased on the per-unit-of-sales basis. NHK Spring and domestic Group companies implemented measures such as (1) updating compressors to optimize control, (2) replacing aging air conditioners, (3) electrifying boilers that use fossil fuels, and (4) reducing and discontinuing use of equipment. In addition, we introduced solar

power generation facilities and purchased renewable energies. At sales offices and other business sites, we ensure that power is turned off in unoccupied office rooms and thin out fluorescent lights.

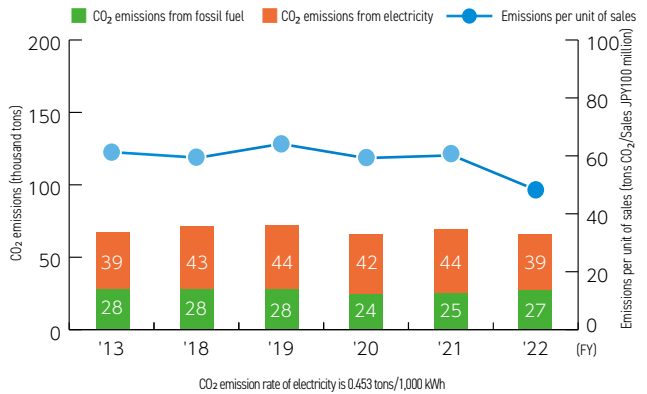
We have also reduced the amount of electricity used in offices through efforts to promote on-time work and telework as part of our work style reforms.

NHK Spring Group is first advancing the reduction of CO₂ emissions in domestic business sites. Overseas sites are conducting activities corresponding to the activities conducted in Japan.

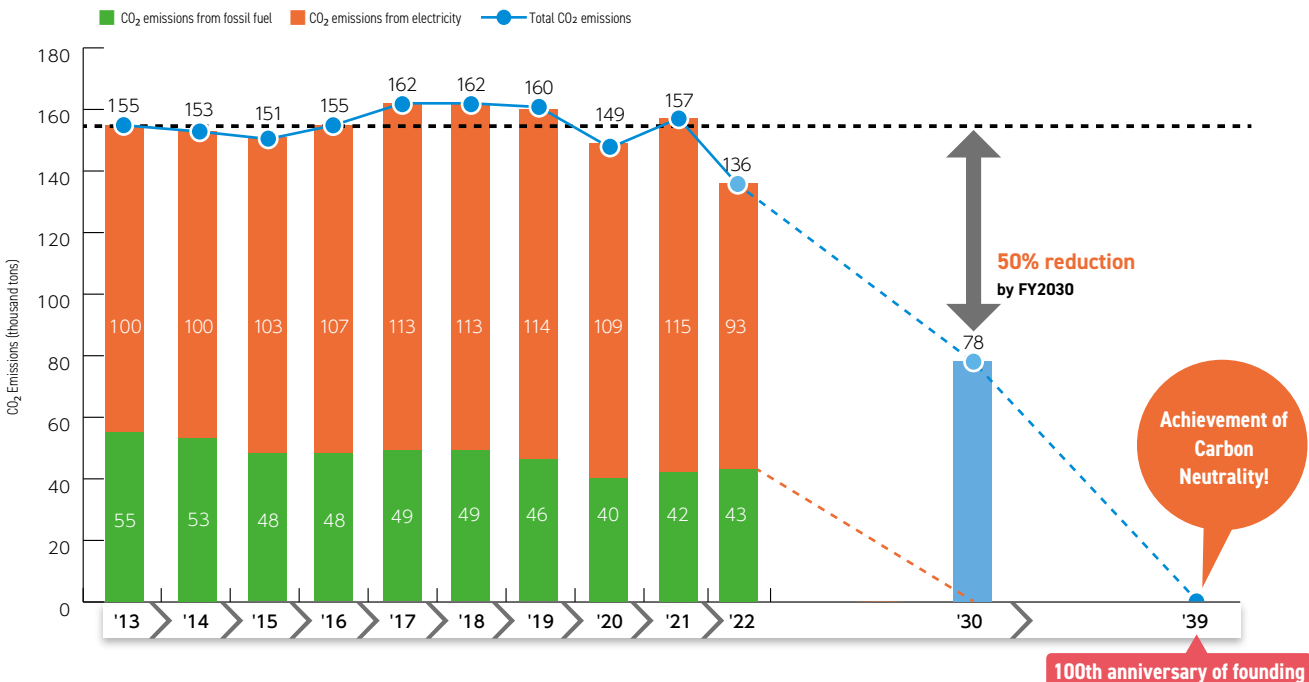
Transition in CO₂ Emissions (NHK Spring)



Transition in CO₂ Emissions (Domestic Group Companies)



Transition in CO₂ Emissions and Reduction Goals (Targets: NHK Spring and Domestic Group Companies)



Utilizing Renewable Energy

NHK Spring Group is moving forward with adoption of solar power generating equipment as part of our renewable energy facilities.

Initiatives by NHK Spring Group

Following introduction of a solar power generation system at DDS Komagane Plant in FY 2008, similar systems have been installed at a total of 19 sites: four at NHK Spring plants, and 15 at domestic Group companies. The solar power generation system at our Yokohama Office provides enough electricity to power the office automation equipment of our Head Office divisions.

To achieve carbon neutrality, several business sites are planning to install solar power generation equipment.

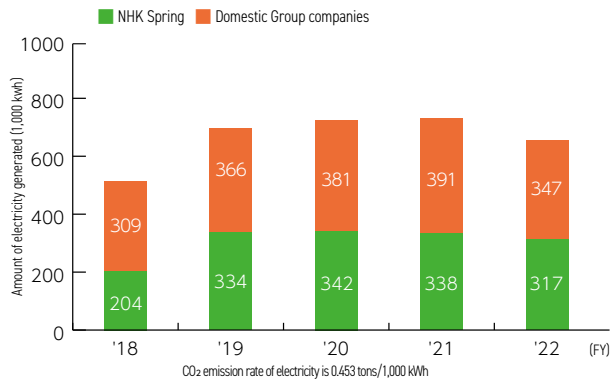
We will continue to use solar power systematically to reduce our energy consumption and CO₂ emissions.



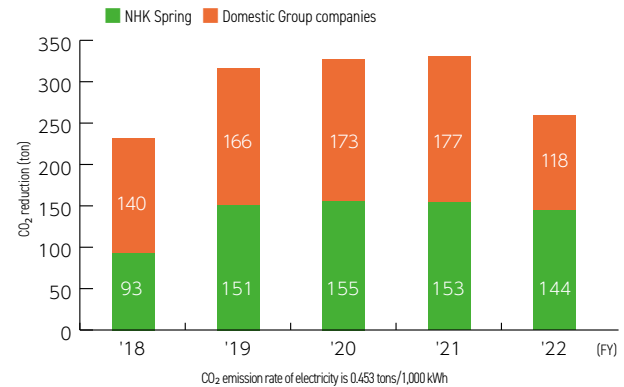
NHK MEC (271kW)
Start of operation in FY2022

Solar power installation sites	
Installed at four business sites of NHK Spring	Yokohama Office Gunma Plant DDS Komagane Plant Miyada Plant
Domestic Group 5 companies, 15 business sites	NHK Sales (10 business sites) NHK Flex (1 business site) Tokuhatsu (2 business sites) Topura (1 business site) NHK MEC (1 business site)

Electricity generated by solar power generation (domestic total)



CO₂ reduction from solar power generation (domestic total)



Zero Emission Initiatives

Maintaining a Recycling Rate of 99% or Higher

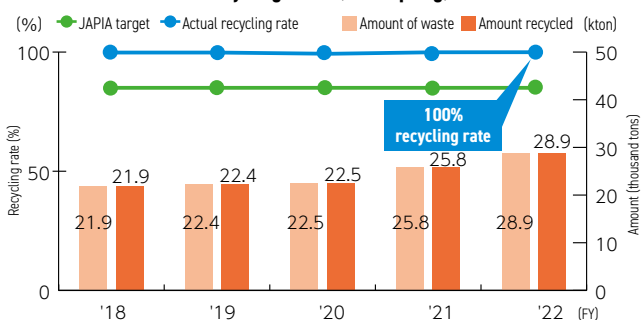
We have set a target of "recycling rate of 99% or more," which is higher than the 85% recycling target of the Japan Auto Parts Industries Association (JAPIA), and have achieved an actual recycling rate of 100%.

In order to achieve a 100% recycling rate, it is important to thoroughly separate waste and outsource recycling to appropriate contractors. We have established detailed rules for each business establishment, created an environmental "Dojo" workshop to

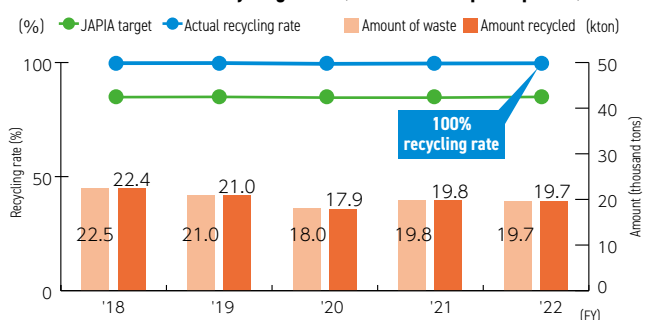
repeatedly educate employees, and set up recycling centers to ensure thorough separation of wastes. We also check the status of waste disposal contractors on site to confirm that waste is being properly disposed of.

As a result, NHK Spring and domestic Group companies have achieved and currently maintain a 100% recycling rate. We will continue to implement waste reduction activities while upholding the 100% recycling rate.

Transitions in Waste Recycling Rates (NHK Spring)



Transitions in Waste Recycling Rates (Domestic Group Companies)



Sharing of CO₂ Reduction Technologies (CO₂ Reduction Activity Awards)

NHK Spring Group is taking various measures to promote CO₂ reduction. In order to share these technologies throughout the Group, we hold annual awards for CO₂ reduction activities. Business sites compete with each other on countermeasure technologies, and effective countermeasure technologies are shared throughout the group.

FY2022 Awards

President's Award:

HORIKIRI, INC., "LPG fuel conversion based on LNG (city gas)"

The company plans to conduct heat treatment, which is currently conducted using kerosene and LPG, entirely with LNG (city gas). Because LNG has a lower CO₂ emission rate vis-a-vis unit heat generation than LPG and kerosene, it contributes to achieving carbon neutrality.

The company has succeeded in reducing CO₂ emissions (78 tons/year) by converting fuel in a heating furnace, tempering furnace and two drying furnaces.

To protect the global environment, the entire NHK Spring Group will continue to actively exchange opinions and make continuous, all-out efforts to reduce CO₂ emissions.



CO₂ reduction of 4,183 ton
(Total for FY2018 - 2022)



LNG burner

• Award-winning actions, technologies of the past five years

FY	Award	Business site	Contents
FY2018	President's Award	DDS Komagane Plant	Air consumption reduction based on improvement of production facilities
	Chairperson's Award	Komagane Plant (Industrial Machinery and Equipment)	CO ₂ reduction by reviewing clean room operation methods
FY2019	Chairperson's Award	Yokohama Plant (Seating)	CO ₂ reduction through adoption of package air conditioning
	Chairperson's Award	Isehara Plant No.1	CO ₂ reduction by reviewing equipment cooling methods
	Chairperson's Award	DDS Komagane Plant	Reduction of energy consumption during shutdown periods
FY2020	President's Award	Atsugi Plant	Saving electricity by optimizing hydraulic pump discharge pressure
	Chairperson's Award	Yokohama Plant (Suspension Springs)	Power saving by restructuring control of the number of compressors
FY2021	Chairperson's Award	Gunma Plant	Reduction of steam consumption through piping optimization
	Chairperson's Award	Tokuhatsu Co., Ltd. (Itami Plant)	Energy saving by adjusting exhaust fan speeds
FY2022	President's Award	HORIKIRI, INC. Head Office plant	LPG fuel conversion by LNG (city gas)
	Chairperson's Award	Yokohama Plant (Seating)	Reduction of power consumption based on insulation measures using urethane foam dies
	Chairperson's Award	Topura Co., Ltd. Tokai Plant	Shortening of distance between products undergoing heat treatment

Environmental Audit

NHK Spring Group conducts management based on an environmental management system (EMS), for proper operation of global environmental conservation activities such as CO₂ reduction activities, zero-emission initiatives, and renewable energy utilization. We strive to improve our environmental performance by conducting periodic environmental audits to gauge current conditions and make sure that management is being correctly implemented based on the EMS.

ISO 14001 and Environmental Audit

NHK Spring Group conducts environmental audits to verify that the EMS of each Group company satisfies the requirements of ISO 14001. We also work to improve our management capability by verifying environment-related compliances, identifying issues for improvement and so on.

• Environmental Audit (Internal Auditing)

Internal audit is led by staff who have completed specialized training. In FY2022, we conducted internal environmental audits at each Group plant in accordance with ISO 14001 (2015).

Moreover, to improve performance through the proper implementation of the system, we regularly hold internal environmental auditor training courses taught by external instructors. Through this program, we nurture ISO 14001 (2015) auditors in the Group. In FY2020 and FY2021, the program was cancelled due to the COVID-19 pandemic, however, 20 internal auditors were trained through remote implementation in FY2022.

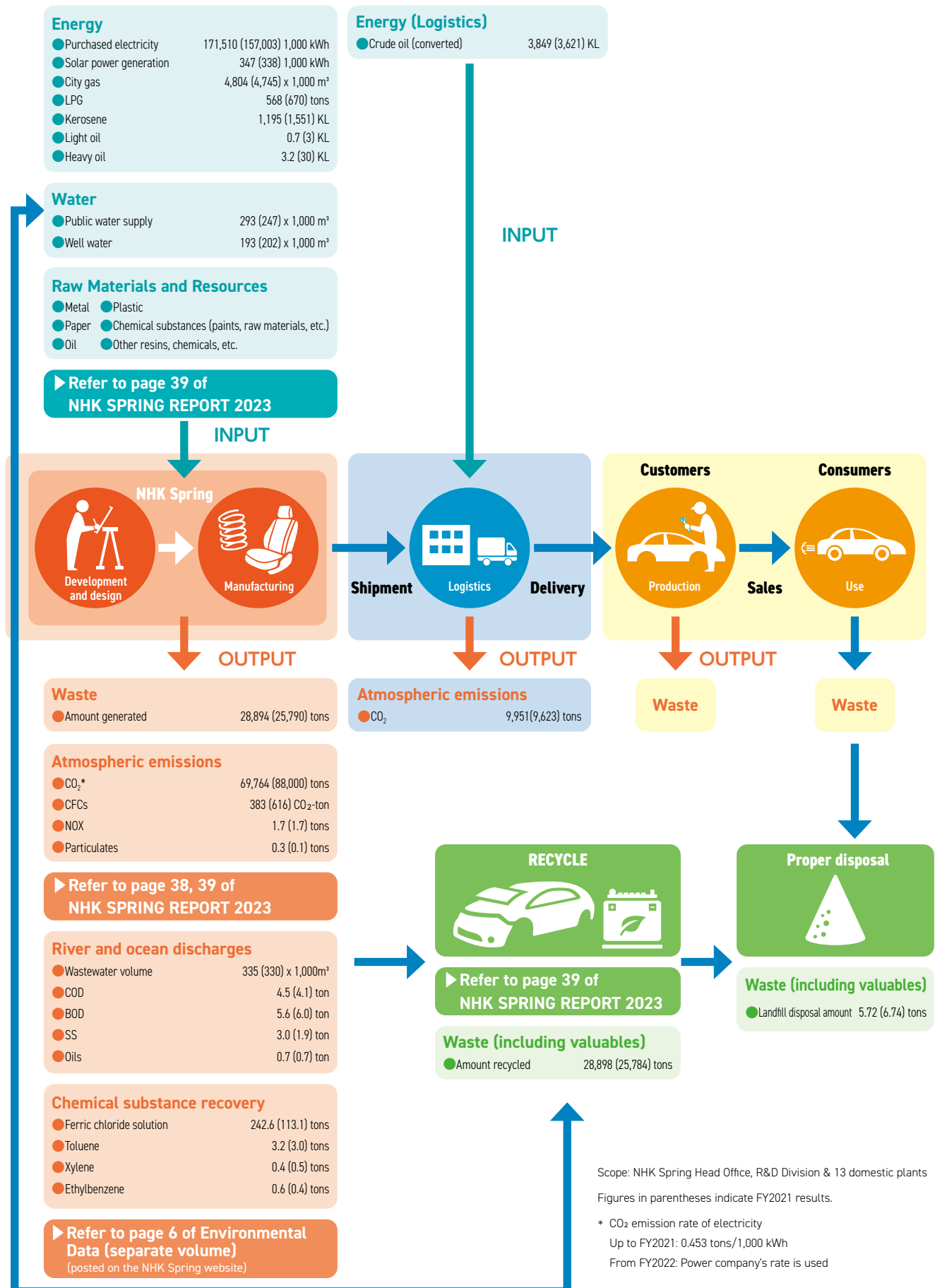
• Environmental Audit (External Auditing)

Inspections by external certification bodies are conducted to ensure that EMS implementation meets the requirements of ISO 14001 (2015).

The results of external audits at NHK Spring Group plants in FY2022 showed that the EMS was operated properly, pollution was being prevented and continuous environmental improvement activities were implemented.

Business Activities and Life-cycle Flow

We are working to reduce the environmental impact of our business by taking a lifecycle view of the entire business and quantifying inputs and outputs as much as possible. We also aim to realize a recycling-oriented society by efficient use of resources and waste recycling. Incidentally, the scope of totaling is as shown in the annotations.



Co-creation with Stakeholders
 Supporting Core Technologies
 Value Creation Stories
 ESG Strategy
 Human Capital
 Natural Capital
 Growth Strategy
 Manufacturing Capital/
 Intellectual Capital
 Social Capital
 Financial Capital

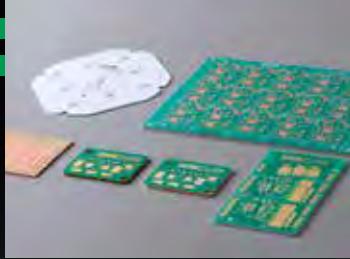
NHK Spring Group Products for Supporting Future Society

Here, we introduce some of the NHK Spring Group's main growth products that will support future society in such areas as vehicle electrification, automated driving, advanced information and communications, etc.

Electric Vehicles/Automated Vehicles Field

Integrated Metal Substrates

These components are used in LED headlights, meter panels, chargers, etc., and support the use of electronics in products.



Arrangement & Comfort Seat

In anticipation of automated driving, we are developing seats with various functions such as fatigue reduction, car sickness mitigation, comfortable operability, and comfortable posture for use in the automated driving environment.



Motor Cores

These are the core components of motors. The motor core generates the power to move an electric car by rotating with magnetic force.



Leaf springs for holding

Leaf springs for holding are used to press against coolers for the purpose of efficiently dissipating heat generated by PCUs (power control units) used in motors.



Information and Communications Field

Semiconductor Field

Semiconductors are used in all kinds of commonly used electronic devices. NHK Spring's products play an important role in manufacturing these vital components.

Heaters

Heaters maintain the temperature of silicon wafers at a set level or conduct heating as needed.



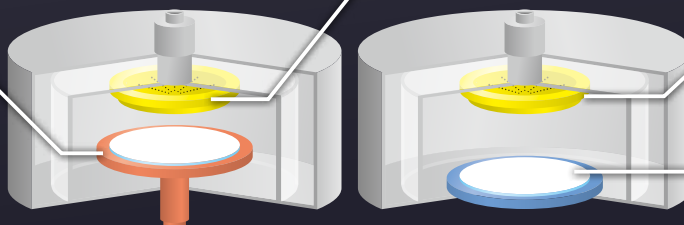
Shower head

The shower head is used when spraying special gases for use in film deposition and etching.



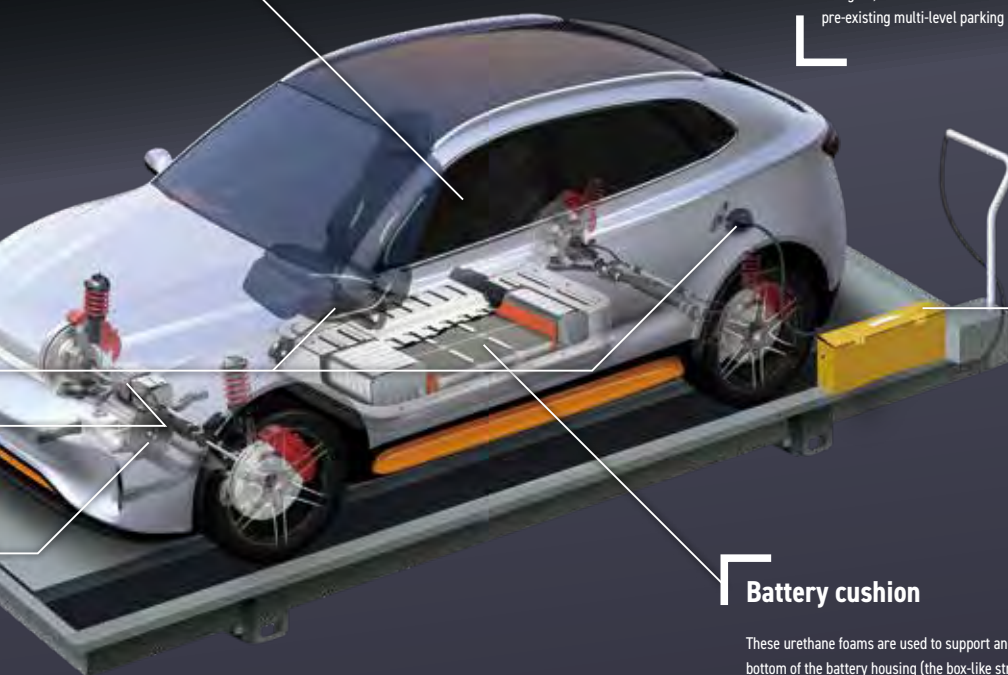
Cooling plates

Because temperatures are apt to increase during etching, the cooling plate conducts cooling to keep temperature under control.



Multi-level parking lot with EV charger

We support electric vehicle users by installing EV battery chargers, which have been developed by YourStand, Inc., in pre-existing multi-level parking lots.



Battery cushion

These urethane foams are used to support and cushion the bottom of the battery housing (the box-like structure covering the battery) and each cell, and to prevent water from entering housing joints.



HDD Field

HDDs for storing data are used in large quantities in data centers, which support video services, cloud services, etc. NHK Spring's products are used for reading and writing HDD data.

HDD suspensions

The HDD suspension controls the position of data reading and writing inside an HDD.



Outline of the 2023 Medium-Term Management Plan

As the NHK Spring Group looks ahead to our 100th anniversary in 2039 and sustainable growth beyond that, we have formulated a medium-term management plan which concludes in the fiscal year ending March 31, 2024 and are taking initiatives based on this. An outline of the plan is given below.

2023
Medium-Term
Management Plan

Looking beyond our **100th anniversary in 2039**

Sustainable growth

**Realization of the Guiding Principles
and Corporate Philosophy**

2023 Medium-Term Management Plan Basic Policy and Implementation Status

~Aim for sustainable growth~
~Straightforward but free and fluid~

01

Further promotion of CSR activities

- Further strengthening of relations of trust with stakeholders
- Sincere efforts to tackle environmental and social issues
- Thorough pursuit of quality-first manufacturing

Implementation Status

- Promotion of compliance (improvement in effectiveness of the whistleblowing system, human rights awareness promotion activities, initiatives to conduct fair transactions, etc.)
- Review of the personnel system
- Promotion of carbon neutrality
- Implementation of quality audits (reduction of important quality incidents)"

02

Accelerating responses to the dramatically changing business environment

- Accelerating responses to electrification of cars and automated driving
- Creation of next-generation key businesses

Implementation Status

- Promotion of development of products related to electrification of cars and automated driving (motor cores, high-function seating, integrated metal substrates, etc.)
- Promotion of Digital Transformation in response to the dramatically changing business environment

03

Securing of "profit" for sustainable growth

- Development of attractive products
- Further reduction in total cost

Implementation Status

- Development of new products and products with added value (XT coil springs, seating urethane made from biomass materials, powder puffs, non-tempering stabilizers, etc.)
- Building a production structure and promoting rationalization responsive to sudden changes in plans "

Financial Targets Progress

	FY2022	2023 Medium-Term Management Plan target value	Rate of progress
Ordinary profit ratio	5.4%	6.5%	83%
ROE	6.4%	8.0%	80%
Dividend payout ratio	33.9%	Approximately 30%	113%

Net sales and profit/loss targets Progress

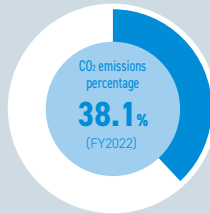
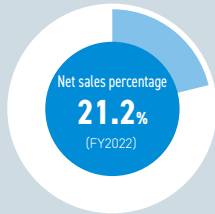
	FY2022	2023 Medium-Term Management Plan target value	Rate of progress
Net sales	JPY 693.2 billion	JPY 650.0 billion	107%
Operating profit	JPY 28.8 billion	JPY 40.0 billion	72%
Ordinary profit	JPY 37.3 billion	JPY 42.0 billion	89%
Profit attributable to owners of parent	JPY 21.5 billion	JPY 25.0 billion	86%

CO₂ emissions reduction target

	FY2022 plan	FY2022 performance	FY2023 plan	FY2026 plan
CO ₂ emissions (kton)	154	136	127	103*

*Planned value set in 2022

Automotive Suspension Springs Business



Jun Umeno

Senior Corporate Officer
President of the Suspension Spring Division

Business Overview

In the Automotive Suspension Springs Business, we manufacture suspension springs used mainly in automobiles.

Main Products

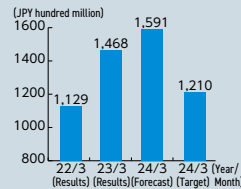
Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilizers, etc.

Carbon Neutrality Initiatives

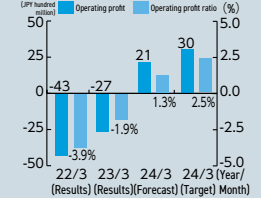
Our goal is to achieve CO₂ emissions of 29,354 tons in FY2030 (50% reduction compared to FY2013). Initiatives include promotion of fuel conversion from kerosene and propane, and consolidation of facilities across business sites with a view to achieving more efficient operation of production equipment and improving overall operating efficiency. We aim to achieve CO₂ reduction of 13,530 tons by FY2026 (compared to FY2022) through advancing measures including:

- Development of products and technologies with a view to realizing carbon neutrality
- Introduction of solar power generation, and replacement of gas furnaces with resistance heating furnaces or new energy types

Net Sales



Operating profit/Operating profit ratio

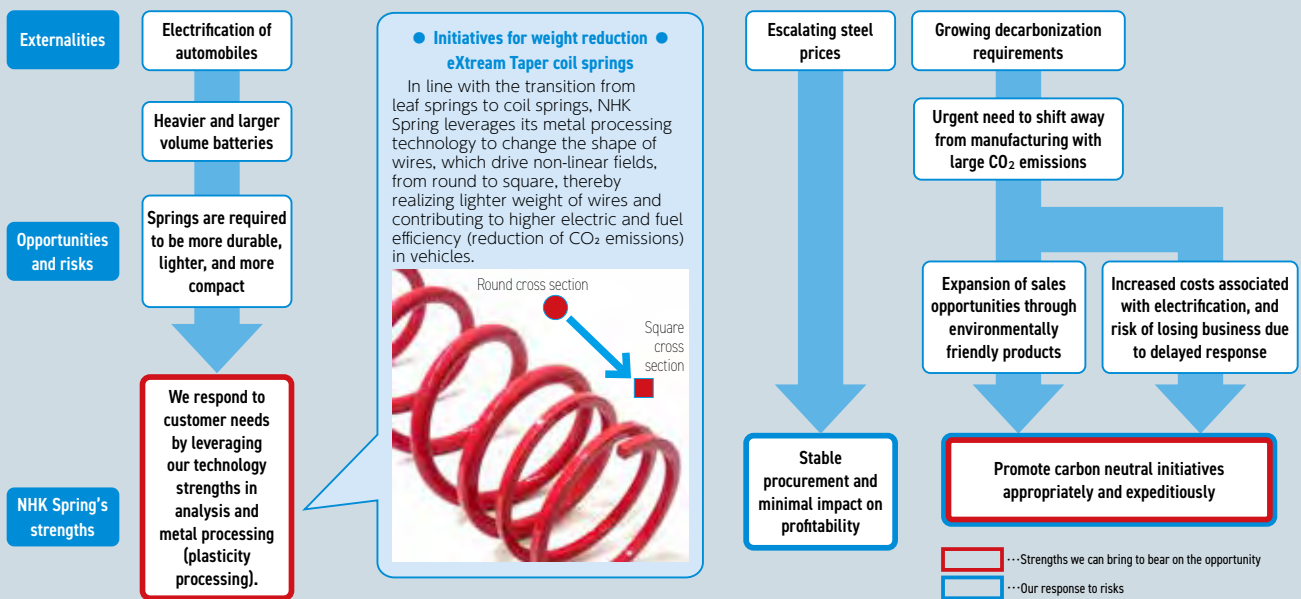


The figures for 24/3 (Forecast) are current as of May 15, 2023.



Example of electrification of heat treatment: "Electric heating of stabilizer bars"

Key Externalities, Opportunities and Risks

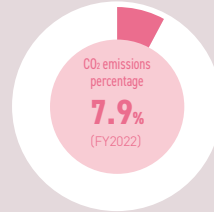
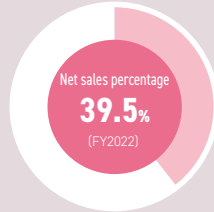


The Vision We Aim For

In the Automotive Suspension Springs Business, we need to conduct thorough improvement activities and promote even greater cost management at our domestic production operations, against a background of wildly fluctuating orders and increasing uncertainty surrounding the steel market, semiconductors supply and power costs. Moreover, in line with the shift from leaf springs to coil springs, we leverage our metal processing technologies to realize lighter weight springs by changing the shape of wires, which are key in non-linear fields, from round to square. In doing so, we contribute to improving the electric efficiency and fuel efficiency (lower CO₂ emissions) of automobiles.

By developing next-generation products responding to the electrification of cars, we will differentiate ourselves from our competitors. In addition to the increasing needs for lighter and more compact products, we will accelerate the development of products and processes that can achieve carbon neutrality, and deliver them to the market.

Automotive Seating Business



Tatsuro Ono

Executive Corporate Officer,
President of Seating Division

Business Overview

In the Automotive Seating Business, we mainly manufacture seats that are used in automobiles.

Main Products

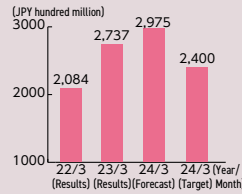
Automotive seats, mechanical parts for seats, interior components, etc.

Carbon Neutrality Initiatives

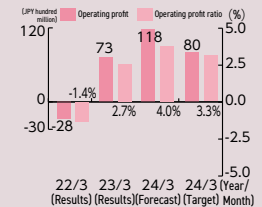
Our goal is to achieve CO₂ emissions of 6,475 tons in FY2030 (50% reduction compared to FY2013). Initiatives comprise the promotion of energy-saving and waste reduction activities. We aim to achieve reductions in CO₂ emissions of 2,064 tons in 2026 (compared to FY2022) through measures including:

- Development with fewer prototypes by promoting virtual analysis (waste reduction)
- Early realization of a circulatory cycle whereby seat surface material cuttings are recycled for use in auto parts
- Reduction of electric power in mold temperature control equipment in the urethane forming process
- Total elimination of LPG, which entails high CO₂ emissions (conversion to LNG during FY2023) and promotion of substitution with carbon neutral gases

Net Sales

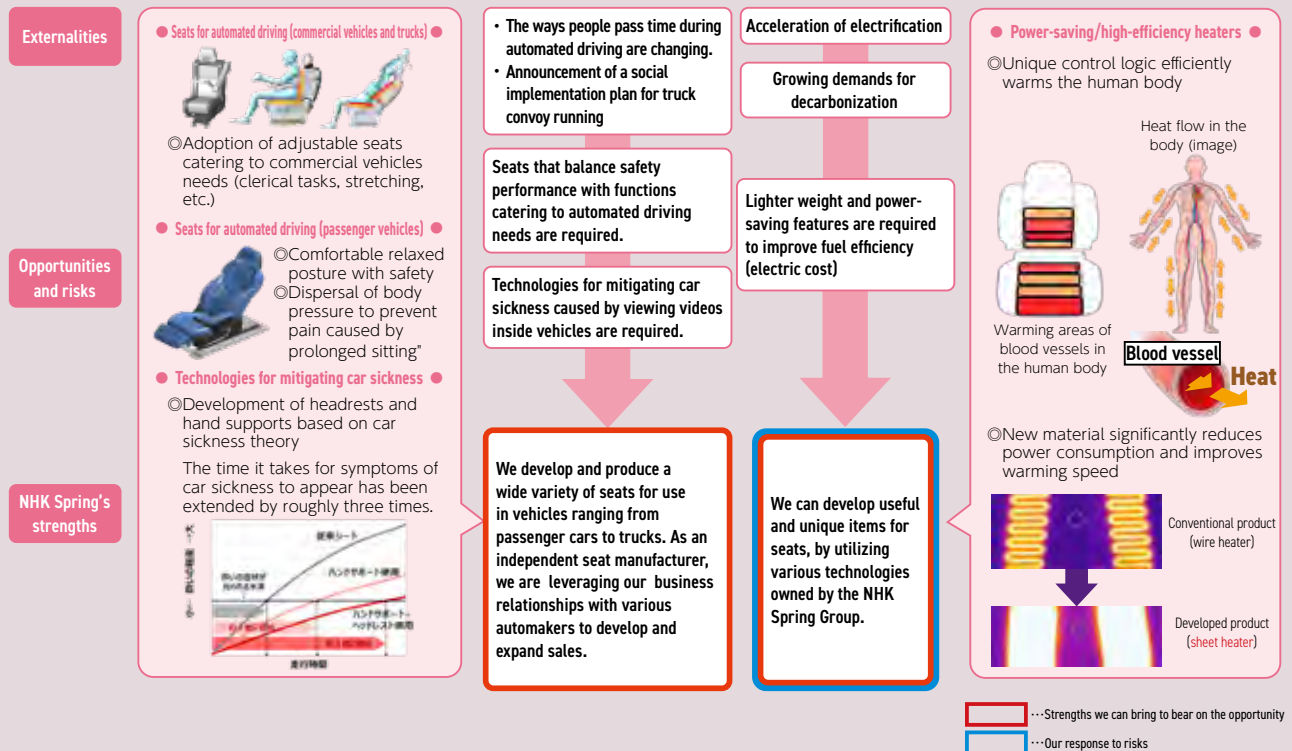


Operating profit/Operating profit ratio



The figures for 24/3 (Forecast) are current as of May 15, 2023.

Key Externalities, Opportunities and Risks



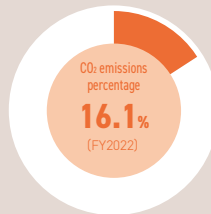
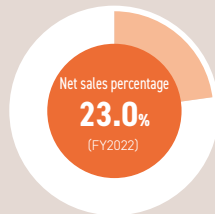
The Vision We Aim For

We will strengthen our competitiveness in development and manufacturing by anticipating changes in performance requirements for seats arising from recent reforms and innovations, such as CASE, MaaS, and carbon neutrality, and by developing attractive technologies and products, while focusing on two key points: ensuring customer-first awareness, and maintaining and improving product quality. In the seating business, price competition is becoming more intense in sales, and development costs are increasing due to more sophisticated safety and quality requirements, making the maintenance and improvement of profitability an important issue. Seeking further automation and labor saving in the manufacturing aspect, we will shorten development lead time by utilizing AI and virtual technologies, actively promote prototype-less development to strengthen profitability, meet the needs of each automaker, and thereby keep continued and stable business relations with customers.

MaaS...stands for "Mobility as a Service" and refers to the integration of various transportation services into a single mobility service.

Precision Springs and Components Business

Precision Springs Business



Noritoshi Takamura

Executive Corporate Officer,
President of the Precision
Spring and Components
Division

Business Overview

In the Precision Spring and Components Division, we take advantage of our strength in metal material analysis and high-precision press work to manufacture products in a wide range of fields such as automobiles and information and telecommunications.

Main Products

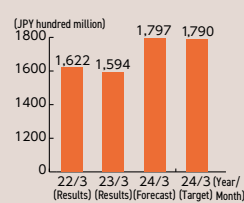
HDD mechanical components, wire springs, thin leaf springs, motor cores, etc.

Carbon Neutrality Initiatives

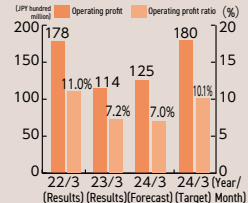
"Our goal is to achieve CO₂ emissions of 11,816 tons in FY2030 (50% reduction compared to FY2013). Visualization of power consumption together with efforts from all employees form the basis for Precision Spring and Components Division's environmental conservation efforts. We aim to achieve reductions in CO₂ emissions of 3,791 tons in 2026 through measures including:

- Discontinuation of fossil fuel usage (promote of electrification)
- Introduction of energy-saving and renewable energy equipment
- Further development of energy-saving technologies
- Waste reduction

Net Sales



Operating profit/Operating profit ratio

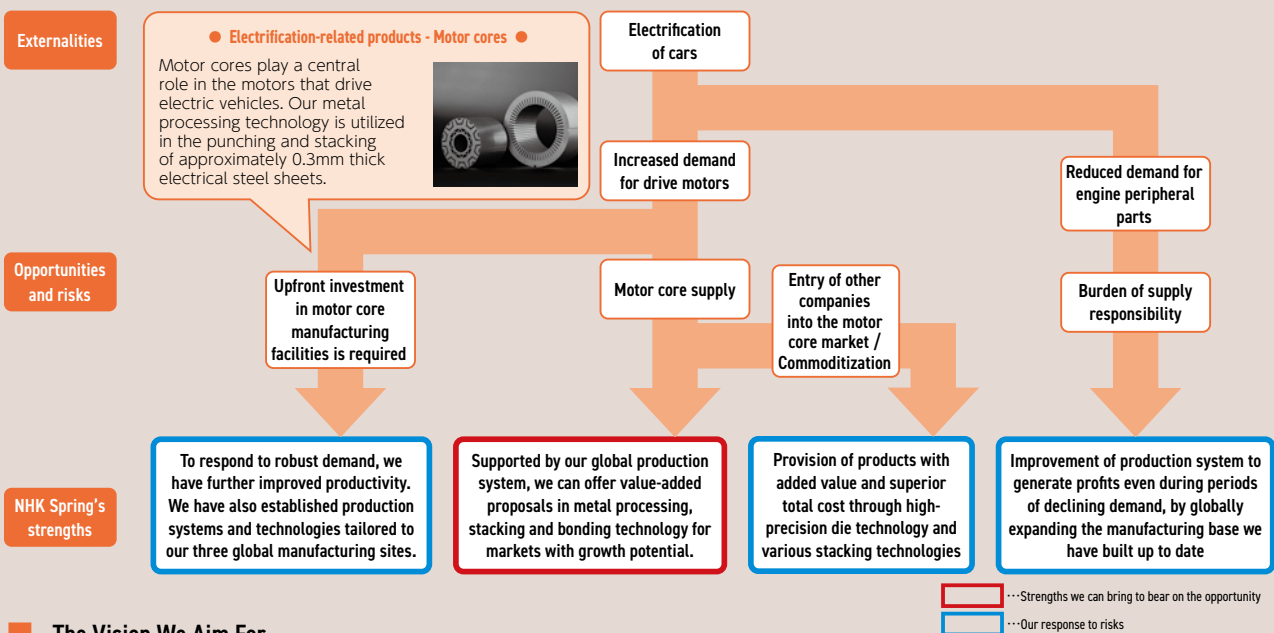


The figures for 24/3 (Forecast) are current as of May 15, 2023.

Segment Initiatives (CN awareness promotion activities)



Key Externalities, Opportunities and Risks



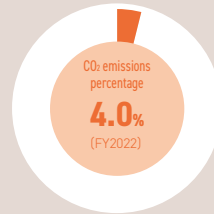
The Vision We Aim For

In the Precision Spring Business, we consider motor cores and electrical control-related springs for electric vehicles to be a future growth area, while demand for existing wire springs and disc springs used in engines and transmissions is declining due to the increasing electrification of cars. Amidst the global trend toward decarbonization, the demand for drive motors for electric vehicles and other applications is expected to remain brisk, and we intend to expand motor cores, which are components of these motors, as a new pillar of earnings. We are focusing on expansion by leveraging the strength of our global supply system out of our three bases in Japan, China, and Mexico. We will expand the business by boosting motor core production capacity at our Atsugi plant, while closely monitoring profitability. In order to respond to technological needs and differentiate our technology from competitors, we will pursue even higher precision in stacking technology to add value and strengthen our market competitiveness.

In line with the electrification of automobiles, the demand for electrified or electrically controlled components other than motor cores is expected to increase. We will focus on the development of next-generation products that take advantage of our strengths in in-house die manufacturing and metal press processing technologies, and will aggressively promote sales expansion activities.

With regards to existing engine parts and transmission-related wire springs and disc springs, for which demand is expected to decline as electrification progresses, it is necessary to establish a profit structure that is not affected by the shrinking market size. In addition to strengthening product competitiveness, we aim to further improve quality and reduce costs by globally deploying the results of the "Manufacturing Reform" activities we have been pursuing.

HDD Suspension Business



Tetsuya Fujiwara

Executive Corporate Officer,
President of the DDS (Disk Drive Suspension) Division

Business Overview

In the HDD Suspension Business, we manufacture HDD suspensions, which are special spring products that control the reading/writing position of data on HDDs.

Main Products

Suspensions for HDDs, microcontactor parts

Carbon Neutrality Initiatives

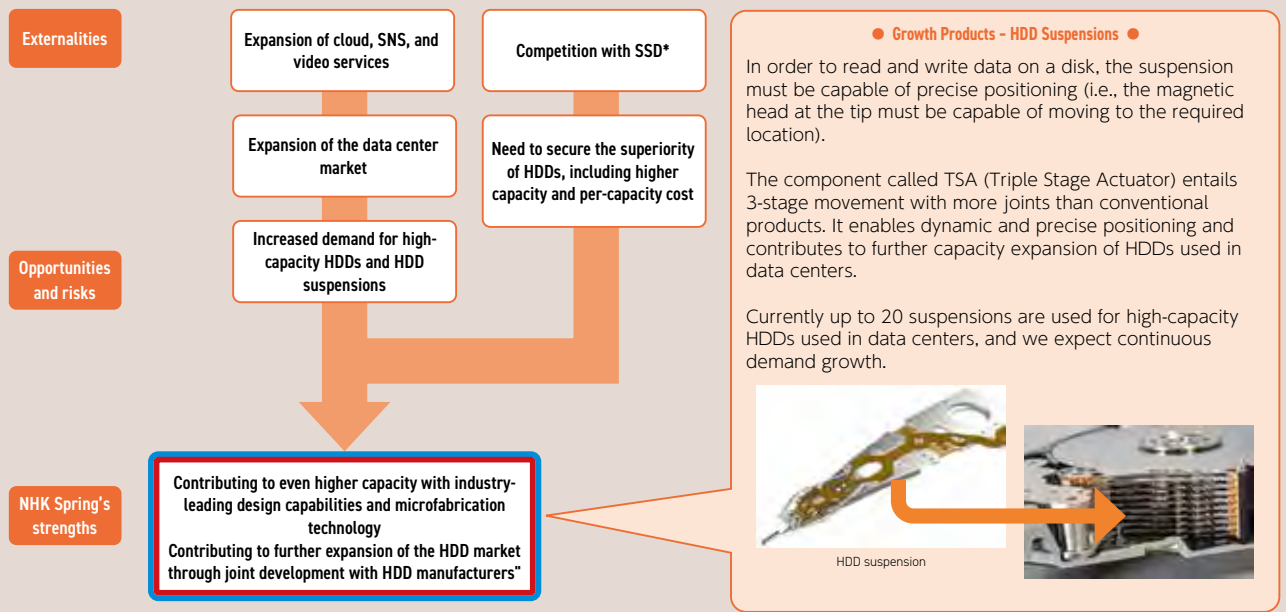
Our goal is to achieve CO₂ emissions of 4,252 tons in FY2030 (50% reduction compared to FY2013). Initiatives comprise moving away from fossil fuels and introducing green electricity. We aim to achieve reductions in CO₂ emissions of 228 tons in FY2026 (compared to FY2022) through advancing measures including:

- Cleanroom operations with low energy consumption
- Development of next-generation facilities that achieve high production capacity and energy savings
- Utilization of renewable energy through solar power generation, solar water heaters, etc.



Solar panels installed at Komagane Plant

Key Externalities, Opportunities and Risks



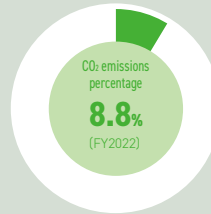
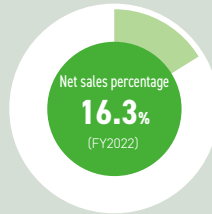
* SSD...Solid State Drive

---Strengths we can bring to bear on the opportunity
---Our response to risks

The Vision We Aim For

HDDs are mainly being used for data centers, whereas PC uses are declining. As a result, although actual numbers of HDDs are in decline, HDD capacity and the quantity of suspensions will increase by approximately 10% by around 2030. In terms of suspension design too, TSA (Triple Stage Actuator) has become the mainstream and products are becoming more technically mature. As for DDS, we aim to reduce manufacturing costs and thereby sustain profitability through further automating production lines and mechanizing visual inspections using AI. Concerning the microcontactor (MC) business that was transferred in FY2021, we are developing products that cater to semiconductor test uses and advancing automation of probe assembly and housing insertion, and we intend to transform this area into a major business. In this way, by leveraging our high-precision product development and production technologies nurtured in suspensions, we aim to contribute to the development of an abundant ICT society as the world's leading company.

Industrial Machinery and Equipment, and Other Operations



Masayuki Horie

Senior Corporate Officer,
President of the Industrial Machinery and Equipment Division

Business Overview

In the Industrial Machinery and Equipment, and Other Operations Business, we manufacture a wide variety of products in such fields as electric vehicles, semiconductors, railways, and leisure products.

Main Products

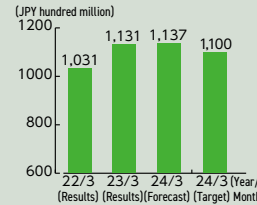
Semiconductor process components, piping support equipment, integrated metal substrates, multilevel parking equipment, security products, lighting fixtures, golf shafts, etc.

Carbon Neutrality Initiatives

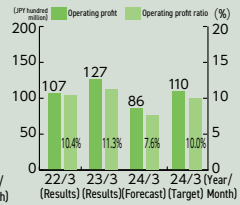
Our goal is to achieve CO₂ emissions of 3,698 tons in FY2030 (50% reduction compared to FY2013). Initiatives comprise promoting the transformation to an energy-efficient structure by eliminating fossil fuels and improving productivity. We aim to achieve reductions in CO₂ emissions of 4,180 tons by 2026 (compared to FY2022) through advancing measures including:

- Adoption of biomass fuels, and promotion of fuel conversion from fossil fuels such as kerosene to electricity
- Reducing energy consumption by improving efficiency in furnace operations
- Introduction of solar power generation and utilization of renewable energy

Net Sales

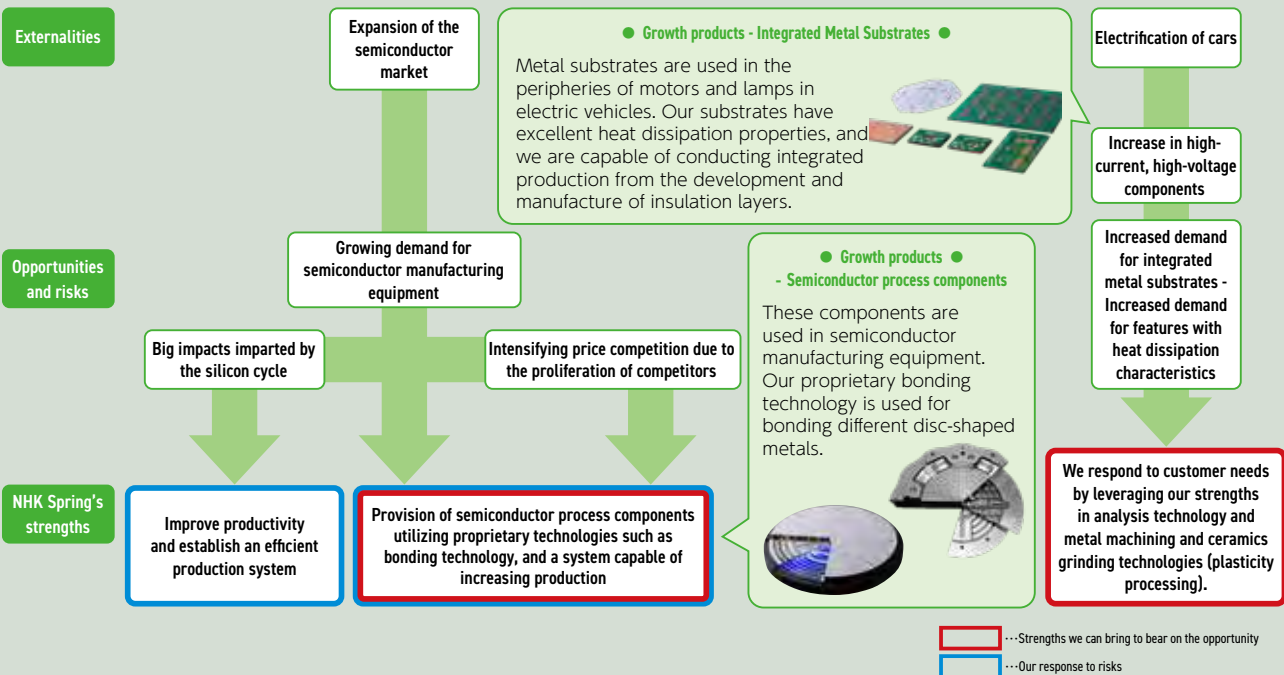


Operating profit/Operating profit ratio



The figures for 24/3 (Forecast) are current as of May 15, 2023.

Key Externalities, Opportunities and Risks



The Vision We Aim For

In the Industrial Machinery and Equipment, and Other Operations Business, we see semiconductor process components and integrated metal substrates as future growth products.

In the area of semiconductor process components, our Miyada Plant, which began full-scale operations in the second half of FY2020, has been gradually expanding its production capacity to meet strong demand and optimally allocating production with existing plants. We have decided to expand the Miyada Plant and will work to further improve profitability as well as respond to further increases in demand in the future.

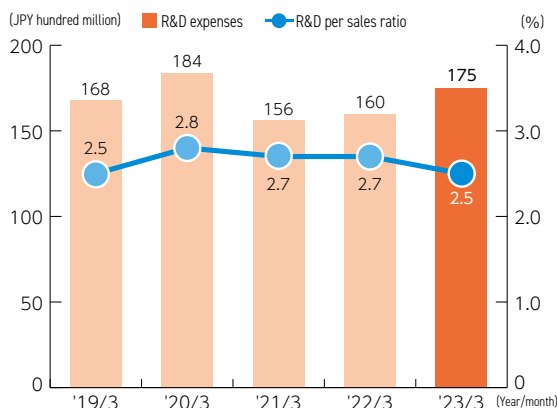
As for integrated metal substrates, we will expand sales of conventional products, including those for automotive LEDs, and develop and expand sales of power modules, AC-DC and DC-DC converters, and other products that respond to the electrification of automobiles. As for semiconductor process components, we see increased demand for semiconductor production equipment in line with the expansion of the semiconductor market, while concerning integrated metal substrates, we see opportunities in expansion of the car electronics market and the market for power modules for industrial applications in line with advances in automotive electrification. On the other hand, we view the decline in demand associated with the semiconductor silicon cycle, the stagnation of the expansion path, and the intensification of price competition as risks common to both businesses.

Research and Development

R&D by "Technology Experts NHK"

Under the slogan "Technology Experts NHK", with metal processing as our core technology, NHK Spring Group actively conducts R&D on a variety of themes, including experiments, analysis, and applied product research for the development of new products. We are accelerating our responses to the drastically changing social environment. In addition to strengthening technology and product development to meet various needs, our policy is to create next-generation core businesses. To further accelerate the speed of development and improve quality with a view to linking to the development of attractive new products for sustainable growth, we are actively investing funds in R&D, promoting open innovation, and challenging new fields such as flying cars.

◆ R&D expenses



Stepping-up Activities to Explore New Themes

Aiming to create new businesses, the R&D Division's "Explore for Development Themes" activities, which started in FY2021, have produced promising ideas as a result of its efforts to strengthen cooperation with the sales and production departments and in line with customer needs. In FY2023, we will actively work on specific initiatives for developing these seeds and further exploring the battery field where future market growth is forecast. Led by young employees, we aim to create new products by utilizing the strengths of our diverse team.



Entry into the Medical Field

By utilizing the characteristics of springs to create soft and bendable joints, we are entering the medical equipment

field. We expect to see future market expansion in this industry and so it is considered a potential next-generation core business. It is anticipated that joints for more advanced medical instruments used in surgical support robots will contribute to reducing the burden on patients and will result in safer and more secure medical care. Here, we make full use of the advanced production technologies we have cultivated over the years, such as precision coiling and welding of ultra-small parts, combined with our spring design and analysis capabilities to achieve high reliability.

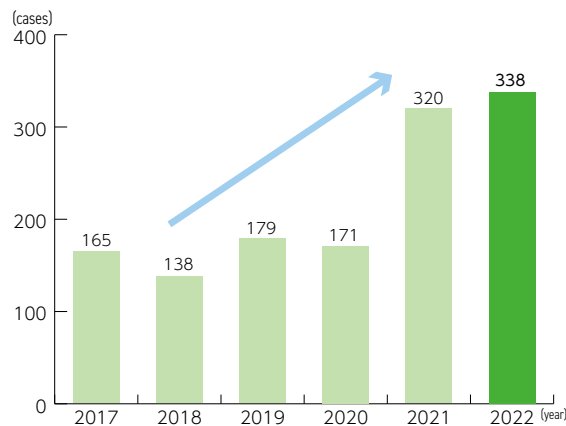


Flexible joints of forcaps for surgical support medical robot

Strengthening of Initiatives related to Intellectual Property

NHK Spring Group effectively utilizes its intellectual property based on trust administration. In recent years, as the importance of corporate intellectual property comes to be recognized, NHK Spring is actively making patent applications and strengthening initiatives that are geared to differentiating products and technologies. Since FY2021, the number of patent applications has increased a lot, and patent application has become an integral part of the development process.

◆ Transitions in the number of persons applying for one or more patents (inventions)

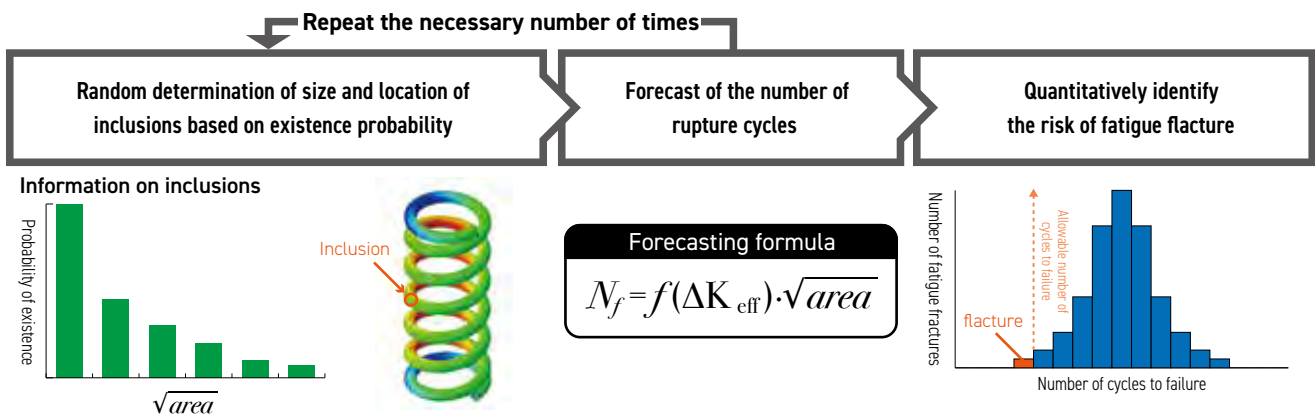


Strengthening of Base Technologies and Training of Specialized Human Resources

To strengthen the base technologies that support NHK Spring Group, in addition to advancing spring elemental technologies and analysis technologies and leveraging AI and data science, we are conducting initiatives for contributing to R&D based on cutting-edge analysis technologies and realizing zero quality problems. Concerning the training of specialized human resources that are indispensable for increasing the resilience of base technologies, we actively encourage employees to utilize our in-company study system geared to acquiring doctorates based on collaboration between industry and academia.

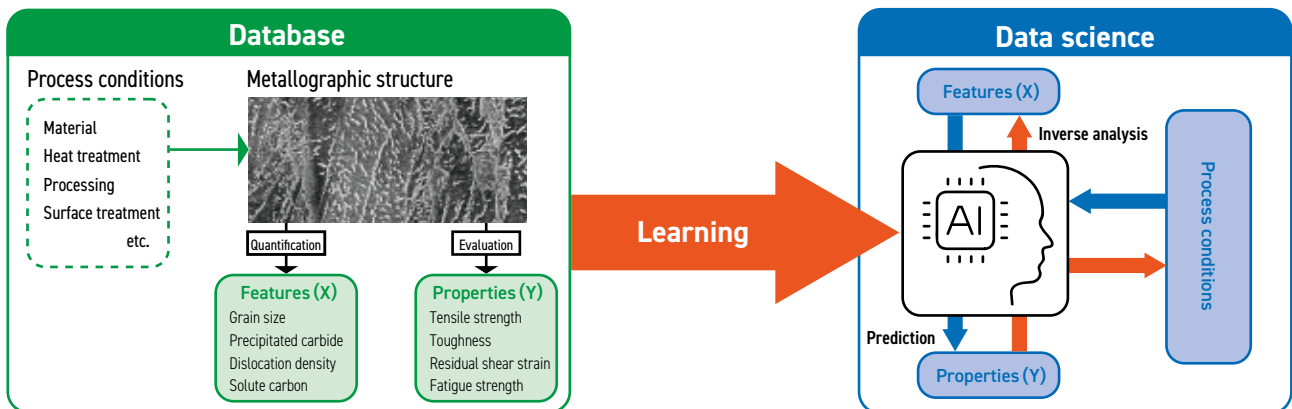
New Initiatives Geared to Improving Competitiveness

Fatigue design of springs based on probability theory



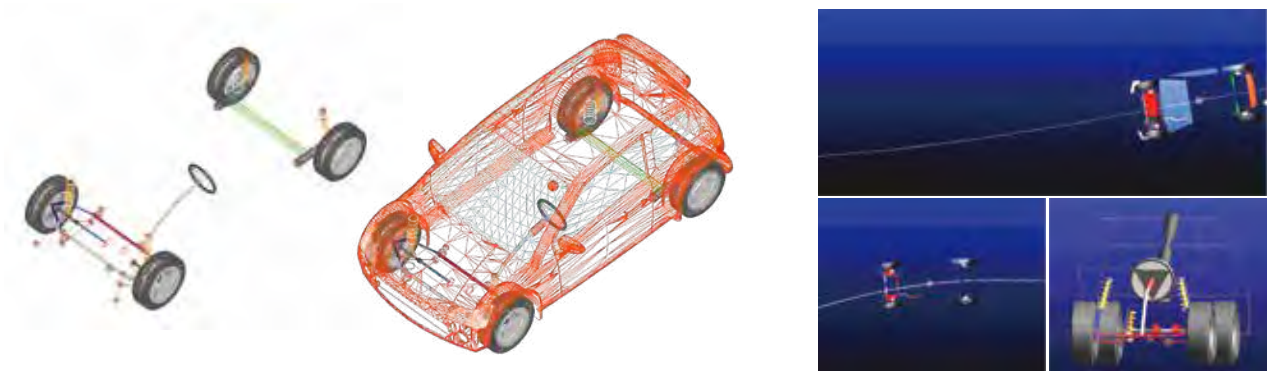
For springs, the balancing of weight reduction and reliability is a perennial theme. To secure reliability in this area, we have relied on fatigue testing of actual products based on past rule of thumb. Now, however, we are working on establishing fatigue design technology that aims for higher reliability by combining mathematical theories such as probability theory with simulations.

Forecasting of material characteristics using AI



We will expand areas of AI and data science utilization from production technologies to R&D. With a view to eliminating the need for prototypes and greatly shortening development lead times, we are advancing the optimization of process conditions based on, for example, prediction of material properties and inverse analysis. By also leveraging joint research with universities, we are linking such activities to the development of human resources in the fields concerned.

Analysis of Vehicle Behavior



In the future electrification of automobiles and autonomous driving society, it will be necessary to respond to a new riding comfort due to changes in vehicle structures and passenger postures. As the only company that manufactures both the suspension springs and the seating products that are integral to riding comfort, NHK Spring aims to optimize combinations of both products while utilizing numerical simulations.

Quality Assurance

Quality assurance is a vital foundational initiative that supports the NHK Spring Group's Monozukuri (manufacturing in good faith). Through the development of a culture of quality based on the customer's viewpoint, we are committed to supplying products of appropriate quality and constantly striving to raise levels of delivery, cost, safety, environmental friendliness, etc., with the aim of continuously improving "customer satisfaction" on a global basis.

Quality Policy

[Quality Policy]

We aim to achieve global improvement in customer satisfaction by providing world-class quality.

Priority Measures and New Initiatives

(1) Fostering a culture of quality and adhering to quality compliance through enhanced governance

- ① Continuation of self-inspections and audits with the focus on change management and established rules
- ② Permeation of awareness and strengthening of systems to build quality back to the design process
- ③ Fostering an unwavering, quality-first, back-to-basics culture through taking a head-on approach to resolving troubles

(2) Elimination of critical quality issues by improving verification capabilities

- ① Clarification of preconditions and the scope of guarantee and design basis in contents stated on drawings
- ② Prompt initial response to critical quality issues and practice of preventive activities after issues have been resolved
- ③ Clarification of product competence values, including variations in the development process, and verification from a third-party perspective

(3) Reduction of customer claims and in-process defects through activities to prevent recurrence

- ① Certain implementation of milestone management and change management in initial flow control processes, process change processes, etc.
- ② Gauging of impacts of product fluctuation in the development stage and feedback to design and manufacturing
- ③ Promotion of sharing of quality information across the organization and improvement of basic technology for analyzing data

Acquisition of International Quality Standard Certification

We have completed the acquisition of certification under the ISO 9000 series, the international standard for quality, in all of our plants. In addition, at plants that produce automotive-related products, we have switched to certification under IATF 16949, which is also a requirement of our customers, while for other plants, we have obtained updated ISO 9001 certification. In addition to actively promoting acquisition of certification at each of our domestic Group companies, our overseas Group companies are also acquiring international quality standard certification tailored to their customers and regions.

Fostering a Culture of Quality

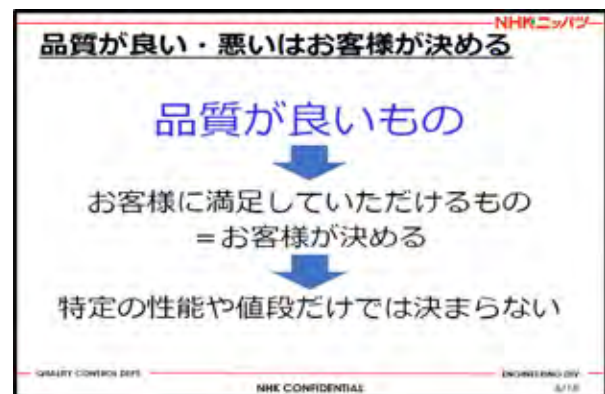
Although quality control tends to be associated with "quality control technologies for objects", we believe that "it is people who create quality". Therefore, in addition to providing regular training on quality control technologies, we also focus on training aimed at "raising consciousness for fostering a culture of quality". Within our education system that is tailored to different categories of new hires, mid-level employees and managers/supervisors, emphasis is placed not only on quality control technologies but also an attitude of "listening to the voices of customers and supplying satisfactory products" from each standpoint.

Moreover, from the viewpoint of widening the range of knowledge, we are devoting resources to not only group education but also on-demand contents that can be viewed by anybody in any place.

Strengthening of Group Governance

The NHK Spring Group has established a quality assurance system at each production site and vigorously promotes quality control, audits, and improvement activities. In addition, our quality control department regularly conducts independent audits at all domestic production sites. We implement a so-called "audit on auditing operations" to confirm that the systems and activities related to quality assurance are being properly implemented, and we conduct guidance to promptly rectify conditions if they are insufficient.

Moreover, the Quality Control Department and CSR Department, which manages compliance, continuously implement activities to foster a group-wide quality culture. By implementing a number of such initiatives over and over again, NHK Spring Group has formed a strong group governance system that leads to appropriate quality manufacturing at all production sites.



Quality control training for new employees in 2023

VOICE

Strengths in stable quality parts supply underpinned by high technical prowess and a global supply system

Tatsuo Sumoto

EXEDY Corporation
Deputy Executive General Manager
Purchasing Headquarters



Our company mainly produces torque converters and damper products, which are automobile drive components. From NHK Spring, we receive global supply of precision springs, which serve as functional components in our products.

When launching new products, NHK Spring liaises closely to propose the optimum contents in response to our required specifications. Moreover, I think that NHK Spring's strengths lie in its stable quality parts supply underpinned by high technical prowess and its global supply system.

Our company's existing business fields are expected to decline as a result of the shift towards automobile electrification, however, we are advancing activities geared to survival by also working on new electrification-related fields and businesses other than automobiles.

We hope to plan attractive products based on our collaboration with NHK Spring.

Awards received from customers (2021-2022)

	Year received	Company name (titles omitted)	Name of commendation	Segment
Domestic	2021	SUBARU	Quality Production Cooperation Award	Automotive Suspension Springs
	2021	Mitsubishi Motors	Quality Excellence Award	Automotive Seating
	2021	JATCO	Regional Quality Award	Precision Springs and Components
	2021	Mitsubishi Electric, Himeji	Certificate of Appreciation	Industrial Machinery and Equipment, and Other Operations
	2022	Nissan Motor	Certificate of Appreciation for Outstanding Quality	Automotive Suspension Springs, Precision Springs and Components
	2022	Honda Motor	Certificate of Appreciation for Excellence (Quality Division)	Automotive Suspension Springs, Precision Springs and Components
	2022	Daihatsu Motor	Quality Excellence Award	Automotive Suspension Springs, Precision Springs and Components
	2022	AISIN	Quality Excellence Award	Precision Springs and Components
	2022	EXEDY Corporation	Quality Excellence Award	Precision Springs and Components
Overseas	2021	J.D.Power	HIGHEST SEAT SATISFACTION (SUBARU FORESTER)	Automotive Seating
	2021	Toyota Motor North America	Quality Achievement (SEAT)	Automotive Seating
	2021	Nissan North America	Regional Supplier Quality Award	Automotive Suspension Springs
	2021	Honda Auto Parts Manufacturing	Quality Excellence Award	Precision Springs and Components (NSPG)
	2021	HINO Motors Thailand	Best Quality Performance, Bronze Award	Automotive Suspension Springs, Automotive Seating, Precision Springs and Components (NHK Spring (Thailand) Co., Ltd.)
	2021	Western Degital	Best Overall Supplier	Precision Springs and Components (NHK Spring (Thailand) Co., Ltd.)
	2021	General Motors	Quality Award	Precision Springs and Components (NSPA)
	2022	TOYOTA Kilroska Motor	Zero PPM & Quality Certification	Automotive Suspension Springs (NSI)
	2022	HINO Motors Thailand	Best Supplier of Overall Performance, Gold Award	Automotive Suspension Springs, Automotive Seating, Precision Springs and Components (NHK Spring (Thailand) Co., Ltd.)

[Some examples of awards received from customers]

Quality-First Manufacturing

Quality-first manufacturing is the most important mission of NHK Spring Group. We strive to improve customer satisfaction by managing quality at every stage of manufacturing.

- **100% inspection of accumulators using image processing technology**

Accumulators are components that utilize high-pressure gas.

Because they are parts assembled by welding, it is not possible to check the interior following assembly.

Accordingly, on the latest automatic assembly lines, 100% inspections utilizing image processing technology are implemented immediately before assembly in order to guarantee reliable manufacturing and quality.

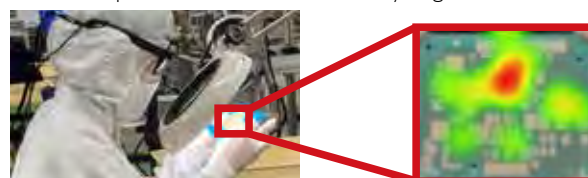


Accumulator

- **High-accuracy visual appearance inspections utilizing sightline measurement technology**

Due to the recent diversification or increasingly compact-size products, there are numerous intricate visual inspections and inspectors are required to possess advanced skills. To realize more accurate visual appearance inspections with less variation by large numbers of inspectors, we enhance the skills of inspectors by leveraging sightline measurement technology.

Specifically, through visualizing the skill (sight trace, speed and stay time) of inspectors, we evaluate inspection procedures and conduct pertinent training. To certainly guarantee the high level of required quality, we incorporate new technologies and work to improve the skills of inspectors.



Case of surveying sightline stay time

Supply Chain Management (CSR Procurement)

Procurement activities play an extremely important role in the NHK Spring Group's manufacturing, which requires a large number of materials and components. Through our CSR procurement efforts, we will fulfill our social responsibility over the entire supply chain.

Basic Procurement Policies

We have established three basic policies for procurement: "Building long-term partnerships based on mutual trust," "Fair and open procurement," and "Compliance and confidentiality."

Basic Policies for Purchasing Supplies

● Building long-term partnerships based on mutual trust

We aim to build long-term relationships of trust as the best partner and grow together, through mutual efforts and fair transactions.

● Fair, equitable and open procurement

We are open to all suppliers, regardless of country of origin, size, or affiliation, and select suppliers based on comprehensive consideration of quality, price, service, technology, and development capabilities.

● Compliance and confidentiality

All our procurement activities are premised on compliance (adherence to laws and regulations, work rules, corporate ethics, and social norms). We do not make any unauthorized disclosures to third parties of any confidential information we may acquire through our business partners.

NHK Spring Group CSR Procurement Guidelines

Recent social trends, such as corporate scandals, the emergence of employment and labor problems associated with economic crisis, and global environmental issues, have led to expectations for stronger corporate social responsibility (CSR) initiatives. In this context, we would like our suppliers to understand our CSR activities and, based on mutual trust, we want to strive to fulfill our CSR not only in our company but also in the entire supply chain. As part of these activities, we established the "NHK Spring Group CSR Procurement Guidelines" in 2014. We subsequently revised the Guidelines in 2022 in line with changing requirements related to respect for human rights, environmental problems, etc.

Japanese, English, Chinese, and Thai version of the NHK Spring Group CSR Procurement Guidelines are posted on our website.

Green Procurement

Having established the "Green Procurement Guidelines" based on our Basic Policies for Purchasing Supplies, we strive to procure products with low environmental impact from environmentally conscious companies. In collaboration with our business partners, we promote the management of environmentally hazardous substances throughout all stages of product design, production, and disposal, and strive to mitigate environmental impacts, including wastes.

We completely revamped the contents of the Guidelines in line with the growing importance of supply chain communication of chemical substances and compliance with overseas laws and regulations in December 2020. In January 2022, we also incorporated the following carbon neutrality-related items.

1. Achieve carbon neutrality (virtually zero CO₂ emissions) by 2039.
2. Aim to reduce CO₂ emissions by 50% from the FY2013 level by 2030.

Our entire group is committed to realizing green procurement, which aims to protect the global environment.

Addressing Responsible Mineral Procurement

In recent years, there has been concern that minerals illegally mined in areas surrounding Congo in Africa are funding anti-government militias responsible for causing human rights abuses. The Financial Regulatory Reform Act passed in the U.S. in 2010 defines tantalum, tin, gold, and tungsten as conflict minerals and requires companies listed on U.S. stock exchanges to disclose information on the use of conflict minerals in their products. In addition, the target minerals and areas have been expanded since around 2020 in anticipation of corporate ESG initiatives. Accordingly, EU designations of conflict and high-risk areas were added to the target areas in 2021, while cobalt and mica have been added to the list of target minerals.

In the procurement of raw materials and parts derived from such minerals, from the perspective of "addressing human rights issues in the supply chain," we will work with customers, suppliers, and industry associations to identify the supply chain and verify the identity of refiners, and promote initiatives to eliminate the use of illegally mined minerals.

Initiatives to Realize Proper Transactions

As a member of the Japan Auto Parts Industries Association (JAPIA), NHK Spring works to ensure proper transactions in accordance with JAPIA's "Autonomous Action Plan for Promotion of Proper Transactions and Improvement of productivity and Added Value".

(The NHK Spring website gives an introduction to our "Initiatives to Realize Proper Transactions".)

In consideration of recent soaring labor costs, raw materials costs, energy costs and so on, and comments and requests from the Small and Medium Enterprise Agency and the Japan Fair Trade Commission, we offer opportunities to discuss prices and strive to respond in good faith if business partners request discussions.

Moreover, the President & CEO utilizes various opportunities via videos, letters, etc. to convey to the entire NHK Group the importance of conducting sincere discussions with business partners and trading at fair prices. Also, through holding explanation meetings and so on to further enhance effectiveness, we aim to promote awareness and penetration of these principles to managers and persons in charge engaged in purchasing and procurement operations.

Concerning business partners that are subject to the Subcontract Act, we advance the following kind of initiatives in compliance with the law upon announcing a "Partnership Building Declaration".

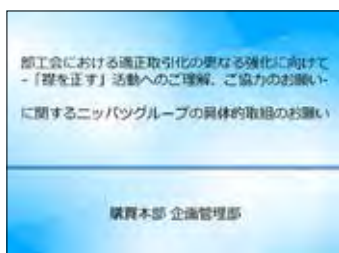
- **Development of the Group's Internal Structure and Mechanism**

In addition to distributing checklists to purchasing-related departments including Group companies and encouraging them to regularly conduct self-inspections, we conduct audits of the Subcontract Act, etc. during regular audits conducted by the Internal Auditing Department. As with other audits, we follow up on the findings until they are completely addressed.

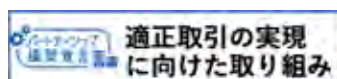
- **Change in the Method of Payment to Business Partners subject to the Subcontract Act**

In accordance with the request concerning "Means of payment of subcontracting payments" made by the Small and Medium Enterprise Agency, since the end of November 2022, we have switched from conventional 60-day bills or electronically recorded monetary claims to cash payments (bank transfer) in an effort to assist the business activities of business partners that are subject to the Subcontract Act.

The NHK Spring Group is committed to making even greater efforts across the Group to ensure that proper transactions are realized over the entire supply chain.



Materials of the NHK Spring Group Purchasing Committee



Banner on the NHK Spring website

BCM Initiatives

We believe that one of our social missions is to quickly restore operations and provide a stable supply of products in the event of disasters. However, to achieve this, not only our company but also our business partners need to work together for early restoration. We have introduced safety confirmation service to all of our employees to rapidly assess the impact on our supply chain and help us achieve quick recovery and secure stable supply in the event of large-scale natural disasters.

VOICE

Together supporting Japan's manufacturing by leveraging our mutual development capacity and technologies

Manabu Okahisa

YASKAWA Electric Corporation
Senior Executive Officer
Regional Manager for China
General Manager, Robotics Division



Yaskawa Electric Corporation's robots, motors and other products are used in production equipment and automated processes at NHK Spring's domestic and overseas production plants.

By responding to NHK Spring's requests, we also have a good relation as a partner who actively utilizes new products to jointly create new solutions.

I am always impressed by NHK Spring's challenger spirit, as demonstrated by its speed in establishing internal policies and taking measures to address global warming and other environmental issues, and its ability to convert such changes into a positive by newly launching the "electrification business". I feel that one of NHK Spring's unique strengths is its ability to conduct diverse business operations and to leverage numerous experiences and technologies nurtured therein.

The manufacturing sector is currently undergoing changes including multiproduct variable quantity production and labor shortages, and companies are having to evolve while responding to various management issues. Yaskawa Electric Corporation has proposed the "i3-Mechatronics*" solution concept in response to such issues, and we hope to work on plant automation and optimization together with NHK Spring. In this current age where failure to take on challenges will result in extinction, I hope that both of our companies can continue to leverage our respective development capacity and technologies to jointly drive Japan's manufacturing from now on.

* i³-Mechatronics

Combining "Mechatronics" (a coined word comprising mechanism and electronics), which was first proposed by Yaskawa Electric Corporation in 1969, and three "i"s, namely integrated, intelligent, and innovative, this solution concept is intended to contribute to resolving the management issues of customers.

Corporate Governance

To continue sound business activities, we are developing systems to further improve governance.

Basic Stance on Corporate Governance

We aim to maintain sound management and increase corporate value from the medium- to long-term perspective by developing management organizational structures and mechanisms and implementing the necessary measures.

To achieve this, we have adopted the following five basic policies.

Basic Policies for Corporate Governance

- 1 We ensure the rights and equality of our shareholders and strive to create an environment in which they can exercise their rights appropriately.
- 2 We work to sustain a good relationship by fulfilling our responsibility as a company to stakeholders, such as our shareholders, customers, partners, local communities, and employees.
- 3 We appropriately conduct disclosure based on the law while also independently striving to provide information other than that required by law.
- 4 The Board of Directors will intensively deliberate on agenda items, determine the supreme management policy, and supervise business management trends based on each member's knowledge and experience underpinned by a thorough understanding of the business. In addition, the Board will actively discuss management issues derived from the agenda items in order to fulfill its appropriate roles and responsibilities.
- 5 We will endeavor to engage in constructive dialog with shareholders, and strive to disseminate and share information by providing feedback to management and members of the Board on the opinions and other information collected through such dialog.

Nomination and Compensation Committee

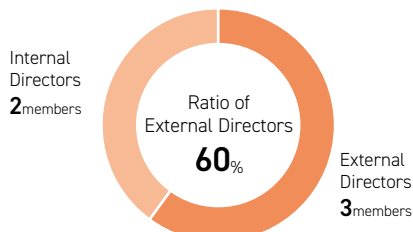
To strengthen the independence and objectivity of decisions on nominations and compensation of Members of the Board, the Board of Directors has established a voluntary Nomination and Compensation Committee, an advisory body to the Board of Directors, consisting of a majority of independent external directors, to consider matters related to personnel matters and compensation for Members of the Board.

Composition of the Nomination and Compensation Committee

Post	Name	Nomination and Compensation Committee member
President & CEO and Representative Member of the Board	Takashi Kayamoto	◎
Executive Vice President and Representative Member of the Board	Kiyohiko Kanmei	
Executive Vice President and Representative Member of the Board	Hidefumi Yoshimura	
Member of the Board	Kazuhiro Uemura	○
Member of the Board	Shunsuke Sasaki	
Member of the Board (External)	Keiichiro Sue	○
Member of the Board (External)	Katsuko Tanaka	○
Member of the Board (External)	Hiroimi Tamakoshi	○

◎---Chairperson

Nomination and Compensation Committee



Board of Directors

NHK Spring clearly distinguishes the roles of the Board of Directors, which is responsible for corporate management and supervision, and the Corporate Officers, who are in charge of business execution. This will enable the Board of Directors to intensively discuss important management judgments, make important management decisions, and supervise the execution of operations by Corporate Officers, thereby further maintaining and improving management efficiency and continuously increasing corporate value over the medium to long term under the corporate governance system.

In addition, external members of the board are appointed for the purpose of receiving advice based on their knowledge regarding management policies and management improvement, as well as to seek their active involvement in management supervision through decision-making on important matters of the Board of Directors.

Independence of External Members of the Board

In December 2021, the Company established independence criteria for its external directors.

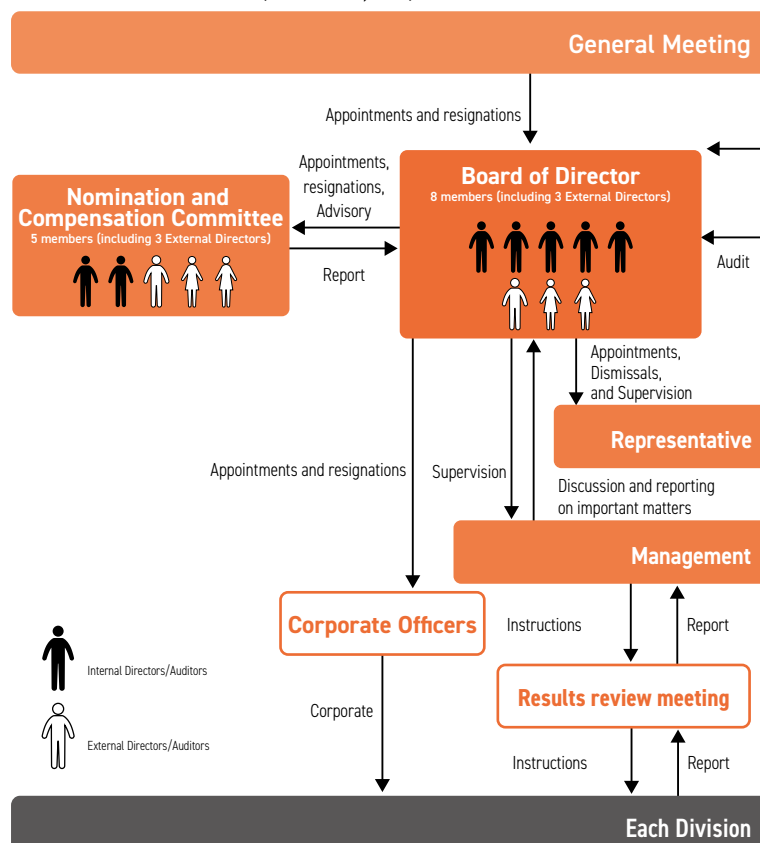
Board of Directors effectiveness evaluation

NHK Spring regularly conducts self-evaluations of the Board of Directors in the form of questionnaires administered to each member of the Board of Directors and of the Audit & Supervisory Board.

Questionnaire Items

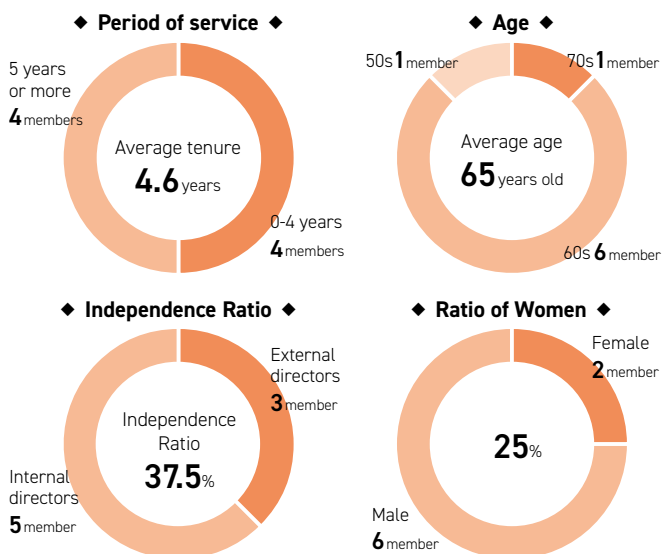
1. Composition of the Board of Directors; 2. Operation of the Board of Directors; 3. Enhancement of Board deliberations; 4. Operation of the Nomination and Compensation Committee; 5. Communication with shareholders and investors; 6. Support system and information provided to external members of the board (answered only by external members of the board)

Governance Structure (as of June 28, 2023)



Overview of self-evaluation results

Based on the results of the questionnaire, we believe that the Board of Directors as a whole is effectively fulfilling its roles and responsibilities, as individual proposals are discussed and examined from various perspectives through active discussions by the Board, which has a diverse range of knowledge. We will implement improvements as appropriate for the areas identified and will continue to conduct self-evaluations as well as work to improve and enhance the effectiveness of the Board of Directors.



Directors' Training

The Company conducts in-house training for all members of the Board of Directors and the Audit & Supervisory Board twice a year. Such training is implemented by external instructors to ensure compliance with laws and regulations and to acquire the latest knowledge necessary for management. We are enhancing the content by expanding the scope of attendance to include Corporate Officers and selecting timely themes.

Training Topics for Board of Directors

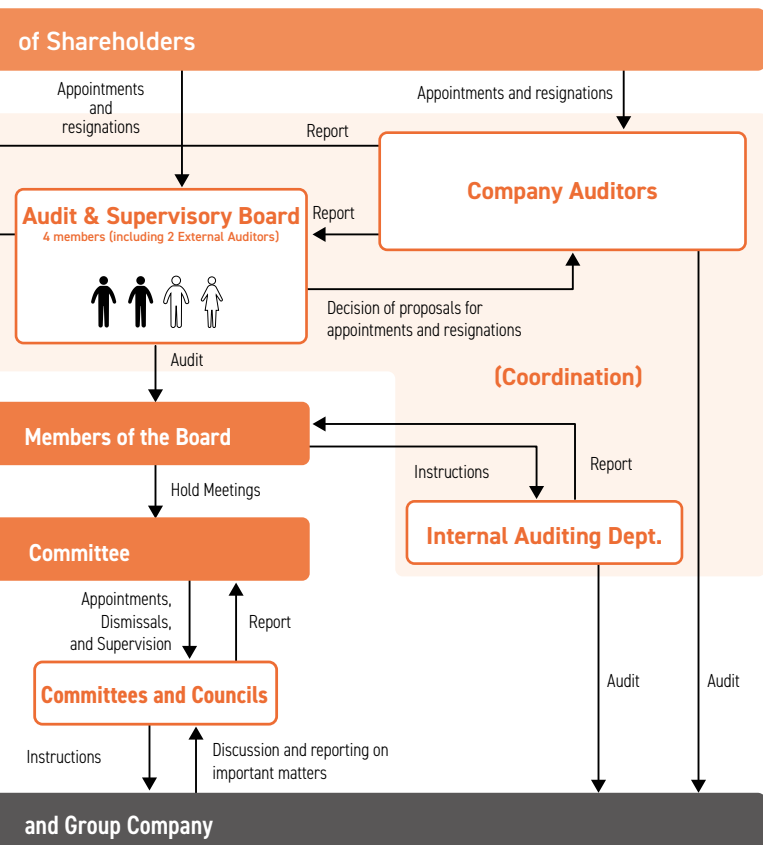
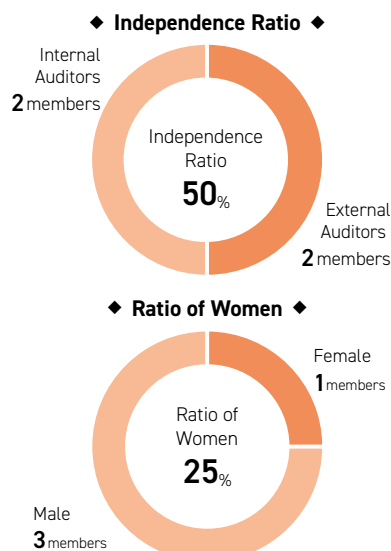
Year	Contents
FY2020	Automotive market in China in the aftermath of COVID-19
	Trends in workplace reform
FY2021	Creating a sustainable system for organizational risk response
	Long-term outlook for the automotive industry
FY2022	Governance Code and corporate management
	Promotion of Digital Transformation



January 2023 Directors' Training

Audit & Supervisory Board

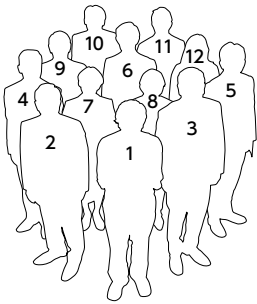
The responsibility for auditing the Company's management execution rests with the Audit & Supervisory Board, which is independent of the Board of Directors. In addition, the Company ensures a sufficient support system to assist the monitoring of management by corporate auditors, and takes necessary measures from the viewpoint of strengthening the functions of corporate auditors, including the appointment of independent external auditors and auditors endowed with high levels of knowledge and expertise in finance and accounting.



Management Organization (as of June 28, 2023)



Directors and Auditors



<Members of the Board>

1 Takashi Kayamoto

President & CEO and Representative Member of the Board, Corporate Officer
In office 8 years BOD 12/12 meetings

Apr. 1979 Joined the Company
Jun. 2010 Corporate Officer, Vice President of Research and Development Division and Director of Development Department
Apr. 2013 Senior Corporate Officer and President of Suspension Spring Division
Jun. 2015 Member of the Board, Senior Corporate Officer and President of Sales Division
Apr. 2016 Member of the Board, Executive Corporate Officer and President of Sales Division
Apr. 2017 President & CEO and Representative Member of the Board, Corporate Officer (present)

3 Hidefumi Yoshimura

Executive Vice President & CFO and Representative Member of the Board, Corporate Officer, President of Procurement Division
In office 2 years BOD 12/12 meetings

Apr. 1981 Joined the Company
Jun. 2007 Director of Administration Department, Suspension Spring Division
Apr. 2014 Corporate Officer; President & CEO and Member of the Board, NHK of America Suspension Components, Inc.; and President & CEO and Member of the Board, NHK New Mather Metals, Inc.
Apr. 2015 Corporate Officer, Director of Human Resources Department, Corporate Planning and Control Division
Apr. 2017 Senior Corporate Officer, Vice President of Corporate Planning and Control Division and Director of Human Resources Department
Apr. 2020 Senior Corporate Officer, President of Corporate Planning and Control Division
Apr. 2021 Executive Corporate Officer, President of Corporate Planning and Control Division
Jun. 2021 Member of the Board, Executive Corporate Officer, President of Corporate Planning and Control Division
Apr. 2022 Member of the Board, Executive Corporate Officer, President of Corporate Planning and Control Division and President of Procurement Division
Apr. 2023 Executive Vice President and Representative Member of the Board, Corporate Officer and President of Procurement Division (present)
Jun. 2023 Director of Takano Co. Ltd. (non-executive) (present)

5 Shunsuke Sasaki

Member of the Board, Senior Corporate Officer and President of Sales Division
Newly appointed

Apr. 1987 Joined the Company
Apr. 2010 Deputy Manager of Sales Department No. 1, Sales Division
Apr. 2012 Director of Sales Department No. 1, Sales Division
Apr. 2016 Director, NHK International Corporation
Apr. 2018 Executive Corporate Officer, Vice President of NHK International Corporation
Apr. 2019 Corporate Officer, Vice President of Suspension Spring Division and Director of Administration Department
Apr. 2022 Senior Corporate Officer, Vice President of Suspension Spring Division and Director of Administration Department
Apr. 2023 Senior Corporate Officer and President of Sales Division
Jun. 2023 Member of the Board, Senior Corporate Officer and President of Sales Division (present)

7 Katsuko Tanaka

Member of the Board **External Independent**
In office 7 years BOD 12/12 meetings

Apr. 1970 Researcher, hygiene class, Okayama University Medical School (Worked in the local hospital.)
Jul. 1970 Medical license registration (No. 207731)
May 1976 Worked at Yokohama City Hall
May 1998 Mayor, Sakae Ward, Yokohama City
Apr. 2000 Director General, Social Welfare Bureau, Yokohama City
Apr. 2004 Director General, Civic Affairs Bureau, Yokohama City
Apr. 2006 Trustee and Secretary General, Yokohama City University
Apr. 2013 Chancellor, Yokohama City University
Jun. 2016 Member of the Board (External) of the Company (present)

<Audit & Supervisory Board Members>

9 Kenji Shimizu

Audit & Supervisory Board Member
In office 11 years BOD 12/12 meetings A&S 13/13 meetings

Apr. 1979 Joined the Company
Mar. 2005 Director of Administration Department, Precision Spring and Components Division
Jun. 2008 Director of Internal Auditing Department
Jun. 2012 Audit & Supervisory Board Member of the Company (present)

11 Ichiro Ebihara

Audit & Supervisory Board Member **External Independent**
In office 3 years BOD 12/12 meetings A&S 13/13 meetings

Sep. 1985 Joined Tohmatsu Aoki & Co. (now Deloitte Touche Tohmatsu LLC)
Apr. 1989 Registered as Certified Public Accountant
Oct. 2013 Executive Officer in charge of finance and administration
Nov. 2015 Group CFO of Deloitte Tohmatsu LLC
Aug. 2016 Managing Partner of Deloitte Tohmatsu Services Co., Ltd.
Jun. 2019 Ichiro Ebihara Certified Public Tax Accountant Office (present)
Jun. 2020 Audit & Supervisory Board Member (External) of the Company (present)

2 Kiyohiko Kanmei

Executive Vice President & CQO/CTO and Representative Member of the Board, Corporate Officer
In office 4 years BOD 12/12 meetings

Apr. 1980 Joined the Company
Jun. 2011 Corporate Officer, Vice President of Seating Division and Director of Global Business Promotion Department
Apr. 2015 Senior Corporate Officer, President of Seating Division
Apr. 2018 Executive Corporate Officer, President of Engineering Division
Jun. 2019 Member of the Board, Executive Corporate Officer, President of Engineering Division
Apr. 2020 Director of Takano Co., Ltd. (non-executive)
Executive Vice President & CQO and Representative Member of the Board, Corporate Officer (present)

4 Kazuhisa Uemura

Member of the Board, Executive Corporate Officer, President of Corporate Planning and Control Division
In office 5 years BOD 12/12 meetings

Apr. 1983 Joined the Company
Apr. 2014 Corporate Officer, Vice President of Sales Division and Director of Seating & Component Sales Department
Apr. 2018 Senior Corporate Officer, President of Sales Division
Jun. 2018 Member of the Board, Senior Corporate Officer, President of Sales Division
Apr. 2022 Member of the Board, Executive Corporate Officer, President of Sales Division
Apr. 2023 Member of the Board, Executive Corporate Officer, President of Corporate Planning and Control Division (present)

6 Keiichiro Sue

Member of the Board **External Independent**
In office 8 years BOD 11/12 meetings

Apr. 1984 Registered as Attorney at Law (a member of Dai-ichi Tokyo Bar Association), Joined Nobuo Takai Law Firm
Jan. 1989 Joined Matsuo & Kosugi
Oct. 1995 Registered as Attorney at Law in New York State, USA
Jun. 2009 Partner of Blakemore & Mitsuki (present)
Jun. 2014 Corporate Auditor (External) of the Company, External Director of METAWATER Co., Ltd. (present)
Jun. 2015 Member of the Board (External) of the Company (present)

8 Hiromi Tamakoshi

Member of the Board **External Independent**
In office 3 years BOD 12/12 meetings

Oct. 1987 Joined Chuo Audit Corporation
Apr. 1999 Registered as Attorney at Law (Kanagawa Bar Association), Joined Ryoji Kimura Law Office
Apr. 2017 Auditor of Yokohama City University (present)
Jun. 2020 Member of the Board (External) of the Company (present)
Apr. 2021 Established Yokohama Nagomi Law Office (present)

10 Masakazu Toyoda

Audit & Supervisory Board Member
In office 4 years BOD 12/12 meetings A&S 13/13 meetings

Apr. 1982 Joined Dai-ichi Kangyo Bank (now Mizuho Bank)
Jan. 2013 Joined the Company
Apr. 2013 Member of the Board (Vice President) of NHK International Corporation
May 2017 Director of Corporate Planning Department, Corporate Planning and Control Division
Jun. 2019 Audit & Supervisory Board Member of the Company (present)

12 Reiko Furukawa

Audit & Supervisory Board Member **External Independent**
In office 1 year BOD 7/9 meetings A&S 10/10 meetings

Apr. 1981 Joined Nippon Univac Kaisha, Ltd. (now BIPROGY Inc.)
Apr. 2005 Nihon Unisys Excelutions (now UEL Corporation), General Manager of Service Department, Mechanical Solutions Division
Apr. 2007 General Manager of Industry Development Dept. in the above company
Apr. 2009 Executive Officer in the above company
Apr. 2011 UNIADDEX, Ltd.
General Manager of Outsourcing Planning Department of MBK Outsourcing Center
Apr. 2014 General Manager of Quality Assurance Dept.
July 2017 Audit & Supervisory Board Member of Uniadex, Ltd.
Jun. 2022 Audit & Supervisory Board Member (External) of the Company (present)
External Member of the Board, Hanwa Co., Ltd. (present)

Co-creation with Stakeholders
Supporting Core Technologies

Value Creation Stories

ESG Strategy

Human Capital

Natural Capital

Growth Strategy

Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

Messages from the External Directors/Auditors

NHK Spring recently identified the Company's materialities (important issues) following discussions in the Board of Directors. In relation to this, we introduce comments by our External Directors/Auditors pertaining to the realization of sustainability in NHK Spring.



**Keiichiro
Sue**

Member of the Board
(External)

Expectations for sustainability management in harmony with manufacturing business activities

Sustainability initiatives are not necessarily incompatible with the pursuit of corporate profits in some aspects, but it is very important to harmonize them with business activities. Therefore, I expressed my opinion to the Board of Directors that a strong governance structure is necessary to realize materialities (important issues) and that it is fitting that NHK Spring should appropriately reflect the stance of a manufacturing company that continues to provide "indispensable key parts" for the realization of a sustainable society.

One of the challenges we face in realizing materialities (important issues) is the speed of social change. It is important not only to tackle the issues at hand, but also to grasp rapid changes in society, respond to them flexibly, and prepare for them in advance. In light of this, the question is what qualitative and quantitative goals can be set in the 2026 Medium-Term Management Plan to deepen our efforts.

Since the establishment of the Nomination and Compensation Committee in 2021, we have been continuously discussing how we can ensure objectivity, clarity, and rationality regarding nominations and compensation. It is necessary to further enhance the system, including our approach to the organization and functions of the committee in the future.

Looking forward, in my capacity as an External Director, I will continue to gather information, improve my learning, and strive to improve the Company's governance by providing necessary



**Katsuko
Tanaka**

Member of the Board
(External)

Approaching sustainability initiatives as an interested party

I consider human resources to be the most important element of our Company. It is necessary to work consistently and purposefully from securing human resources to retaining and training them. I will continue to closely monitor progress through reports at meetings of the Board of Directors.

In the 2026 Medium-Term Management Plan, I believe it is necessary to set goals so that each and every employee will see our sustainability efforts as their own personal matter, moving from "Everybody's NHK Spring" more to "My NHK Spring".

Compared to when I first became an External Director, the environment surrounding our Company, and our internal initiatives have changed dramatically. Looking ahead to the future, digital transformation and other skills are also required on the Board of Directors. It is desirable to appoint Board members who can complement the skills needed to achieve the mid- to long-term vision of what we want to be and what we should be. As an External Director of NHK Spring, I will continue to gather information and deepen my learning as well as take responsibility for my own comments and actions.



**Hiromi
Tamakoshi**

Member of the Board
(External)

Strengthening expertise in the Board of Directors for responding to sustainability themes

In our materialities (important issues), I am focusing on the themes of "maximizing the value of human resources" and "compliance". In particular, with regard to "maximizing the value of human resources," as the social situation changes drastically, companies are vying to promote human resource initiatives. I feel that we must not lag behind. To this end, we need members who are endowed with skills and expertise in this area on our Board of Directors.

Although not included in the materialities (important issues), I also believe that "risk management" is important. It is necessary to take measures to prevent various risks that the Company may face and to minimize damage if risks do occur.

Compared to when I first became an External Director, the operation of Board meetings has greatly improved. Thanks to the sharing of materials in advance and the strengthening and thoroughness of preliminary explanations, we are now able to arrive at meetings with a certain degree of understanding of the issues beforehand, allowing more time for discussion on the day of the meeting. I will continue to raise awareness of sustainability in response to changes in social conditions and use this information in discussions at our Board meetings.



Ichiro Ebihara

Audit & Supervisory Board Member (External)

Expectations for sustainability management in harmony with manufacturing business activities

To arrive at the identification of materialities (important issues), it is advisable to follow an objective process and to clarify the Company's stance on the issues with a clear judgment axis. Along with the element of governance, which corresponds to the "G" in ESG, the responsibility of the Board of Directors to oversee corporate strategy, risks, and capital allocation is more important than ever. In light of these factors, the question for the future is how to incorporate sustainability and ESG strategies into the Board of Directors. I believe that we can make a start by incorporating them into the FY2026 Medium-Term Management Plan.

In particular, it is necessary to draw a "desirable vision" for a particular point in time, for example, our plan from the long-term perspective to achieve carbon neutrality by 2039, sort out how that differs from the present, and make a plan for what should be done by the deadline.

As an external member of the Audit & Supervisory Board, I have more opportunities for face-to-face visits and regular discussions with the President and External Directors compared to during the COVID-19 pandemic. I will continue to stay aware of governance from both the "defensive" and "offensive" perspectives and contribute to improving corporate governance by supervising management from a third-party perspective.



Reiko Furukawa

Audit & Supervisory Board Member (External)

A governance structure that reflects sustainability and ESG knowledge

Among our materialities (important issues), I focus on "maximizing the value of human resources," especially diversity. In today's rapidly changing business environment, diversity of ideas and behavior is essential for a company to survive. Diversity requires a shift in perspective to not only accept the existence of people with different attributes, but also value the diversity of different values and behaviors. To this end, it is important not only to hire and train the people involved, but also to foster awareness among management.

As an external member of the Audit & Supervisory Board, I will regularly check and be involved in the progress of these and other materialities (important issues). For the two issues designated as "particularly important," we need a system whereby a director in charge is appointed, appropriate targets are set under his/her responsibility, and regular status reports are given to the Board of Directors. In addition, from the perspective of being able to objectively and continuously confirm these issues and initiatives, it is necessary to have external directors/auditors with knowledge of sustainability and ESG issues.

As an external member of the Audit & Supervisory Board, I hope that I can help create an internal culture characterized by "naturally doing the right thing," "a sense of unity between management and the front line," and "diversity and vitality".

Compliance

Initiatives for Compliance

In NHK Spring Group, we regard compliance as an important foundation for contributing to the realization of a sustainable society through manufacturing. The NHK Spring Group's management policy begins with the statement, "We will maintain an upstanding attitude in business". In addition to legal compliance, we believe that compliance includes adherence to our Employees Code of Conduct, Company Rules, and social norms (manners and morals) and fulfillment of our social responsibility (CSR) to our stakeholders, including customers, shareholders, business partners, and local residents, and we regard it as one of the major pillars of management. In promoting compliance, specifically, the President himself directly calls out the importance of compliance and high ethical standards in every dialog with the top management and employees of each Group

company to foster awareness.

In addition, our Employees Code of Conduct stipulates that all officers and employees are to comply with laws, regulations, and corporate ethics. To raise awareness of this, we send out top management messages on compliance with antitrust laws, anti-bribery, etc. To instill compliance, we conduct compliance training by rank for new employees and promoted employees at all Group companies, as well as various training programs on themes such as compliance with antitrust laws, harassment, etc. Moreover, each month we select a familiar compliance theme and distribute the "Compliance Newsletter" to raise awareness among all employees of the NHK Spring Group, both in Japan and overseas, of the importance of compliance with laws, regulations, and corporate ethics.

Compliance Promotion Structure

Under the supervision of the President & CEO, the Director of the CSR Department in the Corporate Planning and Control Division has been appointed as the person responsible for promotion, with the directors of each department responsible for providing guidance and the CSR Department acting as the promotion secretariat. In addition, the Company systematically conducts compliance education and awareness-raising activities to prevent the occurrence of legal violations and antisocial behavior.

• Various Training Programs

Type of Training	Training contents
Group-wide Compliance Training	Group-wide Compliance Training
Rank-based	New Recruit Compliance Training
	New Recruit Antitrust Law Training
	Newly Appointed Senior Manager Compliance Training
	Newly Appointed Manager Compliance Training
	Newly Appointed Floor Supervisor Compliance Training
	Newly Appointed Assistant Manager Compliance Training
	Newly Appointed Group Leader Compliance Training
Employees engaged in work responding to whistleblowing	Mid-career Recruits Compliance Training
Antitrust Law Training	Caution points, etc. in responding to whistleblowing
Overseas Assignment Advance Training	Updates in antitrust laws
	Importance of compliance, risks, etc.

Ethics Enhancement Month, compliance awareness surveys

Every November, which is designated as the "Month for Strengthening Ethical Values", the Group's top management sends out messages and displays posters. As one initiative in this, since FY2021, the Company has conducted a Compliance Awareness Survey of employees in NHK Spring and domestic Group companies. The results of these checks are reported to top management and fed back to the Group companies and divisions. Moreover, the degree of penetration of compliance awareness is confirmed and, based on the results, a compliance activity plan for the next fiscal year is formulated.

(Number of respondents to the awareness survey in FY2022: 8,421)

Initiatives related to Antitrust Laws

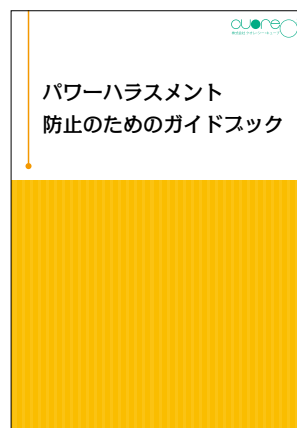
In 2016, the Company received an on-site inspection by the Fair Trade Commission and other authorities for violating the Antitrust Act. Learning from this lesson, we have been conducting annual antitrust law training for employees in sales departments without fail to ensure compliance with antitrust laws globally. Overseas, we also offer training programs with content that is consistent with local activities. In addition to the above, we conduct e-learning on antitrust law, implement and check preliminary notifications throughout the Group when coming into contact with competitors, and conduct e-mail audits using AI (artificial intelligence) to check for problematic behavior before it occurs.

Anti-harassment Measures

To realize the Group's management policy of "Build a safe and secure company and a rewarding and comfortable workplace", we conducted harassment training throughout the Group in FY2021 and again in FY2022. This training was mainly intended to promote a correct understanding of harassment and to foster awareness of compliance with a view to creating a safe and secure Company and rewarding and comfortable workplaces.



We also conduct compliance training and e-learning using the "Guidebook for Prevention of the Abuse of Authority", which is distributed to all Group employees. In addition, the Company conducts educational activities to prevent harassment, such as disseminating information on good communication in the Compliance Newsletter.



Whistleblowing System (Compliance Hotline) and Partner Reporting Desk

As a mechanism for employees of the Company and its domestic subsidiaries to consult or report internally when they have questions or doubts, a Compliance Hotline, which allows anonymous reporting, has been established at a contact point operated by an external third-party organization from the viewpoint of neutrality and impartiality. Moreover, all employees receive a compliance card that states the Compliance Hotline number, and we are striving to ensure the reliability of the system through implementing various compliance training sessions and issuing the monthly Compliance Newsletter and internal magazines to inform employees about the operational flow of whistleblowing from the receipt of reports, the guarantee of anonymity, and the prohibition of prejudicial treatment against whistleblowers.

In the event where a whistleblower makes a report, the Company reports the matter to the Compliance Promotion Manager and conducts an investigation to confirm the facts. If a problem is confirmed to exist, corrective measures are taken and the whistleblower is briefed on the response if

he or she desires feedback.

In addition, the Company has a system in place for appropriately reporting to the Board of Directors on serious matters.

Overseas, similar systems have been introduced in North America, China, Thailand, Mexico, and other Group companies.

In addition, we have set up a "Partner Reporting Desk" on our website for business partners to report any compliance violations in the course of doing business with us. The Company has established a system for realizing the early detection and correction of problems by appropriately handling reports that are made to these contact points.

• Transitions in the Number of NHK Spring Group Compliance Hotline Reports

	FY2020	FY2021	FY2022
Number of reports	57 cases	81 cases	152 cases

Partner Reporting Desk - number of reports: 0

Anti-Bribery and Anti-Corruption Initiatives

Under the Employee Code of Conduct, Compliance Regulations, and Anti-Bribery Rules, the Group has defined bribery, corruption, and improper donations as prohibited acts, and has established various rules and conducted training on bribery, particularly in high-risk areas overseas. In addition to prohibiting bribes to public officials, we also send out compliance newsletters to promote awareness about the prohibition of excessive business entertainment and gifts that go beyond social common sense, even among private companies.

Security Export Control

In response to a worldwide strengthening of laws and regulations concerning security export control, NHK Spring Group has formulated security export control regulations and detailed rules to ensure compliance with security export control-related legislation, and have appointed a person in charge of export control in each production division to provide training. In addition, the Company conducts compliance inspections for export transactions and takes steps toward realizing appropriate import/export control.

Human Rights

NHK Spring Group, based on the UN Guiding Principles on Business and Human Rights, supports international norms related to human rights and implements initiatives geared to respecting the human rights of all stakeholders involved in the Group's business activities.

Approach to Human Rights

NHK Spring states its commitment to protect human rights, advocate D&I, care for others, and nurture people in the NHK Spring Basic Global CSR Policy.

- 1. Respect for human rights** We will respect human rights in all our business activities, recognize our mutual values and beliefs, and never engage in conduct that harms the character or dignity of any person.
- 2. Prohibition of discriminations** We will never discriminate based on nationality, race, ethnicity, creed, philosophy, gender, social status, religion, age, sexual orientation, gender identity, mental or physical disability, illness or place of origin.
- 3. Prohibition of child labor and forced labor** We will never allow child labor of any kind, nor will we permit forced labor in any of our business activities.

Initiatives

NHK Spring Group's initiatives are conducted according to the framework of the Guiding Principles. Specifically, initiatives are implemented in relation to formulating human rights-related policies and commitments, grasping and identifying impacts on human rights through internal and external surveys, implementing measures to prevent human rights risks, and providing appropriate relief measures.



(Diagram source: Ministry of Justice website: Addressing "Business and Human Rights" Now Required of Corporations)

Classification	Main Initiatives
a : Policy-based commitment	<ul style="list-style-type: none"> ✓ Permeation of the NHK Spring Group Basic Global CSR Policy ✓ Participation in the Ministry of Justice's "My Declaration of Human Rights"
b : Implementation of human rights due diligence	<ul style="list-style-type: none"> ✓ Education for respect of human rights and fostering of compliance awareness ✓ Building of the promotion structure (CSR Promotion Committee) ✓ Formulation of the "NHK Spring Group procurement Guidelines" ✓ Implementation of autonomous inspections of initiatives related to respect for human rights ✓ Implementation of compliance awareness surveys ✓ Implementation of employee awareness surveys (engagement diagnosis)
c : Relief measures	<ul style="list-style-type: none"> ✓ Establishment, dissemination and permeation of the Whistleblowing System ✓ Establishment of a report window for business partners

Future Issues

There are a wide range of initiatives related to respecting human rights, but the issues addressed in NHK Spring Group are as indicated on the right. Future activities will be certainly implemented upon deciding the order of priority of initiatives.

- ✓ Strengthening of promotion structure and promotion of Group-wide initiatives
- ✓ Formulation of policy specific to human rights
- ✓ Strengthening of initiatives for identifying, analyzing and evaluating negative impacts on human rights
- ✓ External disclosure of information

Risk Management Structure

The risks (crises) faced by companies are not only limited to natural disasters but can arise in various forms. In order to fulfill our social responsibility as a corporation, we have established risk management regulations to avert such risks, minimize damage, and prevent recurrence, and have built a risk management structure in which the President & CEO and Representative Member of the Board acts as the chief responsible officer and the President of the Corporate Planning and Control Division is placed in charge of promotion.

Moreover, we have established a Group-wide CSR Promotion Committee to identify risks connected to corporate activities (unlawful actions by employees, scandals, disaster/accident risks etc.) in NHK Spring's divisions and the other Group companies.

In terms of concrete measures, we have established BCP (Business Continuity Planning) and personal information protection regulations, insider trading prevention regulations and other internal regulations and a risk management manual and are working to prevent risks from arising by conducting education and awareness promotion activities.

We aim for further improvement so that each employee can deepen their understanding of risks on a daily basis, and we can respond appropriately and promptly when unexpected risks occur to resolve them as quickly as possible.

Responding to Risks

In the event where risks become manifested, we take measures to ensure that the responsible and related departments can respond promptly. In cases where emergencies occur in domestic or overseas business sites, we promptly set up a task force in the area concerned and establish a general headquarters at our Head Office to quickly bring the situation under control.

Establishment of a BCM System

At our Head Office, each plant, and domestic Group companies, we are working to strengthen our initial response and business continuity capabilities by first establishing a disaster prevention system as a platform for formulating a BCP that can respond to various risks. Also, we annually conduct initial response drills assuming the scenario of a large-scale earthquake and BCP drills for quickly restoring and continuing business operations. Since the year before last, instead of the conventional training conducted by gathering in a conference room, we have conducted drills remotely to prevent the transmission of COVID-19. Based on the reflections from these drills, we are also reviewing our disaster prevention system and revising our BCP and various procedure manuals to step up our response system in case of risk occurrence so that we can respond to crises in a more practical manner. In addition, in recent years, overseas Group companies have also been gradually implementing initial response drills and BCP drills based on disaster scenarios according to the conditions in their respective regions.

Also, each plant and domestic Group company conducts an annual self-assessment of its BCM system to identify and improve issues related to disaster prevention, BCP, initial response setup, and BCM promotion, and thereby improve the BCM system.

Ensuring Information Security

• Information security and company continuity

The NHK Spring Group regards measures to address recently intensifying information security incidents such as cyber-attacks and information leaks as a top priority issue and is implementing a variety of security measures including creation of an information security team, introduction of security software and devices, and security education for employees.

The reason why we have raised the priority level of measures is that the strengthening of information security plays a very important role in ensuring the Company's continuity. We believe that securing a safe and secure foundation prevents or suppresses damage caused by incidents such as information leaks and cyber-attacks and thereby contributes to gaining the trust of customers and other stakeholders, expanding business and strengthening competitiveness.

Moreover, having awareness of cyber-attacks over not only the NHK Spring Group but also the entire supply chain can enable us to avert losses in related industries, secure the Company's continuity and sustain profits.

The NHK Spring Group will continue to leverage IT in the pursuit of business growth and sustainability. At the same time, as we believe that security will play a greater role as risks increase with the advancement of IT utilization, we will continue to strengthen security.

• Raising the level of security measures

NHK Spring implements incident response training based on simulations of recent security incidents.

The training primarily consists of checks to ensure that procedures are in place or that incidents can be actually responded to, followed by improvements to identified issues geared to raising the level of the response setup.

Recently, deciding that we still had room for improvement regarding the response speed of our conventional organizational structure, we are planning to launch the CSIRT* as a Company-wide organization for realizing rapid and controlled responses. Through conducting cross-departmental measures (activities to coordinate and control between in-company, customers and supply chains) that were difficult to implement with the former vertically split organization, we aim to speed up our response to emergencies.

* CSIRT (Computer Security Incident Response Team) is a dedicated team for responding to security incidents.



Cross-organizational, joint table-top exercise simulating damage at a production plant

Global Network

The NHK Spring Group operates globally with 55 Group companies. We aim to further strengthen our global business base by developing local subsidiaries and their employees, in line with the growth of local markets.



TOPICS

Initiatives in Overseas Corporations ~ NHK Spring (Thailand) Co., Ltd. ~

At NHK Spring (Thailand) Co., Ltd., an overseas company in the NHK Spring Group, President Mr. Hajime Okajima declared "Thailand NHK Spring Carbon Neutrality" (CN) in October 2021. According to Mr. Okajima, "in the near future, the products of companies that are reluctant to comply with CN will be shunned by their customers, so CN compliance is essential for the survival of the business". Based on this belief, NHK Spring (Thailand) Co., Ltd. was one of the first Japanese companies in Thailand to set CN as a goal and is promoting CN knowledge and its importance to all employees, as well as to actively contributing to the local community.

- Establishment of a CN Dojo

As part of this initiative, in October 2022, the company established the "CN Dojo", its eighth such facility, inside its "Training Village" training center. Prior to establishment of the CN Dojo, three secretaries from the Japanese Embassy in Thailand visited the company to inspect the facilities and offer advice.

The company regards the CN Dojo as the most important facility for its employee training, and it intends to send 40% of its employees working in Thailand to train there by February 2023. Moreover, the company plans to send all of its approximately 3,500 employees to the facility by the fall of 2023.

Furthermore, NHK Spring (Thailand) Co., Ltd. also has accommodation facilities for receiving employees of the NHK Spring Group's companies in Cambodia, Malaysia, Indonesia, India, and the Philippines, who are also targeted to receive training.



Training Village in side the plant



CN Dojo



Participants during the visit by the three secretaries from the Japanese Embassy in Thailand

Number of
Group Companies

55

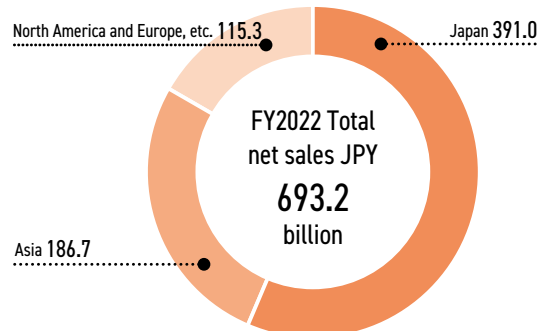
Incl. 38 consolidated companies

8 equity-method companies

As of March 31, 2023

North, Central and South America

8



VOICE

Aiming to be a professional group that everyone can rely on

Shinichi Ishii

Manager, Productivity and Quality Improvement Headquarters
(Engineering Headquarters), NHK Spring (Thailand) Co., Ltd.



NHK Spring (Thailand) has 60 years of history and, as the largest production base in the NHK Spring Group, supports the group's supply and earnings in four production divisions, i.e. Suspension Spring Division, Seating Division, Precision Spring & Components Division, and DDS (Disk Drive Suspension) Division. The company's strength lies in its Thai-oriented management, and through the efforts of many predecessors, it has earned the trust of its customers and established a firm position in the Thai automotive and IT industries. The employees are always cheerful and positive, and are strongly aware of the company motto "NHK Spring for Everyone" espoused in our Guiding Principles.

In NHK Spring (Thailand), I am responsible for overall management of safety and environment, quality, production technology, and manufacturing technology, and I support the production divisions as the headquarters of the Thai Group under the slogan, "Aiming to be a professional group that everyone can rely on." I am also currently involved in the promotion of CN.

In Thailand, not only the CN declaration, but also the government's "BCG policy" (economic activities that maintain a balance between economy, society, and environment and lead to sustainable development) calls for the expansion of renewable energy and distributed power generation, and there is a strong appetite for investment in this area. The introduction of a carbon tax is still under consideration, but we feel that if introduced, it will further accelerate CN activities. We have set up a CN Dojo to promote understanding among our employees. This allows employees to experientially compare power consumption between fluorescent lights and LED lights and learn about the necessity of CN for the global environment, types of renewable energy and so on. The most important issue for CN is the elimination of fossil fuels. The high cost of electricity, which has increased 1.5 times in the last two years, is one of the factors that hinders electrification in Thailand. We will continue to work with NHK Spring on the electrification of production sites.

We will continue to actively contribute to society by visiting elementary schools and providing donations and scholarships, as well as supporting tree planting and student events. In this way, we are committed to continuing our efforts to realize a better Thai society in the future.

• Hosting of a CN Dojo for children

In February 2023, NHK Spring (Thailand) Co., Ltd. staged a CN Dojo for children that was attended by 100 children from Wat Sanam Chan School in the local district of Bangpoo. This event was proposed by the company president Mr. Okajima, who said, "As a contribution to the local community, let's invite elementary school children, who are the treasures that will drive Thailand's future, so that they can heighten their environmental awareness." Through this event, the children learned about the importance of separating wastes and so on. In future, the company intends to continue to hold CN Dojo events as one element of its social contribution activities.



Children listening to explanations at the CN Dojo

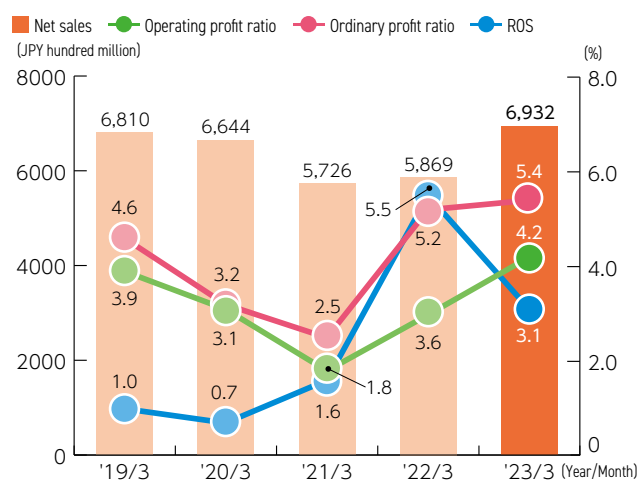


Financial Highlights (Consolidated five-year summary)

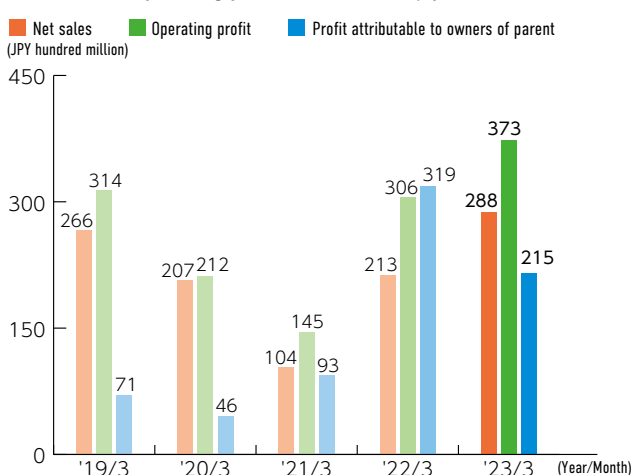
Operating Results	Accounting Period	Year ended in March 2019	Year ended in March 2020	Year ended in March 2021	Year ended in March 2022	Year ended in March 2023
Net sales	(JPY hundred million)	6,810	6,644	5,726	5,869	6,932
Operating profit	(JPY hundred million)	266	207	104	213	288
Operating profit ratio	(%)	3.9	3.1	1.8	3.6	4.2
Ordinary profit	(JPY hundred million)	314	212	145	306	373
Ordinary profit ratio	(%)	4.6	3.2	2.5	5.2	5.4
Profit attributable to owners of parent	(JPY hundred million)	71	46	93	319	215
Return on sales	(%)	1.0	0.7	1.6	5.5	3.1
Profitability						
ROE (Return on Equity)	(%)	2.5	1.7	3.4	10.5	6.4
ROA (Return on Assets) (JPY)	(%)	5.5	3.8	2.7	5.3	6.3
EPS (Earnings Per Share) (Times)	(JPY)	29.97	19.46	40.45	140.33	94.50
PER (Price Earnings Ratio)	(Times)	33.2	36.4	20.5	6.3	10.0
PBR (Price Book-value Ratio)	(Times)	0.8	0.6	0.7	0.6	0.6
Financial conditions						
Total assets	(JPY hundred million)	5,731	5,326	5,607	5,880	6,060
Stockholders' equity	(JPY hundred million)	2,811	2,709	2,839	3,226	3,492
Stockholders' equity to total assets ratio	(%)	49.0	50.9	50.6	54.9	57.6
Capital expenditures	(JPY hundred million)	449	398	249	232	280
Depreciation & amortization	(JPY hundred million)	250	264	274	283	288
R&D expenses	(JPY hundred million)	168	184	156	160	175
R&D per sales ratio	(%)	2.5	2.8	2.7	2.7	2.5
Shareholder return						
Cash dividends (annual payout per share)	(¥)	24	17	17	27	32
Dividend payout ratio	(%)	80.1	87.4	42.0	19.2	33.9
Amount of treasury stock acquired	(JPY hundred million)	—	13	40	—	14
Cash flows						
Net cash provided by operating activities	(JPY hundred million)	367	366	296	345	136
Net cash arising from/incurred in investing activities	(JPY hundred million)	△422	△ 458	△ 241	49	△ 417
Free cash flow	(JPY hundred million)	△55	△ 91	55	394	△ 281
Net cash arising from/incurred in financing activities	(JPY hundred million)	73	△ 169	27	△ 276	△ 115
Cash and cash equivalents at end of year	(JPY hundred million)	984	743	789	918	578

*Following application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022, the figures for the fiscal year ended March 31, 2022 and thereafter are based on application of the said accounting standards.

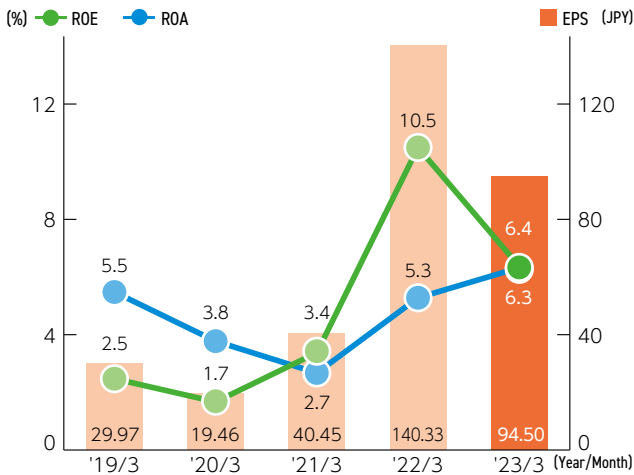
◆ Net Sales



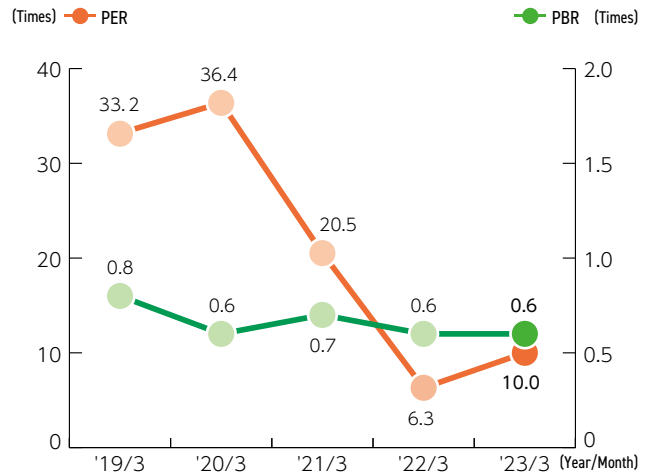
◆ Net Sales/Operating profit ratio/Ordinary profit ratio/ROS



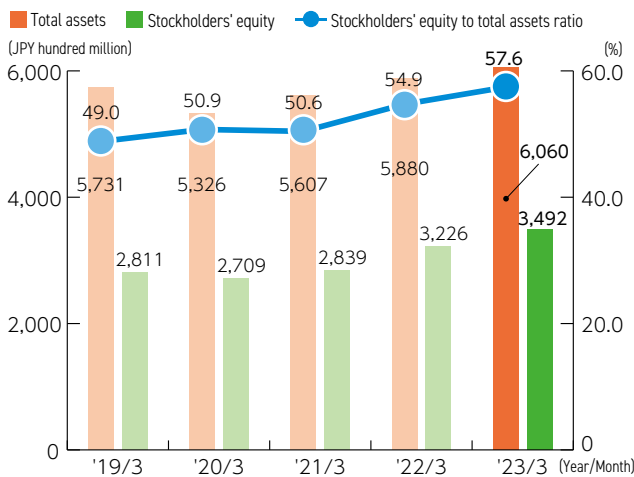
◆ Profitability (ROE/ROA/EPS)



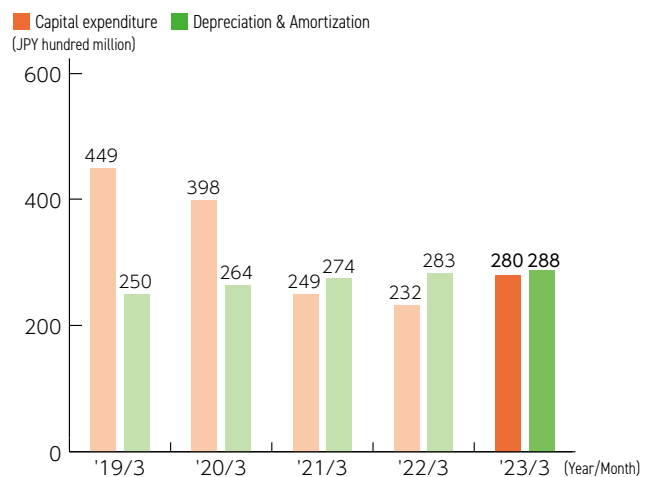
◆ Profitability (PER/PBR)



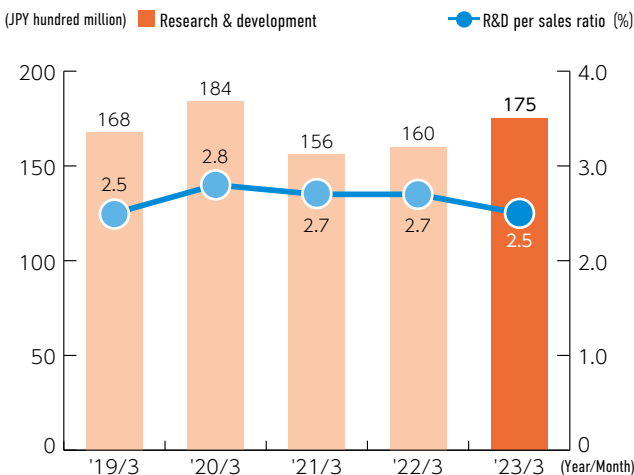
◆ Financial Conditions



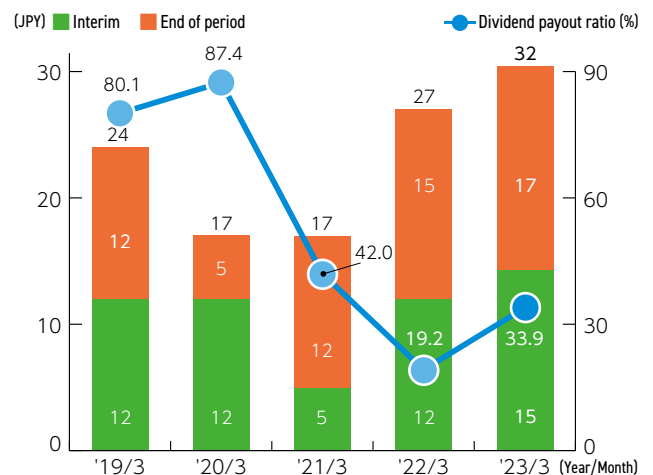
◆ Capital expenditure / Depreciation & Amortization



◆ Research & development



◆ Shareholder return (cash dividends / dividend payout ratio)



Co-creation with Stakeholders
Supporting Core Technologies

Value Creation Stories

ESG Strategy

Human Capital

Natural Capital

Growth Strategy

Manufacturing Capital/
Intellectual Capital

Social Capital

Financial Capital

Financial Highlights (Analysis of Results)

FY2022 Operating results

During the fiscal year ended March 31, 2023 (hereinafter the "period under review"), the global economy showed signs of recovery, but the outlook remained uncertain due to the COVID-19 pandemic, the impact of supply shortages for semiconductors, soaring material prices, foreign exchange fluctuations, and the Russian invasion of Ukraine, among other factors.

In the automotive market, one of the main business fields of the Group, the production volume in Japan was 7,748 thousand units, an increase of 2.1% from the same period last year. In addition, in North America (U.S. and Canada), 11,660 thousand units were manufactured, up 8.2% from the same period last year. In China, 27,060 thousand units were manufactured, up 6.7% from the same period last year. In Thailand, 1,860 thousand units were manufactured, up 11.3% from the same period last year. (All calculations are based on the figures of each region at the end of the quarter.)

In the data communications market, the Group's other main business field, the global production volume of hard disk drives (HDDs) declined year-on-year, resulting in a decrease in the total demand for suspensions, our main products.

In recent years, competition with global competitors in the automotive-related market has become increasingly intense, and this has been a major factor affecting the Group's profitability. Moreover, inflation of raw materials prices, physical distribution costs, energy costs, etc. in each business has been extreme. Under these conditions, we recognize that recovering and improving profitability is an important issue for the NHK Spring Group, and our production, sales, and head office divisions are working together to find solutions.

As a result of the business environment mentioned above, the Group recorded net sales of 693,246 million yen (up 18.1% year-on-year), operating profit of 28,838 million yen (up 35.0% year-on-year), ordinary profit of JPY 37,317 million (up 21.7% year-on-year), and profit attributable to owners of parent of 21,537 million yen (down 32.7% year-on-year).

Cash Flows

Cash and cash equivalents during this fiscal year were 57,800 million yen, down by 3,400 million yen (37.1% year-on-year).

Cash flows from operating activities increased by 13,600 million yen (compared with an increase of 34,500 million yen in the previous fiscal year) due to net income before taxes and other factors, despite payments of income taxes.

Cash flows from investing activities decreased by 41,700 million yen (compared with an increase of 4,900 million yen in the previous fiscal year) mainly due to the purchase of property, plant and equipment.

Cash flows from financing activities decreased by 11,500 million yen (compared with a decrease of 27,600 million yen in the previous fiscal year) mainly due to payments of dividends.

Free cash flows, which are cash flows from operating activities and investing activities, decreased by 28,100 million yen.

Basic Financial Strategy

Our Group's basic financial strategy is to allocate management resources at the appropriate time in order to increase corporate value, and we believe it is important to have a strong financial structure and high capital efficiency.

Our Group's equity ratio exceeds 50%, and the Group will maintain a credit rating of "Single A-" (rated by Rating and Investment Information, Inc. (R&I)) and strengthen its risk tolerance.

While paying attention to the ability to redeem debts through operating cash flow, we will also consider reducing the capital cost by diversifying our funding sources, such as external borrowing from financial institutions and issuance of bonds.

On the other hand, we recognize that the return of profits to shareholders is a matter of utmost importance, and our basic policy is to maintain stable dividends by comprehensively taking into account consolidated financial results and the dividend payout ratio. We repurchased our own shares based on a resolution of the Board of Directors from FY 2019 to FY 2022 with the aim of executing a flexible capital policy in response to changes in the business environment, improving capital efficiency, and contributing to shareholder returns. As of the end of the current fiscal year, treasury stock held by the Company amounted to 17.34 million shares, equivalent to 7.1% of the total number of shares outstanding.

Since treasury stock held by the Company is also held in preparation for future corporate acquisitions through stock swaps, etc., the Company will consider disposal or cancellation of treasury stock with the aim of improving the efficiency of shareholders' equity, taking into consideration its financial condition, the business environment and other factors.

Approach to Fundraising

The NHK Spring Group mainly obtains funding for materials and parts used in manufacturing, R&D expenses, and working capital for business activities from operating cash flows. Concerning funds required until the collection of claims, we maintain fluidity equivalent to between 1.5-2 months of consolidated sales by means of commercial papers and bank borrowing.

Concerning capital expenditure funds, including measures to realize carbon neutrality, we raise funds through bank borrowing and issue of corporate bonds, etc. based on the capital expenditure plan in each business while generally taking domestic and overseas fundraising, market interest and exchange rate trends, or repayment schedules for existing loans and so on into account.

The interest-bearing debt at the end of the current consolidated fiscal year was JPY 50 billion, representing a decrease of JPY 400 million from the previous year.

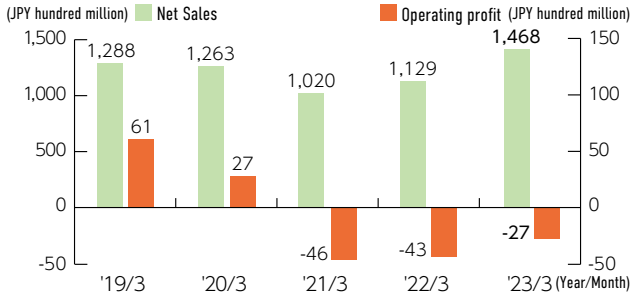
Moreover, the NHK Spring Group improves the efficiency of fund operations by means of capital accommodation between Group companies. Some overseas affiliated companies procure funds in the local currency from local financial institutions. On such occasions, NHK Spring sometimes offers to guarantee the loans that are made by each affiliate.

Although future prospects for the economy remain uncertain due to the impacts of COVID-19, the tight supply and demand situation for semiconductors, price inflation for various supplies, rapid exchange rate fluctuations, Russia's invasion of Ukraine and other factors, we maintain a structure for securing ready liquidity through utilizing commitment line contracts and overdraft facilities.

FY2022 Segment Overview

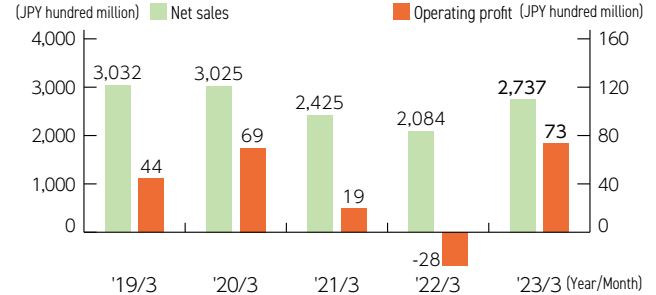
◆ Automotive Suspension Springs Business

In the Automotive Suspension Springs Business, although production adjustments made by automobile manufacturers due to semiconductor supply shortages had an impact, net sales were JPY 146.8 billion (up 30.0% from the previous year) due to recovery from the impact of the COVID-19 pandemic, reflection of increasing raw material prices, etc. in sale prices, and increased yen equivalents in overseas subsidiaries arising from depreciation of the yen. Meanwhile, operating loss was JPY 2.7 billion (JPY 4.3 billion in the previous year) due to soaring logistics costs, power, light and heating expenses, personnel costs, etc.



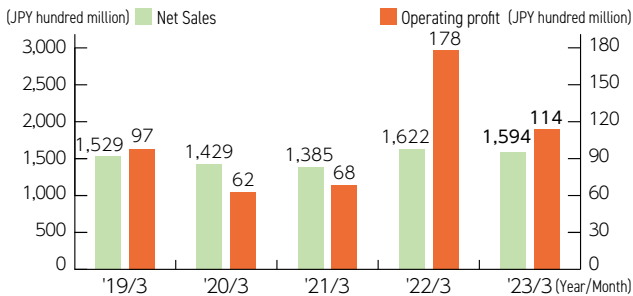
◆ Automotive Seating Business

Although the Automotive Seating Business was impacted by production adjustments by automotive manufacturers due to semiconductor supply shortages and other factors, as well as soaring raw material prices, logistics costs, power, light and heating expenses, etc., net sales were JPY 273.7 billion (up 31.4% from the previous year) and operating profit was JPY 7.3 billion (as opposed to an operating loss of JPY 2.8 billion in the previous year). This was thanks to recovery from the impact of the COVID-19 pandemic, increase in yen equivalents in overseas subsidiaries arising from depreciation of the yen and so on.



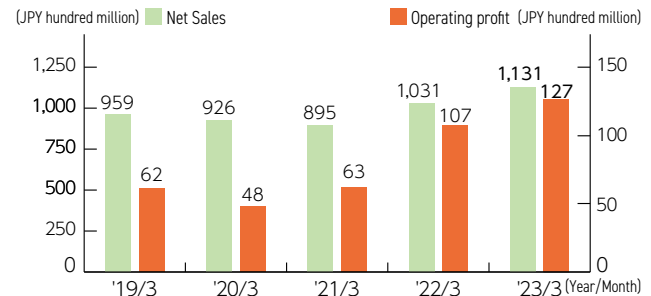
◆ Precision Springs and Components Business

In the Precision Springs and Components Business, the automotive sector was affected by production adjustments made by automobile manufacturers due to semiconductor supply shortages, and soaring raw material prices, logistics costs, power, light and heating expenses, etc. Moreover, in information and data communication-related fields, quantities decreased due to production adjustments made by HDD manufacturers. Sales were JPY 159.4 billion (1.8% down from the previous year) and operating profit was JPY 11.4 billion (35.6% down from the previous year).



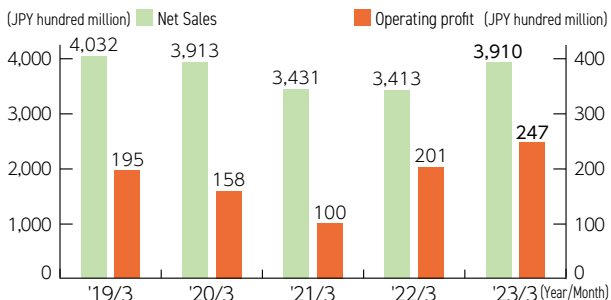
◆ Industrial Machinery and Equipment business, and Other Operations

In the Industrial Machinery and Equipment, and Other Operations Business, sales were JPY 113.1 billion (up 9.7% from the previous year) and operating profit was JPY 12.7 billion (up 18.8% from the previous year). This was due to a recovery in the automobile-related business from the impact of the COVID-19 pandemic, generally strong orders for semiconductor process components, and the impact of depreciation of the yen in exchange rate.

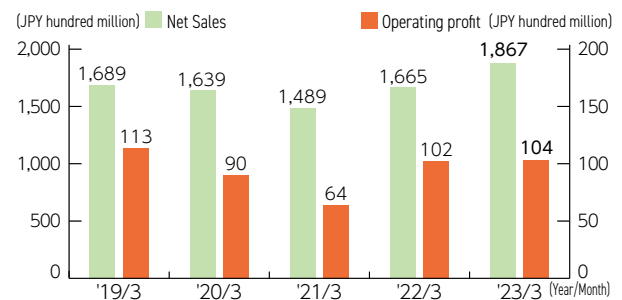


■ (Reference) Operating Results by Region

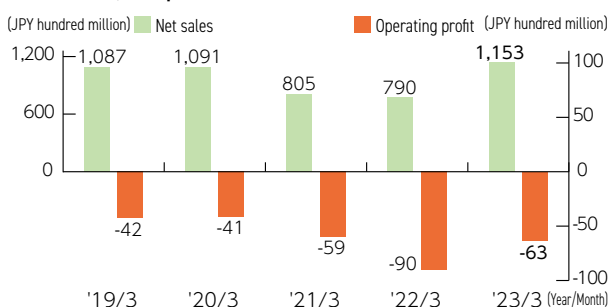
◆ Japan



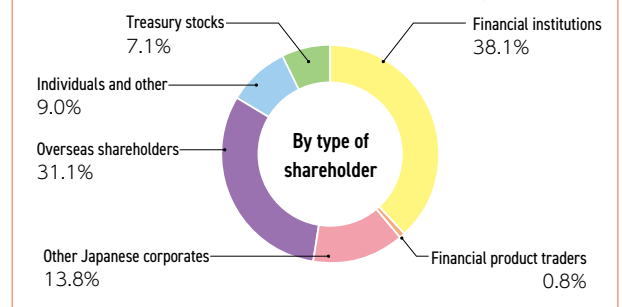
◆ Asia



◆ America, Europe & Others



◆ Breakdown of shareholders (As of March 31, 2023)



Corporate overview (as of March 31, 2023)

T r a d e n a m e	NHK SPRING CO., LTD.
F o u n d i n g	September 8, 1939
C a p i t a l	JPY 17,009,566,312
E m p l o y e e s	5,164 (non-consolidated) 20,600 (consolidated) *The number of employees including the average number of temporary employees
N e t s a l e s	JPY 693.2 billion (FY2022, consolidated)
H e a d o f f i c e	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
D i v i s i o n s	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery and Equipment Division
P l a n t s	Yokohama Plant (Suspension Springs/Seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/Industrial Machinery & Equipment), Isehara Plant No. 1 and No. 2, Miyada Plant, Yasu Plant
S a l e s H e a d o f f i c e	Yokohama Minatomirai
B r a n c h e s	Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
S t o c k m a r k e t l i s t i n g	Tokyo Stock Exchange, Prime Market (Code 5991)
G r o u p c o m p a n i e s	23 Domestic, 32 Overseas



Contact to : Corporate Communications Department, Corporate Planning & Control Division, NHK SPRING CO., LTD.
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URL : <https://www.nhkspg.co.jp/> Email : b2101@nhkspg.co.jp