

Annual Securities Report

Fiscal year
FY2024

From April 1, 2024
to March 31, 2025

(The 105th Term)

NHK Spring Co., Ltd.
and Consolidated Subsidiaries

Cover

| | |
|------------------------------------|---|
| Document title | Annual Securities Report |
| Clause of stipulation | Article 24, paragraph (1) of the Financial Instruments and Exchange Act |
| Place of filing | Director-General of the Kanto Local Finance Bureau |
| Filing date | June 26, 2025 |
| Fiscal year | 105th (April 1, 2024 through March 31, 2025) |
| Company name | 日本発条株式会社 (Nippon Hatsujo Kabushiki Gaisha) |
| Company name in English | NHK SPRING CO., LTD. |
| Title and name of representative | Kazuhisa Uemura, Representative Member of the Board and President |
| Address of registered headquarters | 3-10 Fukuura, Kanazawa-ku, Yokohama, Japan |
| Telephone number | +81-45-786-7519 |
| Name of contact person | Takeshi Mima, Director of Accounting Department, Corporate Planning and Control Division |
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| Telephone number | +81-45-786-7519 |
| Name of contact person | Takeshi Mima, Director of Accounting Department, Corporate Planning and Control Division |
| Place for public inspection | Nagoya Branch, NHK SPRING CO., LTD. (2-249 Kamiyashiro, Meito-ku, Nagoya, Japan) Osaka Branch, NHK SPRING CO., LTD. (3-5-24 Miyahara, Yodogawa-ku, Osaka, Japan) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) |

Part I. Company Information

I. Overview of the Company

1. Trends in key financial indicators

(1) Consolidated financial indicators

| Fiscal year | | 101st | 102nd | 103rd | 104th | 105th |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fiscal year ended | | March 31, 2021 | March 31, 2022 | March 31, 2023 | March 31, 2024 | March 31, 2025 |
| Net sales | (Millions of yen) | 572,639 | 586,903 | 693,246 | 766,934 | 801,698 |
| Ordinary profit | (Millions of yen) | 14,533 | 30,674 | 37,317 | 47,814 | 57,960 |
| Profit attributable to owners of parent | (Millions of yen) | 9,396 | 31,998 | 21,537 | 39,188 | 48,167 |
| Comprehensive income | (Millions of yen) | 21,730 | 45,791 | 36,917 | 71,866 | 48,344 |
| Net assets | (Millions of yen) | 299,975 | 338,847 | 365,860 | 420,574 | 423,172 |
| Total assets | (Millions of yen) | 560,769 | 588,091 | 606,039 | 690,289 | 696,340 |
| Net assets per share | (Yen) | 1,245.48 | 1,414.87 | 1,541.70 | 1,828.86 | 1,999.16 |
| Basic earnings per share | (Yen) | 40.45 | 140.33 | 94.50 | 173.27 | 224.73 |
| Diluted earnings per share | (Yen) | – | – | – | – | – |
| Equity-to-asset ratio | (%) | 50.6 | 54.9 | 57.6 | 58.7 | 58.5 |
| Return on equity | (%) | 3.4 | 10.5 | 6.4 | 10.4 | 11.9 |
| Price earnings ratio | (Times) | 20.5 | 6.3 | 10.0 | 8.6 | 7.1 |
| Cash flows from operating activities | (Millions of yen) | 29,636 | 34,505 | 13,656 | 66,706 | 55,713 |
| Cash flows from investing activities | (Millions of yen) | (24,107) | 4,987 | (41,758) | (10,349) | (47,784) |
| Cash flows from financing activities | (Millions of yen) | 2,792 | (27,658) | (11,546) | (20,996) | (23,625) |
| Cash and cash equivalents at end of period | (Millions of yen) | 78,986 | 91,894 | 57,845 | 93,065 | 81,805 |
| Number of employees | (Persons) | 18,375 [3,403] | 17,695 [3,387] | 17,612 [2,988] | 17,739 [2,785] | 17,953 [2,856] |

- Notes:
- 1 The number of employees is the number of full-time employees.
 - 2 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees.
 - 3 Information on diluted earnings per share is omitted due to an absence of potential shares.
 - 4 The Company has introduced a stock compensation plan using a trust for its Directors (excluding External Directors) from the 103rd fiscal year. In calculating the net assets per share, the Company’s shares held by the trust are included in the treasury shares deducted from the number of issued shares as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company’s shares held by the trust are included in the treasury shares deducted from the average number of shares during the period.
 - 5 The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 102nd fiscal year, and key financial indicators for the 102nd fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.

(2) Financial indicators of the Reporting Company

| Fiscal year | | 101st | 102nd | 103rd | 104th | 105th |
|-------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| Fiscal year ended | | March 31, 2021 | March 31, 2022 | March 31, 2023 | March 31, 2024 | March 31, 2025 |
| Net sales | (Millions of yen) | 264,687 | 257,895 | 293,223 | 321,540 | 359,434 |
| Ordinary profit | (Millions of yen) | 11,071 | 28,283 | 31,533 | 23,776 | 39,404 |
| Profit | (Millions of yen) | 4,961 | 31,052 | 4,442 | 31,910 | 32,075 |
| Share capital | (Millions of yen) | 17,009 | 17,009 | 17,009 | 17,009 | 17,009 |
| Total number of issued shares | (Shares) | 244,066,144 | 244,066,144 | 244,066,144 | 244,066,144 | 231,066,144 |
| Net assets | (Millions of yen) | 161,221 | 188,454 | 186,421 | 209,750 | 190,896 |
| Total assets | (Millions of yen) | 358,804 | 382,276 | 389,756 | 439,340 | 427,518 |
| Net assets per share | (Yen) | 707.05 | 826.49 | 822.99 | 947.12 | 936.11 |
| Dividends per share | (Yen) | 17.00 | 27.00 | 32.00 | 42.00 | 69.00 |
| [Interim dividends per share] | (Yen) | [5.00] | [12.00] | [15.00] | [17.00] | [30.00] |
| Basic earnings per share | (Yen) | 21.36 | 136.18 | 19.49 | 141.09 | 149.66 |
| Diluted earnings per share | (Yen) | – | – | – | – | – |
| Equity-to-asset ratio | (%) | 44.9 | 49.3 | 47.8 | 47.7 | 44.7 |
| Return on equity | (%) | 3.1 | 17.8 | 2.4 | 16.1 | 16.0 |
| Price earnings ratio | (Times) | 38.9 | 6.5 | 48.6 | 10.6 | 10.7 |
| Payout ratio | (%) | 79.6 | 19.8 | 164.2 | 29.8 | 46.1 |
| Number of employees | (Persons) | 5,061 [129] | 5,013 [118] | 5,053 [111] | 5,100 [97] | 5,281 [95] |
| Total shareholder return | (%) | 119.6 | 131.2 | 144.5 | 228.1 | 253.2 |
| [Comparison benchmark: TOPIX] | (%) | [142.1] | [145.0] | [153.4] | [216.8] | [213.4] |
| Highest share price | (Yen) | 878 | 1,063 | 984 | 1,546 | 2,094 |
| Lowest share price | (Yen) | 575 | 744 | 795 | 895 | 1,201 |

- Notes:
- 1 The number of employees is the number of full-time employees.
 - 2 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees.
 - 3 Information on diluted earnings per share is omitted due to an absence of potential shares.
 - 4 The Company has introduced a stock compensation plan using a trust for its Directors (excluding External Directors) from the 103rd fiscal year. In calculating the net assets per share, the Company’s shares held by the trust are included in the treasury shares deducted from the number of issued shares as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company’s shares held by the trust are included in the treasury shares deducted from the average number of shares during the period.
 - 5 The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 102nd fiscal year, and key financial indicators for the 102nd fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.
 - 6 The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market on or after April 4, 2022, and on the Tokyo Stock Exchange 1st Section before April 4, 2022.

2. History

The Company was established in June 1936 for the purpose of manufacturing automotive and vehicle springs. We have a history of over 80 years in the field of automotive suspension springs, and have grown to the present day while expanding our business to include precision springs for automobiles, home appliances, and information equipment, as well as automotive seats.

| Month/Year | Summary |
|----------------|--|
| June 1936 | Established as Shibaura Spring. |
| September 1939 | Shibaura Spring changed its name and founded as NHK SPRING CO., LTD. |
| November 1940 | Head Office moved to Yokohama-shi, Kanagawa with the start of automotive suspension spring operation at Yokohama Plant. |
| December 1943 | Ina Plant started production of precision springs. |
| December 1953 | Participated in the management of YOKOHAMA KIKO CO., LTD. (now a consolidated subsidiary). |
| March 1954 | Listed on the Tokyo Stock Exchange. |
| February 1958 | NHK Precision Co., Ltd. (now a consolidated subsidiary) established. |
| May 1958 | Merger with Daido Spring Co., Ltd., a manufacturer of suspension springs, to make it the Company's Kawasaki Plant. |
| May 1959 | The sales division of automotive repair springs spun off and established as NHK SALES CO., LTD. (now a consolidated subsidiary). |
| June 1961 | A new plant specializing in precision springs established at Kawasaki Plant. Toyota Plant established in Toyota-shi, Aichi as a plant specializing in automotive seats. |
| December 1962 | A new plant specializing in automotive seats established at Kawasaki Plant. |
| July 1963 | NHK TRANSPORT CO., LTD. (now a consolidate subsidiary) established. |
| December 1963 | A joint venture company NHK Spring (Thailand) Co., Ltd. (now a consolidated subsidiary) established in Thailand. |
| August 1964 | Hiroshima Plant established in Aki-gun (now Hiroshima-shi), Hiroshima as a plant specializing in automotive seats. |
| December 1968 | Participated in the management of NIPPON SHAFT CO., LTD. (now a consolidated subsidiary). |
| July 1969 | Ota Plant established in Ota-shi, Gunma as a plant specializing in automotive seats. |
| May 1970 | Atsugi Plant established in Aiko-gun, Kanagawa as a plant specializing in piping support equipment. |
| November 1970 | The plant specializing in precision springs at Kawasaki Plant closed and relocated to a newly established Atsugi Plant. |
| November 1973 | Shiga Plant established in Koka-gun (now Koka-shi), Shiga as a plant specializing in automotive suspension springs. |
| February 1975 | Capital participation in the Brazilian leaf spring manufacturer Cimebra, and a joint venture company NHK Cimebra Indústria de Molas Ltda. established in Brazil. |
| December 1975 | Participated in the management of Sumihatsu Co., Ltd. (now a consolidated subsidiary). |
| April 1980 | Acquired Kabushiki Kaisha Sanchu Ko (Komaki-shi, Aichi) and reorganized it as Komaki Plant, Industrial Machinery Division. |
| September 1980 | A joint venture company Eguzkia NHK S.A. established in Spain. |
| May 1981 | A chemical products plant established in Komagane-shi, Nagano. |
| November 1983 | Komagane Plant established as a plant specializing in control cables. |
| September 1986 | A joint venture company NHK-Associated Spring Suspension Components Inc. (now NHK of America Suspension Components Inc., a consolidated subsidiary) established in the U.S. |
| October 1986 | A precision components plant established in Komagane-shi, Nagano. |
| December 1986 | Gunma Plant established in Nitta-gun (now Ota-shi), Gunma as a plant specializing in automotive seats. |
| April 1987 | NIPPATSU SERVICE Co., Ltd. (now a consolidated subsidiary) established through merger with Nippo Kabushiki Kaisha. |
| May 1987 | General Seating of America established in the U.S. (now NHK Seating of America, Inc., a consolidated subsidiary) and General Seating of Canada established in Canada through a joint venture with Lear Seating Corporation (now Lear Corporation). |
| September 1987 | Acquired assets of the mather metal division of Neoax in the U.S. to establish New Mather Metals Inc. (now a consolidated subsidiary). |
| November 1987 | Yokohama Office established in Kanazawa-ku, Yokohama as a plant specializing in automotive suspension springs. |
| November 1989 | A joint venture company Ibérica de Suspensiones, S.L. established in Spain. |
| April 1990 | Yokohama Plant (seating) (relocated from Kawasaki-shi, Kanagawa) established at Yokohama Office. |

| Month/Year | Summary |
|----------------|---|
| October 1990 | NHK Precision Co., Ltd. started to offer its shares to the public through the over-the-counter market. |
| December 1990 | Closed Hiroshima Plant and transferred it to Higashi-Hiroshima-shi, Hiroshima. |
| February 1991 | Head Office transferred from Isogo-ku, Yokohama to Yokohama Office in Kanazawa-ku. |
| March 1993 | A plant of the Industrial Machinery and Equipment Division relocated to a newly established plant in Isehara-shi, Kanagawa. |
| July 1994 | NHK Manufacturing (Malaysia) SDN. BHD. (now a consolidated subsidiary) established in Malaysia. |
| December 1994 | NHK Spring (Hong Kong) Co., Ltd. established in Hong Kong. |
| April 1995 | ITES Co., Ltd. (now a consolidated subsidiary) established. |
| July 1996 | Acquired Fabrini, a Brazilian suspension spring manufacturer, jointly with Rasini of Mexico. |
| August 1996 | In Thailand, NHK Spring (Thailand) Co., Ltd. (now a consolidated subsidiary) started operations at its second plant for automotive seats and interior products and precision spring plant, and started construction of the second automotive suspension spring plant. |
| October 1996 | General Seating (Thailand) Co., Ltd. established as a joint venture with Lear Corporation of the U.S. to manufacture automotive seats. |
| October 1996 | Suspension Plant No. 2 established in Komagane-shi, Nagano as a plant specializing in HDD suspensions. |
| October 1996 | Production plant for parking equipment transferred from Komaki-shi, Aichi to Yasu-gun (now Yasu-shi), Shiga. |
| September 1997 | NHK SALES CO., LTD. (now a consolidated subsidiary) started to offer its shares to the public through the over-the-counter market. |
| January 1998 | Capital participation in Jamna Group, a manufacturer of automotive suspension springs in India, to which the Company had provided technical assistance for the past 10 years. |
| March 1998 | Closure of Hiroshima Plant for the purpose of consolidating production sites. |
| April 1998 | JAMNA-NHK-ALLEVARD Suspension Components Ltd., a joint venture with Jamna Group of India, established. |
| September 1998 | Merged Fabrini and NHK Cimebra Indústria de Molas Ltda. in Brazil jointly with Rasini of Mexico to establish Rassini-NHK Autopeças Ltda. |
| July 1999 | Suspension Plant No. 3 established in Komagane-shi, Nagano as a plant specializing in HDD suspensions. |
| July 2000 | NHK Parking Systems Co., Ltd. (now a consolidated subsidiary) established as a joint venture with NHK TRANSPORT CO., LTD. |
| October 2001 | Faurecia-NHK Co., Ltd. and FAURECIA-NHK KYUSHU CO., LTD. (now a consolidated subsidiary) established as joint venture companies with Faurecia of France. |
| May 2002 | NHK-Uni Spring (Guangzhou) Co., Ltd. (now a consolidated subsidiary), a joint venture company, established in China. |
| June 2002 | Acquisition of additional shares of NHK Parking Systems Co., Ltd. (now a consolidate subsidiary) from NHK TRANSPORT CO., LTD. (now a consolidate subsidiary) to make the former a wholly owned subsidiary. |
| September 2003 | Ibérica de Suspensiones, S.L. in Spain merged with Eguzkia NHK S.A. |
| October 2003 | NHK Precision Co., Ltd. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange. |
| October 2003 | HORIKIRI, INC. (now a consolidated subsidiary) became a subsidiary. |
| October 2003 | NHK Spring Precision (Guangzhou) Co., Ltd. (now a consolidated subsidiary) established in China. |
| November 2003 | NHK Spring (Shenzhen) Co., Ltd. established in China. |
| November 2003 | NAT Peripheral (H.K.) Co., Ltd. (now a consolidated subsidiary), a joint venture company, established in China. |
| April 2004 | Acquisition of additional shares of Uniflex (now NHK FLEX Co., Ltd., a consolidate subsidiary) to make it a wholly owned subsidiary. |
| January 2005 | New Mather Metals Inc. became a wholly owned subsidiary of NHK International Corporation (now a consolidated subsidiary) through a share exchange. |
| April 2005 | NHK Spring Precision of America, Inc. (now a consolidated subsidiary) established in the U.S. |
| May 2005 | Acquisition of additional shares of NHK-Associated Spring Suspension Components Inc. (now NHK of America Suspension Components Inc., a consolidated subsidiary) to make it a wholly owned subsidiary. |
| December 2005 | Acquired Tokuhatsu Co., Ltd. (now a consolidated subsidiary) from Daido Steel Co., Ltd. |
| January 2006 | Acquisition of additional shares of General Seating of America (now NHK Seating of America, Inc., a consolidated subsidiary) to make it a wholly owned subsidiary. |
| September 2006 | NHK Precision (Thailand) Co., Ltd. became a consolidated subsidiary. |
| September 2006 | TOHOKU NIPPATSU CO., LTD. became a consolidated subsidiary. |
| July 2007 | Shares of Thai Automotive Seating & Interior Co., Ltd. sold to Toyota Boshoku. |
| December 2007 | FAURECIA-NHK KYUSHU CO., LTD. became a consolidated subsidiary. |
| April 2008 | NIPPATSU SERVICE Co., Ltd. merged with Nippatsu Amenity. |

| Month/Year | Summary |
|----------------|---|
| April 2009 | NHK Spring India Ltd. became a consolidated subsidiary. |
| November 2009 | Tokyo Sales Branch and Yokohama Sales Branch integrated and relocated to Yokohama Minatomirai Sales Branch. |
| September 2010 | YOKOHAMA KIKO CO., LTD. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange. |
| November 2010 | NHK Seating (Hubei) Co., Ltd. (now a consolidated subsidiary) established in China. |
| December 2010 | Acquisition of additional shares of NHK Teleflex (now NHK MEC Corporation, a consolidate subsidiary) to make it a wholly owned subsidiary. |
| February 2011 | NAT Peripheral (Dongguan) Co., Ltd. (now a consolidated subsidiary) established in China. |
| April 2011 | The spring business of YOKOHAMA KIKO CO., LTD. spun off and established as NHK Spring Production Company (now a consolidated subsidiary). |
| April 2011 | FNK China Co., Ltd. established in China. |
| July 2011 | Acquired the precision spring business of Bombay Burmah Trading Corporation Ltd. in India to establish NHK Automotive Components India Private Limited. |
| November 2011 | NHK Spring (China) Co., Ltd. (now a consolidated subsidiary) established in China. |
| April 2012 | NHK SALES CO., LTD. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange. |
| April 2012 | Topura Co., Ltd. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange. |
| May 2012 | NHK Seating (Zhengzhou) Co., Ltd. established in China. |
| May 2012 | Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd. established in China as a joint venture with Faurecia of France. |
| August 2012 | Acquired SUN NHK PHILIPPINES, INC. and changed its name to NHK Spring Philippines, INC. |
| October 2012 | P.T. NHK F. KBU Indonesia Automotive Seating established in Indonesia as a joint venture with P.T. KARYA BAHANA UNIGAM of Indonesia and Faurecia of France. |
| February 2013 | NHK F. Krishna India Automotive Seating Private Limited established in India as a joint venture with Krishna Group of India. |
| September 2013 | NHK Spring Mexico, S.A. DE. C.V. (now a consolidated subsidiary) established in Mexico. |
| March 2014 | NHK Spring Europe B.V. (now a consolidated subsidiary), a holding company, established in the Netherlands. |
| April 2014 | Topura America Fastener, Inc. became a consolidated subsidiary. |
| September 2014 | NHK SPRING KYUSHU CO., LTD. (now a consolidated subsidiary) established in Miyako-gun, Fukuoka. |
| March 2015 | Acquisition of additional shares of NAT Peripheral (H.K.) Co., Ltd. (now a consolidated subsidiary) to make it a wholly owned subsidiary. |
| April 2015 | NHK Spring Hungary KFT. (now a consolidated subsidiary) established in Hungary. |
| July 2017 | NHK SEATING MIZUSHIMA Co., Ltd. (now a consolidated subsidiary) established in Kurashiki-shi, Okayama. |
| February 2019 | NAT Peripheral (H.K.) Co., Ltd. merged with NHK Spring (Hong Kong) Co., Ltd. |
| March 2019 | Miyada Plant established in Kamiina-gun, Nagano. |
| July 2021 | Sold all of its equity interest in NHK Seating (Zhengzhou) Co., Ltd. (excluded from the scope of consolidation). |
| April 2022 | Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of the Tokyo Stock Exchange's market classification. |

3. Description of business

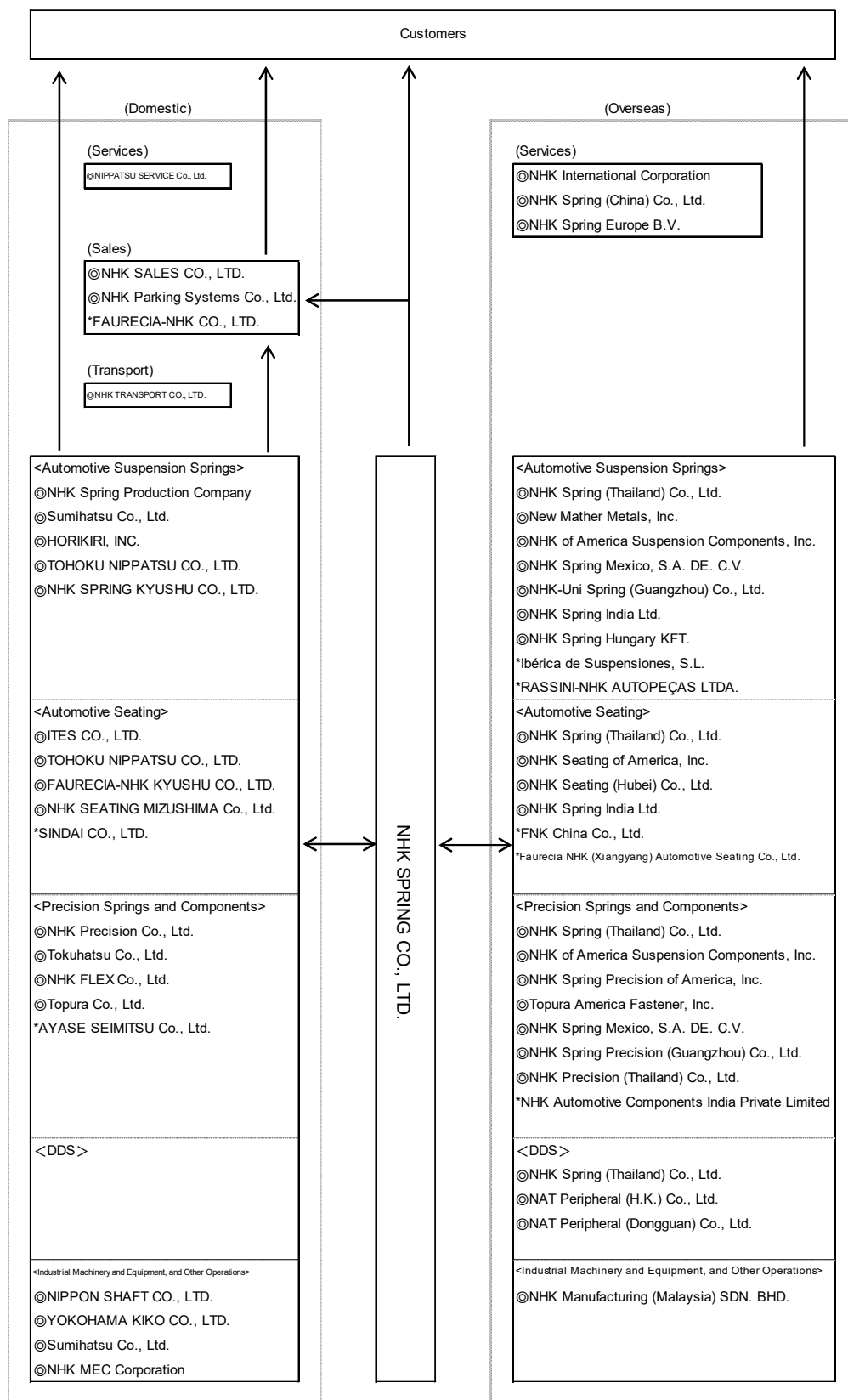
Consisting of the Company, 67 subsidiaries (including 39 overseas subsidiaries), and 9 associates (including 7 overseas associates), the Group is mainly engaged in the manufacture and sale of automotive parts such as suspension springs, seats and seat parts, and precision parts, as well as the manufacture and sale of information equipment-related products and parts, and logistics and other service businesses related to the above businesses.

The positioning of the Group's businesses and their relationship to the segments are as follows. The following business segments are the same as the segments.

Effective from the fiscal year under review, the Company has changed the categories of its reportable segments. For details, please refer to "5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Segment information, etc.)."

| Business segment | Sales category | Area | | Principal companies |
|---|--|-----------|-------------------------------|---|
| Automotive Suspension Springs Business | Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others | Do-mestic | Manufacture and sales | NHK SPRING CO., LTD., NHK Spring Production Company, Sumihatsu Co., Ltd., HORIKIRI, INC., TOHOKU NIPPATSU CO., LTD., NHK SPRING KYUSHU CO., LTD., etc. |
| | | Over-seas | Manufacture, sales, and other | NHK Spring (Thailand) Co., Ltd., NHK International Corporation, New Mather Metals Inc., NHK of America Suspension Components Inc., NHK Spring Europe B.V., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring India Ltd., NHK Spring Mexico, S.A. DE. C.V., NHK Spring Hungary KFT., etc. |
| Automotive Seating Business | Automobile seats, mechanical components for seats, interior components, etc. | Do-mestic | Manufacture and sales | NHK SPRING CO., LTD., ITES Co., Ltd., TOHOKU NIPPATSU CO., LTD., FAURECIA-NHK KYUSHU CO., LTD., NHK SEATING MIZUSHIMA Co., Ltd., etc. |
| | | Over-seas | Manufacture and sales | NHK Spring (Thailand) Co., Ltd., NHK Seating of America, Inc., NHK Seating (Hubei) Co., Ltd., NHK Spring India Ltd., etc. |
| Precision Springs and Components Business | HDD mechanical components, wire springs, flat springs, motor cores, fastener (screw), precision machine components and others | Do-mestic | Manufacture and sales | NHK SPRING CO., LTD., NHK Precision Co., Ltd., Tokuhatsu Co., Ltd., NHK FLEX Co., Ltd., Topura Co., Ltd. etc. |
| | | Over-seas | Manufacture and sales | NHK Spring (Thailand) Co., Ltd., NHK of America Suspension Components Inc., NHK Spring Precision of America, Inc., Topura America Fastener, Inc., NHK Spring Mexico, S.A. DE. C.V., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., etc. |
| DDS Business | HDD suspensions, semiconductor testing probe units and others | Do-mestic | Manufacture and sales | NHK SPRING CO., LTD., etc. |
| | | Over-seas | Manufacture and sales | NHK Spring (Thailand) Co., Ltd., NAT Peripheral (H.K.) Co., Ltd., NAT Peripheral (Dongguan) Co., Ltd., etc. |
| Industrial Machinery and Equipment, and Other Operations Business | Semiconductor process components, ceramic products, spring components, piping support equipment, integrated metal substrates, parking equipment, security products, lighting fixtures, golf shafts, electronic remote controls for ships, etc. | Do-mestic | Manufacture and sales | NHK SPRING CO., LTD., YOKOHAMA KIKO CO., LTD., NIPPON SHAFT CO., LTD., Sumihatsu Co., Ltd., NHK MEC Corporation, etc. |
| | | | Sales | NHK SALES CO., LTD., NHK Parking Systems Co., Ltd., NIPPATSU SERVICE Co., Ltd., etc. |
| | | | Transport | NHK TRANSPORT CO., LTD., etc. |
| | | Over-seas | Manufacture, sales, and other | NHK Manufacturing (Malaysia) SDN. BHD., NHK Spring (China) Co., Ltd., etc. |

The following chart shows the Group's business structure.



Notes:

© denotes consolidated subsidiaries.

* denotes companies accounted for by the equity method.

Arrows indicate product flow.

4. Overview of subsidiaries and associates

| Name | Address | Share capital or investments in capital (Millions of yen) | Description of principal business | Ratio of owning (owned) voting rights | | Relationship |
|------------------------------|-------------------------|---|---|---------------------------------------|----------------------------------|--|
| | | | | Ratio of owning voting rights (%) | Ratio of owned voting rights (%) | |
| (Consolidated subsidiaries) | | | | | | |
| NHK SALES CO., LTD. (Nippan) | Minato-ku, Tokyo | 2,040 | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Most of the springs purchased from the Company, and some of the others, from affiliated companies. Intra-Group financing. |
| YOKOHAMA KIKO CO., LTD. | Kanazawa-ku, Yokohama | 95 | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Intra-Group financing. |
| NHK Precision Co., Ltd. | Isehara-shi, Kanagawa | 480 | Precision Springs and Components Business | 100 | – | Products purchased mainly by the Company. Intra-Group financing. |
| NHK TRANSPORT CO., LTD. | Kanazawa-ku, Yokohama | 120 | Industrial Machinery and Equipment, and Other Operations Business | 98.6 (Indirect ownership: 8.6) | – | Transports most of the products of the Company and its affiliated companies. Intra-Group financing. Equipment leased from the Company. |
| NIPPATSU SERVICE Co., Ltd. | Kanagawa-ku, Yokohama | 200 | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Provides insurance and other services to the Company's employees. Intra-Group financing. Leases equipment to the Company. |
| NIPPON SHAFT CO., LTD. | Kanazawa-ku, Yokohama | 390 | Industrial Machinery and Equipment, and Other Operations Business | 87.8 (Indirect ownership: 7.6) | – | Intra-Group financing. |
| Sumihatsu Co., Ltd. | Sakuragawa-shi, Ibaraki | 345 | Automotive Suspension Springs Business Industrial Machinery and Equipment, and Other Operations Business | 98.6 (Indirect ownership: 2.0) | – | The majority of the products purchased by the Company. Intra-Group financing. |
| ITES CO., LTD. | Totsuka-ku, Yokohama | 50 | Automotive Seating Business | 100 | – | The majority of the products purchased by the Company. Intra-Group financing. Equipment leased from the Company. |
| HORIKIRI, INC. | Yachiyo-shi, Chiba | 375 | Automotive Suspension Springs Business | 80.0 | – | Products purchased mainly by the Company. Intra-Group financing. |

| Name | Address | Share capital or investments in capital (Millions of yen) | Description of principal business | Ratio of owning (owned) voting rights | | Relationship |
|---------------------------------|----------------------------------|---|---|---------------------------------------|----------------------------------|---|
| | | | | Ratio of owning voting rights (%) | Ratio of owned voting rights (%) | |
| NHK FLEX Co., Ltd. | Ina-shi, Nagano | 450 | Precision Springs and Components Business | 100 | – | Products purchased mainly by the Company. Intra-Group financing. Equipment leased from the Company. |
| NHK Parking Systems Co., Ltd. | Nishi-ku, Yokohama | 50 | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Purchases the majority of the products from the Company. Intra-Group financing. |
| Tokuhatsu Co., Ltd. | Itami-shi, Hyogo | 150 | Precision Springs and Components Business | 100 | – | Intra-Group financing. |
| TOHOKU NIPPATSU CO., LTD. | Kitakami-shi, Iwate | 99 | Automotive Suspension Springs Business Automotive Seating Business | 97.7 | – | Products purchased mainly by the Company. Intra-Group financing. Guaranteed by the Company. |
| FAURECIA-NHK KYUSHU CO., LTD. | Kanda-machi, Miyako-gun, Fukuoka | 499 | Automotive Seating Business | 81.0 | – | Products and parts purchased from the Company. Intra-Group financing. |
| NHK MEC Corporation | Kohoku-ku, Yokohama | 80 | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Intra-Group financing. |
| NHK Spring Production Company | Isebara-shi, Kanagawa | 206 | Automotive Suspension Springs Business | 100 | – | The majority of the products purchased by the Company. Intra-Group financing. |
| Topura Co., Ltd. | Hadano-shi, Kanagawa | 1,838 | Precision Springs and Components Business | 100 | – | Parts purchased mainly by the Company. Intra-Group financing. |
| NHK SPRING KYUSHU CO., LTD. | Kanda-machi, Miyako-gun, Fukuoka | 99 | Automotive Suspension Springs Business | 100 | – | The majority of the products purchased by the Company. Intra-Group financing. |
| NHK SEATING MIZUSHIMA Co., Ltd. | Kurashiki-shi, Okayama | 99 | Automotive Seating Business | 100 | – | The majority of the products purchased by the Company. Intra-Group financing. |
| NHK International Corporation | Novi, Michigan, U.S. | US\$ 4,750,000 | Automotive Suspension Springs Business | 100 | – | The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing. Guaranteed by the Company. |
| New Mather Metals, Inc. | Franklin, Kentucky, U.S. | US\$ 2,000 | Automotive Suspension Springs Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing. |

| Name | Address | Share capital or investments in capital (Millions of yen) | Description of principal business | Ratio of owning (owned) voting rights | | Relationship |
|--|--|---|--|---------------------------------------|----------------------------------|--|
| | | | | Ratio of owning voting rights (%) | Ratio of owned voting rights (%) | |
| NHK of America Suspension Components, Inc. | Bowling Green, Kentucky, U.S. | US\$ 11,000,000 | Automotive Suspension Springs Business Precision Springs and Components Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of spring products and precision springs and components supported by the Company. Intra-Group financing. |
| NHK Seating of America, Inc. | Frankfort, Indiana, U.S. | US\$ 1,900,000 | Automotive Seating Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of automotive seats supported by the Company. Intra-Group financing. |
| NHK Spring Precision of America, Inc. | Louisville, Kentucky, U.S. | US\$ 1,000 | Precision Springs and Components Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing. |
| Topura America Fastener, Inc. | Bowling Green, Kentucky, U.S. | US\$ 6,025,000 | Precision Springs and Components Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing. |
| NHK Spring Mexico, S.A. DE. C.V. | Irapuato, Guanajuato, Mexico | 50,000 pesos | Automotive Suspension Springs Business Precision Springs and Components Business | 100 | – | The development, manufacturing and sales of spring products and precision springs and components supported by the Company. Intra-Group financing. |
| NHK Spring (Thailand) Co., Ltd. | Bangplee, Samutprakarn, Thailand | 410 million baht | Automotive Suspension Springs Business Automotive Seating Business Precision Springs and Components Business DDS Business | 95.3 | – | The development, manufacturing and sales of spring products, automotive seats, precision springs and components, and DDS products supported by the Company. Intra-Group financing. |
| NHK Precision (Thailand) Co., Ltd. | Muang Samutprakarn, Samut Prakan, Thailand | 170 million baht | Precision Springs and Components Business | 100 (Indirect ownership: 97.8) | – | The development, manufacturing and sales of precision springs and components supported by the Company. |
| NHK Spring India Ltd. | Manesar, India | 1,092 million Indian rupee | Automotive Suspension Springs Business Automotive Seating Business | 100 | – | The development, manufacturing and sales of spring products and automotive seats supported by the Company. |

| Name | Address | Share capital or investments in capital (Millions of yen) | Description of principal business | Ratio of owning (owned) voting rights | | Relationship |
|--|---|---|---|---------------------------------------|----------------------------------|---|
| | | | | Ratio of owning voting rights (%) | Ratio of owned voting rights (%) | |
| NAT Peripheral (H.K.) Co., Ltd. | Kowloon, Hong Kong Special Administrative Region, China | HK\$ 70,000,000 | DDS Business | 100 | – | The development, manufacturing and sales of DDS products supported by the Company. Intra-Group financing. |
| NHK-Uni Spring (Guangzhou) Co., Ltd. | Guangzhou Economic and Technological Development Zone, Guangzhou, China | 200,196,000 yuan | Automotive Suspension Springs Business | 60.0 | – | The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing. |
| NHK Spring Precision (Guangzhou) Co., Ltd. | Guangzhou Economic and Technological Development Zone, Guangzhou, China | 186,144,000 yuan | Precision Springs and Components Business | 100 | – | The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing. |
| NAT Peripheral (Dongguan) Co., Ltd. | Chang'an, Dongguan, Guandong, China | 200,000,000 yuan | DDS Business | 100 (Indirect ownership: 100) | – | The development, manufacturing and sales of DDS products supported by the Company. Intra-Group financing. |
| NHK Spring (China) Co., Ltd. | Tianhe District, Guangzhou, Guangdong, China | 189,159,000 yuan | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | Intra-Group financing. Guaranteed by the Company. |
| NHK Seating (Hubei) Co., Ltd. | Xiangyang Gaoxin District, Xiangyang, Hubei, China | 180,000,000 yuan | Automotive Seating Business | 100 | – | The development, manufacturing and sales of automotive seats supported by the Company. Intra-Group financing. |
| NHK Manufacturing (Malaysia) SDN. BHD. | Seremban, Negeri Sembilan, Malaysia | 108,990,000 Malaysian ringgit | Industrial Machinery and Equipment, and Other Operations Business | 100 | – | The development, manufacturing and sales of integrated metal substrate products supported by the Company. Intra-Group financing. Guaranteed by the Company. |
| NHK Spring Europe B.V. | Amsterdam, Noord-Holland, the Netherland | 350,000 euro | Automotive Suspension Springs Business | 100 | – | The development and sales of spring products supported by the Company. |
| NHK Spring Hungary KFT. | Tata, Komárom-Esztergom, Hungary | 10 million forints | Automotive Suspension Springs Business | 100 | – | The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing. |
| (Associates accounted for using equity method) FAURECIA-NHK CO., LTD. | Naka-ku, Yokohama | 400 | Automotive Seating Business | 50.0 | – | Develops and sells automotive seats. Intra-Group financing. |

| Name | Address | Share capital or investments in capital (Millions of yen) | Description of principal business | Ratio of owning (owned) voting rights | | Relationship |
|----------------------|---------|---|-----------------------------------|---------------------------------------|----------------------------------|--------------|
| | | | | Ratio of owning voting rights (%) | Ratio of owned voting rights (%) | |
| Other 4 companies | | | | | | |

- Notes:
- 1 The "Description of principal business" column lists the name of the segment.
 - 2 The figure shown in the parentheses in the "Ratio of owning (owned) voting rights" column indicates the indirect ownership ratio and is included in the immediately above ratio.
 - 3 NHK SALES CO., LTD., Topura Co., Ltd., NHK Manufacturing (Malaysia) SDN. BHD., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Spring India Ltd., NHK Spring (China) Co., Ltd. and NHK Seating (Hubei) Co., Ltd. are specified subsidiaries.
 - 4 The ratio of net sales of NHK Spring (Thailand) Co., Ltd. (excluding inter-company sales among consolidated companies) to consolidated net sales exceeds 10%.

(Millions of yen)

| | Key profit and loss information | | | | |
|---------------------------------|---------------------------------|-----------------|--------|------------|--------------|
| | Net sales | Ordinary profit | Profit | Net assets | Total assets |
| NHK Spring (Thailand) Co., Ltd. | 142,793 | 13,507 | 11,867 | 67,324 | 113,348 |

- 5 In addition to the above, there are three small non-consolidated subsidiaries accounted for by the equity method.

5. Information about employees

(1) Consolidated companies

As of March 31, 2025

| Name of segment | Number of employees (Persons) | |
|---|-------------------------------|---------|
| Automotive Suspension Springs Business | 3,978 | [822] |
| Automotive Seating Business | 4,351 | [452] |
| Precision Springs and Components Business | 3,235 | [476] |
| DDS Business | 2,464 | [825] |
| Industrial Machinery and Equipment, and Other Operations Business | 3,022 | [258] |
| Company-wide (common) | 903 | [23] |
| Total | 17,953 | [2,856] |

- Notes:
- 1 The number of employees is the number of full-time employees.
 - 2 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees. Temporary employees include part-timers and term employees and exclude dispatched employees.
 - 3 The number shown in the “Company-wide (common)” column is the number of employees in administration departments that cannot be categorized into specific business segments.

(2) Information about the Reporting Company

As of March 31, 2025

| Number of employees (Persons) | Average age (Years) | Average length of service (Years) | Average annual salary (Yen) |
|-------------------------------|---------------------|-----------------------------------|-----------------------------|
| 5,281 [95] | 41.8 | 18.5 | 7,914,122 |

| Name of segment | Number of employees (Persons) | |
|---|-------------------------------|------|
| Automotive Suspension Springs Business | 830 | [13] |
| Automotive Seating Business | 1,477 | [42] |
| Precision Springs and Components Business | 891 | [18] |
| DDS Business | 665 | [-] |
| Industrial Machinery and Equipment, and Other Operations Business | 842 | [22] |
| Company-wide (common) | 576 | [-] |
| Total | 5,281 | [95] |

- Notes:
- 1 The number of employees is the number of full-time employees.
 - 2 Average annual salary includes bonuses and extra wages.
 - 3 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees. Temporary employees include part-timers and term employees and exclude dispatched employees.
 - 4 The number shown in the “Company-wide (common)” column is the number of employees in administration departments that cannot be categorized into specific business segments.

(3) Status of labor union

The NHK Spring Labor Union became affiliated with Confederation of Japan Automobile Workers’ Unions on June 1, 1973, and belongs to its subordinate organization representing the unions in Japan’s automotive parts industry.

With regard to the labor unions of the Group companies including the Reporting Company (14 domestic and 9 overseas companies), labor-management relations have remained amicable, there have been no disputes of note, and labor and management are cooperating in their efforts to conduct company business.

(4) Ratio of female employees in management positions, rate of male employees taking childcare leave, and gender wage gap

(i) Reporting Company

| Fiscal year ended March 31, 2025 | | | | | Supplementary explanation |
|--|--|------------------------------|--------------------------------|------------------------------------|--|
| Ratio of female employees in management positions (%) (Note 1) | Rate of male employees taking childcare leave (%) (Note 2) | Gender wage gap (%) (Note 1) | | | |
| | | All employees | Permanent, full-time employees | Part-time and fixed-term employees | |
| 2.9 | 60.2 | 76.8 | 76.2 | 76.7 | <ul style="list-style-type: none"> • The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender. • Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status. • Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees. |

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

| Fiscal year ended March 31, 2025 | | | | | | Supplementary explanation |
|----------------------------------|--|--|------------------------------|--------------------------------|------------------------------------|--|
| Name | Ratio of female employees in management positions (%) (Note 1) | Rate of male employees taking childcare leave (%) (Note 2) | Gender wage gap (%) (Note 1) | | | |
| | | | All employees | Permanent, full-time employees | Part-time and fixed-term employees | |
| NHK SALES CO., LTD. | 1.7 | 60.0 | 61.0 | 59.4 | 80.4 | <ul style="list-style-type: none"> The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender. Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status. Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees. |
| NHK TRANSPORT CO., LTD. | 2.3 | 20.0 | 68.8 | 74.0 | 54.8 | |
| Sumihatsu Co., Ltd. | 2.4 | 60.0 | 78.4 | 81.0 | 59.5 | |
| NHK SEATING MIZUSHIMA Co., Ltd. | 0.0 | 0.0 | 94.9 | 94.6 | 94.5 | |
| NHK Parking Systems Co., Ltd. | 4.5 | 100.0 | 74.8 | 78.3 | 61.5 | |
| Topura Co., Ltd. | 3.6 | 40.0 | 70.1 | 76.8 | 56.7 | |

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 3. In accordance with the provisions of the "Ministerial Ordinance Concerning General Business Owner Action Plans, etc. in Accordance with the Act on the Promotion of Women's Active Engagement in Professional Life" (Ministerial Ordinance No. 162 of the Ministry of Health, Labour and Welfare, 2015), domestic consolidated subsidiaries that disclose information on any one of "Ratio of female employees in management positions," "Rate of male employees taking childcare leave," and "Gender wage gap" are listed.

(iii) The Company and domestic consolidated subsidiaries

| | Fiscal year ended March 31, 2025 | | | | | Supplementary explanation |
|---|--|--|------------------------------|--------------------------------|------------------------------------|--|
| | Ratio of female employees in management positions (%) (Note 1) | Rate of male employees taking childcare leave (%) (Note 2) | Gender wage gap (%) (Note 1) | | | |
| | | | All employees | Permanent, full-time employees | Part-time and fixed-term employees | |
| The Company and domestic consolidated subsidiaries (Note 3) | 2.7 | 57.9 | 72.6 | 75.2 | 64.0 | <ul style="list-style-type: none"> The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender. Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status. Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees. |

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 3. The Company and its consolidated subsidiaries whose addresses are in Japan and that fall under the provisions of Article 2, item (v) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

II. Overview of Business

1. Management policy, management environment, issues to be addressed, etc.

The Group's management policy, management environment, and issues to be addressed, etc. are as follows.

Forward-looking statements contained herein represent the judgment of the Group as of the end of the fiscal year under review.

(1) Management policy

With the following Corporate Philosophy as its basic management policy, the Group aims to achieve sustainable growth by constantly providing customers with attractive products and services, and to become a trusted corporate group that meets the expectations of its stakeholders.

The Company's 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.

We provide many key parts to the automotive and data communications industries by making full use of our core technologies such as "metal heat treatment and plasticity processing technology" and "simulation technology" cultivated through our automotive parts business, and "precision and fine processing technology" and "metal bonding technology" for parts in the data communications field.

We aim to contribute to a "sustainable society" by accelerating our response to the drastically changing business environment, such as the ever-increasing electrification of automobiles and the sophistication of data communications, while establishing a stable revenue base for the future and proactively addressing social issues such as carbon neutrality.

(2) Management strategies, etc.

The fiscal year under review was the first year of the 2026 Mid-term Plan, a medium-term management plan ending in FY2026. The slogans of the 2026 Mid-term Plan are "Respect for people & contribute to society" and "Further promotion of sustainability," and the basic policies are "Respect for people," "Contribute to society," and "Purchase appropriately, manufacture accurately, market and sell properly." Under these slogans and basic policies, we have been working to improve our corporate value and profitability.

FY2025 is the second year of the 2026 Mid-term Plan. The Group sets forth "Value of people: Valuing employees and stakeholders," "Social value: Contributing to solving social issues," "Economic value: Aiming to become a profitable company," and "Product value: Providing indispensable key parts" as its four management policies. By creating a virtuous cycle of the "four values," the entire Group will work together to enhance corporate value.

(3) Objective indicators to judge the achievement of management targets, etc.

The Group has established the following management targets in the 2026 Mid-term Plan.

We plan to increase sales in both the automobile-related and data communications-related markets, and aim to improve profitability by promoting automation and increasing productivity.

FY2024 results, FY2025 forecasts, and FY2026 management indicator targets

| | | FY2024 results | FY2025 forecasts | FY2026 targets |
|---|-----------------------|-------------------|---------------------|-------------------|
| Net sales | (Hundred million yen) | 8,016 | 8,000 | 8,500 |
| Operating profit | (Hundred million yen) | 521 | 470 | 520 |
| Ordinary profit | (Hundred million yen) | 579 | 530 | 570 |
| Profit attributable to owners of parent | (Hundred million yen) | 481 | 400 | 430 |
| ROE | | 11.9% | 9.6% | 10% or more |
| ROIC | | 8.3% | 7.1% | 7% or more |
| Payout ratio | | 30.7% | 33.6% | 30% or more |
| Equity-to-asset ratio | | 58.5% | 59.3% | 50% or more |

Note: Major assumptions for the FY2026 targets: Global automobile production volume of 98 million units; HDD production volume of 118 million units; and an exchange rate of 145 yen/US dollar.

(4) Management environment

During the fiscal year under review, the global economy maintained solid growth despite increasing risks. Meanwhile, geopolitical tensions and continuing concerns about economic recession, as well as policy shifts in many countries around the world, have heightened uncertainty.

In the automotive-related market, which is the main business field of the Group, automobile production decreased from the previous fiscal year in Japan and in other countries except for some countries.

Number of automobiles produced in the fiscal year ended March 31, 2025

| | | Thousand units | Y/y | Of which, those produced by Japanese makers | Y/y |
|------------|------------------------------|----------------|---------|---|---------|
| Global | | 92,820 | (0.7)% | 24,957 | (6.8)% |
| By country | Domestic | 8,270 | (2.5)% | – | – |
| | North America (U.S., Canada) | 11,868 | (3.9)% | 4,242 | (1.8)% |
| | Mexico | 4,216 | 4.2% | 1,322 | 5.9% |
| | Thailand | 1,478 | (20.4)% | 1,221 | (22.6)% |
| | China | 30,950 | 3.6% | 3,086 | (20.5)% |

Note: The above numbers are calculated according to the fiscal year end of each location.

In the other major business field, the data communications-related market, global HDD production volume increased from the previous fiscal year, and overall demand for suspensions, the Company's main product, grew.

(5) Business and financial issues to be addressed

<Overall businesses>

The global economy is likely to remain unstable for the time being due to concerns about the future caused by trade policy reviews in various countries triggered by the U.S. In the automobile-related sector in particular, a review of global production bases and changes in the trend toward electrification are expected. Meanwhile, the business environment surrounding the Group is becoming increasingly fierce, with rising costs associated with inflation and difficulties in securing human resources. The challenge for

the Group is to accelerate its response to these drastic changes in the business environment while continuing to grow sustainably.

We will create a virtuous cycle of responding flexibly to changes in the environment, conducting speedy business to meet customer needs, encouraging diverse human resources to develop and play active roles, providing indispensable key parts, and becoming a company that contributes to solving social and global environmental issues, thereby enhancing the value of the NHK Spring Group.

<Automotive Suspension Springs Business>

The Automotive Suspension Springs Business has been facing challenges such as hikes in raw materials, logistics, and power and utilities costs, intensifying price competition, and difficulty in securing stable labor force at our North American bases. In response, we will work to establish a stable production and supply system at all of our global bases. We will strive to enhance profitability by improving selling prices and productivity and promoting an optimal order-receipt strategy at our North American bases, improving the added value of springs, promoting manufacturing reforms, etc.

In the automotive industry, a review of global production bases and changes in the trend toward electrification are expected. While the demand for automotive suspension springs itself is not expected to be significantly affected, we will accelerate the development of processing technologies and new steel grades to meet the ever-increasing demand for lighter weight, higher durability, and space saving.

<Automotive Seating Business>

In order to deal with soaring raw materials, logistics, power and utilities costs, the Automotive Seating Business strove to pass on the increases to customers by raising product prices. However, profits were below the all-time high recorded in the previous fiscal year hit hard by the decline in automobile production in Japan and abroad. We will continue to further strengthen our relationships with automakers and, as a non-affiliated supplier of high-quality and high-performance products and parts, we will develop the Automotive Seating Business globally based on two key principles, customer orientation and quality first, in a bid to enhance profitability.

The strengths of the Company's Automotive Seating Business lie in the fact that various processes required for seats, including metal processing, production of urethane, and sewing, are carried out in-house, and that we have comprehensive design and development capabilities for complete seats, such as seats for car sickness mitigation. We will leverage these strengths to develop seats that are lighter in weight and more comfortable to ride in, as required by the shift to electrification and automated driving.

<Precision Springs and Components Business>

In addition to soaring raw materials, logistics, power and utilities costs, the Precision Springs and Components Business faces the challenge of responding to the progress of electrification in the automobile-related sector and to fluctuating demand from HDD manufacturers in the data communications sector. The trend of electrification in the automotive-related sector is expected to change affected by policy changes in the U.S., requiring more prompt and flexible responses.

With regard to motor cores, one of key components of the Business, we have completed the construction of a new plant at NHK Spring Mexico. Now that the expansion of our global production system is complete, we will accelerate the review of production methods and development of new technologies to further strengthen our competitiveness.

<DDS Business>

In the DDS Business, suspension sales are currently strong thanks to robust demand from HDD manufacturers. We believe that as HDD capacity continues to increase, the functions required for suspensions will become more sophisticated. Therefore, we must maintain and strengthen our competitiveness through continuous technological development and productivity improvement. We will continuously improve development capability, technological skills and quality, and promote streamlining measures such as the introduction of AI-based AOI to appropriately increase production capacity, with the aim of securing further earnings.

<Industrial Machinery and Equipment, and Other Operations Business>

In the area of semiconductor process components, we have been further enhancing Miyada Plant. As demand is increasing in line with the recovery of the semiconductor market, we will strive to further improve profitability by optimally allocating production between the two plants at Isehara and Miyada.

As for integrated metal substrates, we will expand sales of existing products, including those for automotive LEDs, develop and expand sales of new products for power modules, AC-DC and DC-DC converters, etc. that respond to the electrification of automobiles. At the same time, we will expand the production capacity of Komagane Plant and the new plant of NHK Manufacturing (Malaysia) SDN. BHD.

In other businesses, we will promote selection and concentration.

2. Approach and initiatives for sustainability

The Group's approach and initiatives for sustainability are as follows.

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2025).

(1) Basic policy

Based on the Guiding Principles and Corporate Philosophy, the Group is committed to contributing to the realization of a sustainable society and resolution of social issues by continuing to provide "indispensable key parts" for social change.

Moreover, concerning the Group's legal, ethical and social responsibility, we established in 2016 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."

In accordance with these principles, we are striving to enhance corporate governance and ensure compliance with laws and regulations.

We aim 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 stakeholders.

(2) Important issues (Materiality)

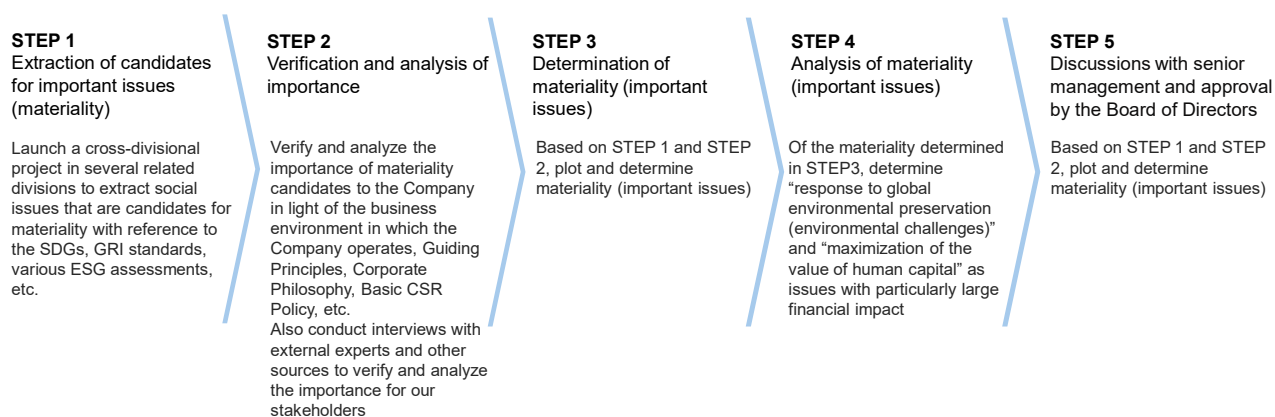
We have clarified our management issues related to sustainability and are working on the important issues (Materiality) listed in the table below, based on our basic policy and past efforts.

| Cat ego ry | Materiality | Major initiatives | Target/KPI | | | |
|---|---|--|--|---|----------------------------------|------------|
| Business activities | NHK Spring Group's Environmental Challenges to preserve the global environment | | | | | |
| | Reduction of CO ₂ emissions | <ul style="list-style-type: none"> Promotion of energy conservation Electrification of equipment, fuel conversion, line organization Technical innovation in production processes and product development Use of renewable energy (such as purchase of electricity and capital investment in solar power generation) | Target companies | Scope 1 + Scope 2 CO ₂ emissions | | |
| | | | | 2030 | 2039 | 2050 |
| | | | The Company and domestic consolidated subsidiaries | 50% reduction compared to FY2013 | Achieve CN | — |
| | | | The Company and overseas consolidated subsidiaries | 35% reduction compared to FY2013 | 68% reduction compared to FY2013 | Achieve CN |
| | Reduction of environmentally hazardous substances | <ul style="list-style-type: none"> Thorough separation of waste plastics using a material sorting machine and conversion of waste plastics into valuable resources Re-examination of recycling contractors that can recycle Promotion of free recycling and conversion of waste materials into valuable resources | Target companies | Industrial waste (non-recyclable waste) | | |
| | | | | 2030 | 2039 | 2050 |
| | | | The Company and domestic consolidated subsidiaries | 95% reduction compared to FY2013 | Aim for zero industrial waste | — |
| | Creation of products that contribute to the environment | <ul style="list-style-type: none"> Development, production and stable supply of electric vehicle-related products such as motor cores used in drive motors and integrated metal substrates for inverters of electric vehicles | Products | 2026 sales target | 2030 sales target | |
| | | | Motor cores | 13.3 billion yen | 24.2 billion yen | |
| Integrated metal substrates | | | 13.6 billion yen | 35.0 billion yen | | |
| As of financial results briefing in May 2025 | | | | | | |
| Development of products that will contribute to resolving social issues | <ul style="list-style-type: none"> Development, production and stable supply of HDD-related parts and semiconductor process components responding to demand for big data as informatization accelerates throughout society | Products | 2026 sales target | 2030 sales target | | |
| | | Semiconductor or process components | 32.3 billion yen | 52.8 billion yen | | |
| | | As of financial results briefing in May 2025 | | | | |

Note: CN stands for carbon neutrality.

| Category | Materiality | Major initiatives | Target/KPI | | | | | | | | | | | | | | | |
|---|---|---|---|------|----------------|----------------|--------------------------------------|----------|----------|--------------------------|------|------|---|-------|-------|--|-------|--------|
| Management base | Maximization of the value of human capital | <ul style="list-style-type: none"> Securing and developing human resources D&I promotion Work style reform Personnel system reform Creating safe and secure workplace | <ul style="list-style-type: none"> Improved engagement through improved compensation and expanded license allowance programs Elimination of heavy physical labor <table border="1" data-bbox="916 353 1444 996"> <thead> <tr> <th data-bbox="916 353 1075 409">Item</th> <th data-bbox="1080 353 1256 409">2024 (Results)</th> <th data-bbox="1260 353 1444 409">2030 (Targets)</th> </tr> </thead> <tbody> <tr> <td data-bbox="916 416 1075 528">Employee engagement diagnostic score</td> <td data-bbox="1080 416 1256 528">67.6 pts</td> <td data-bbox="1260 416 1444 528">75.0 pts</td> </tr> <tr> <td data-bbox="916 535 1075 624">Ratio of female managers</td> <td data-bbox="1080 535 1256 624">2.9%</td> <td data-bbox="1260 535 1444 624">5.0%</td> </tr> <tr> <td data-bbox="916 631 1075 848">Ratio of female employees hired on a regular basis for career track positions</td> <td data-bbox="1080 631 1256 848">11.1%</td> <td data-bbox="1260 631 1444 848">20.0%</td> </tr> <tr> <td data-bbox="916 855 1075 996">Ratio of male employees taking childcare leave</td> <td data-bbox="1080 855 1256 996">60.2%</td> <td data-bbox="1260 855 1444 996">100.0%</td> </tr> </tbody> </table> | Item | 2024 (Results) | 2030 (Targets) | Employee engagement diagnostic score | 67.6 pts | 75.0 pts | Ratio of female managers | 2.9% | 5.0% | Ratio of female employees hired on a regular basis for career track positions | 11.1% | 20.0% | Ratio of male employees taking childcare leave | 60.2% | 100.0% |
| | Item | 2024 (Results) | 2030 (Targets) | | | | | | | | | | | | | | | |
| | Employee engagement diagnostic score | 67.6 pts | 75.0 pts | | | | | | | | | | | | | | | |
| | Ratio of female managers | 2.9% | 5.0% | | | | | | | | | | | | | | | |
| Ratio of female employees hired on a regular basis for career track positions | 11.1% | 20.0% | | | | | | | | | | | | | | | | |
| Ratio of male employees taking childcare leave | 60.2% | 100.0% | | | | | | | | | | | | | | | | |
| Respect for human rights | <ul style="list-style-type: none"> Instillation of a policy of respect for human rights Reinforcement of human rights promotion system Promotion of preventive measures against human rights risks | <ul style="list-style-type: none"> Implementation of human rights training and 100% participation rate Conducting human rights surveys at the Company and its domestic consolidated companies Conducting human rights surveys in the Company's supply chain Implementation of initiatives to prevent long working hours | | | | | | | | | | | | | | | | |
| Compliance | <ul style="list-style-type: none"> Ongoing education for officers and employees | <ul style="list-style-type: none"> Identification of problems and issues based on compliance awareness survey results and their incorporation into compliance programs | | | | | | | | | | | | | | | | |
| Group management | <ul style="list-style-type: none"> Group-wide sustainability and materiality initiatives President visiting the Company and consolidated companies for communication ("TOP Tour") | <ul style="list-style-type: none"> Fostering a sense of group unity through the "TOP Tour" Information sharing through Group presidents' meetings and Group conference bodies At least 80% of employees joining the employee shareholding association at the Company and domestic consolidated companies Creation of a comfortable and rewarding workplace through collaboration with Group companies | | | | | | | | | | | | | | | | |

<Materiality determination process>



We have identified two issues that have a significant financial impact on sustainability as well as on the environment and society: (i) NHK Spring Group's Environmental Challenges to preserve the global environment, and (ii) Maximization of the value of human capital. We are striving to continuously improve our corporate value by addressing each of these areas.

(3) Governance and risk management related to overall sustainability

The Company established a Sustainability Promotion Committee in April 2024. Important matters for promoting sustainability management are discussed and decided by the Sustainability Promotion Committee, the Management Committee, and the Board of Directors, depending on the content.

Furthermore, in order to assume risks from various perspectives, prevent them from occurring, and minimize their impact, the Company has established risk management regulations and a risk management system in which the Representative Member of the Board and President is the chief responsible officer and the President of Corporate Planning and Control Division is in charge of promotion.

The Sustainability Promotion Committee discusses potential risks in the area of sustainability and formulates countermeasures, and a system is in place to report such risks to management according to their level of importance.

<Approach to sustainability and promotion structure>

<https://www.nhkspg.co.jp/en/sustainability/management/approach>

(4) Global environmental conservation activities

In an effort to preserve the global environment, the Company has set the realization of a decarbonized society based on reduction of CO₂ emissions and zero industrial waste (non-recyclable waste) as important issues (Materiality).

Since the publication of the Environmental Voluntary Plan in 1993, the entire Group has been involved in global environmental conservation activities. To further clarify the Group's future role in helping to realize a sustainable society and the Group's future vision, the Group declared "NHK Spring Group's Environmental Challenges" in September 2021. Currently, in accordance with the medium-term management plan through FY2026, each production division is promoting measures to reduce CO₂ emissions and industrial waste (non-recyclable waste). Meanwhile, the Global Environmental Response Committee is checking the status of achievement of the measures and discussing further reduction measures. The progress has been made as planned up until FY2024. In FY2025, we will be preparing to collect and compile information for Scope 3.

a) Governance

Based on the NHK Spring Group's Environmental Challenges 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 the Group.

The Global Environmental Response Committee meets twice a year. The Committee sets medium- to long-term targets 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.

b) Strategy

Based on the NHK Spring Group's Environmental Challenges, the Group has been working to reduce CO₂ emissions in order to realize a decarbonized society. A scenario analysis was conducted to understand the risks and opportunities climate change presents to the Company and the impact such risks and opportunities may have on the Company, to strengthen the Company's mid- to long-term strategy, and to examine the need for further measures.

<TCFD scenario analysis>

- In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), risks and opportunities arising from climate change were comprehensively identified, which were narrowed down to those of high relevance. Then, a scenario analysis was conducted to assess the significance of each risk and opportunity.
- In the scenario analysis, two scenarios were assumed: one in which the temperature increase can be kept below 2°C above the level of the Industrial Revolution by taking the strict global warming countermeasures that we aim for (the 2°C or lower scenario), and the other in which the temperature increases by 4°C above the level of the Industrial Revolution (the 4°C scenario) as a reference.
- Under each scenario, we evaluated the impact on the Company's business activities based on the changes in the external and social environments assumed for the 2030 and 2050 time frames.

Assumed scenarios

| | 2°C or lower scenario | 4°C scenario (for reference) |
|---|---|--|
| Scenario outline | This is a scenario in which strict climate change measures curb greenhouse gas emissions and keep the increase in global average temperature below 2°C compared to pre-industrial times, and the impact of the transition to a decarbonized society will become apparent. | This is a scenario in which no progress is made in combating climate change and the global average temperature increase compared to pre-industrial times reaches 4°C, and the physical and other effects of extreme weather conditions will be greatly manifested. |
| Anticipated changes in the external environment | <ul style="list-style-type: none"> • Introduction of a carbon tax and tighter regulations • Diffusion of renewable energy • Transition from gasoline to electric vehicles • Spread of environmentally friendly products • Changes in consumer behavior • Changes in reputation among external stakeholders, such as customers and investors | <ul style="list-style-type: none"> • Increase in the number of major disasters caused by abnormal weather • Average temperature increase • Sea level rise |
| Main reference scenarios and references | <ul style="list-style-type: none"> • IEA, "World Energy Outlook 2024" (NZE) • IEA, "Net Zero by 2050" • Japan Automobile Manufacturers Association, "2050 Carbon Neutral Scenario" • Ministry of Economy, Trade and Industry, etc., "Green Growth Strategy Through Achieving Carbon Neutrality in 2050," etc. | <ul style="list-style-type: none"> • IPCC, "The RCP8.5 Scenario" • IEA, "World Energy Outlook 2024" (STEPS), etc. |

List of Risks and Opportunities

| Risk and opportunity factors | | Expected practical and financial impact on the Company | Importance to the Company | | | | Measures to address risks and opportunities under the 2°C or lower scenario | | |
|------------------------------|--|--|---|--------|--------------|--------|--|---|--|
| | | | 2°C or lower scenario | | 4°C scenario | | | | |
| | | | | 2030 | 2050 | 2030 | 2050 | | |
| Transition risks | Policies/market | - Increase in the price of carbon with the introduction of carbon pricing | Higher carbon taxes in Japan and abroad will increase energy costs, leading to an increase in operating costs for factory production equipment, lighting, air conditioning, etc. | High | High | Low | Low | Continue energy conservation* activities and consider business strategies that take into account increased operating costs (*Reduction of energy use, introduction of high-efficiency equipment, electrification of manufacturing facilities, etc.) | |
| | | - Shinking gasoline vehicle market due to governments' policies to become carbon neutral | Higher carbon taxes in Japan and abroad will increase energy costs required for mining, manufacturing, transportation, etc. of raw materials, leading to an increase in raw material costs at the Company. | High | High | Low | Low | Consider business strategies that take into account the increase in raw material costs | |
| | | - Changing customer preferences | The market for gasoline vehicles (excluding HEVs) is expected to shrink in the long term due to carbon neutrality policies of various governments, resulting in a decrease in sales of the Company's components for gasoline vehicles. | High | High | Low | Low | Invest in production and development of products for electric vehicles and make existing products more versatile Develop new fields by utilizing the Company's core technologies Develop products that can reduce environmental impact throughout their life cycles | |
| | Technology | - Spread of renewable energy | With the spread of renewable energy, costs associated with switching from existing energy sources to renewable energy sources and energy procurement costs will increase. | Medium | Medium | Low | Low | Continue energy conservation activities and consider business strategies that take into account increased energy costs | |
| | | - Energy conversion - Diffusion of renewable energy technologies | The cost of updating factory production equipment will be incurred as a result of energy conversion (introduction of renewable energy, electrification, fuel conversion) toward carbon neutrality. | Medium | Medium | Low | Medium | Consider efficient energy conversion investments | |
| Reputation | - Increase in ESG investments - Changes in customer and investor valuations | Delays in climate change action may damage the Company's reputation among employees and investors. It will become increasingly difficult to secure excellent human resources, leading to higher financing costs from investors and lower stock prices. | Medium | Medium | Low | Low | Promote efforts to address climate change and strengthen engagement with relevant stakeholders | | |
| Physical risks | Acute | - Occurrence of major disasters caused by abnormal weather | River flooding, huge typhoons, droughts, tsunamis, storm surges, lightning strikes, etc. will cause production stoppages at factories and disruptions in the supply chain (procurement, transportation), leading to production stoppages, reduced production capacity, and lower sales. | Low | Medium | High | High | Update BCP manuals regularly Install lightning rods, prepare sandbags and drainage pumps, inspect hazard maps, implement evacuation drills and business continuity drills, etc. | |
| | Chronic | - Average temperature increase | Rising average temperatures will increase air conditioning use in office buildings and factories, leading to an increase in energy costs associated with air conditioning use and maintenance costs for air conditioning equipment. | Low | Low | Medium | High | Continue energy conservation activities | |
| Transition opportunities | Products/services | - Tighter gasoline vehicle sales and fuel consumption regulations - Changing customer preferences | Sales of electric vehicle-related products will increase in line with the expansion of the electric vehicle market due to policy factors, such as tighter gasoline vehicle sales and fuel consumption regulations, and changing consumer preferences. | High | High | High | High | Respond flexibly to the electrification of automobiles and actively consider investments to increase production capacity for growth products in the field | |
| | | - Development and diffusion of low-carbon products/services | As HDDs become more energy efficient and demand for low-power consumption HDDs for data centers increases, sales of the Company's related products will increase. | Low | Medium | Low | Medium | Execute business strategies in the HDD field while keeping a close eye on the trend toward higher value-added HDDs | |
| | | - Changing customer preferences | Semiconductors will become more energy efficient and achieve higher performance, leading to the expansion of the market for next-generation power semiconductors, and accordingly, sales of the Company's related products will increase. | Low | Medium | Low | Medium | Execute business strategies in the semiconductor field while keeping a close eye on the trend toward higher value-added semiconductors | |
| | Resource efficiency | - Penetration of internal carbon pricing | The development and diffusion of low-carbon products/services other than existing products and changes in consumer preferences are anticipated. Accordingly, focus on the development of environmentally friendly products will increase sales in new markets. | Low | Medium | Low | Medium | Clarify the definition of environmentally friendly products and reflect it in business strategies | |
| | | - Use of low-carbon energy sources - Use of energy-saving technologies | The introduction of internal carbon pricing will enhance management processes, such as facilitating low-carbon investments in internal decision-making processes, leading to more efficient investments. | Medium | Medium | Medium | Medium | Examine the operation of internal carbon pricing in investment decisions and its disclosure | |
| | Market | - Changes in customer and investor valuations | The introduction of electrification and energy-saving technologies in the manufacturing process will improve production efficiency, leading to lower manufacturing costs and higher revenues. | Low | Medium | Low | Medium | Introduce internal incentives for the installation of energy-efficient production equipment | |
| Physical opportunities | Resilience | - Adaptation to major disasters caused by abnormal weather | Developing low-carbon products will improve the reputation of the Company among consumers and investors who prefer low-carbon products, leading to higher stock prices and other improvements in the Company's reputation. | Medium | Medium | Low | Low | Enhance disclosure on trends in the development of low-carbon products | |
| | | - Adaptation to major disasters caused by abnormal weather | Enhanced BCP response and resilience to major disasters caused by extreme weather events will enhance customers' confidence in the Company's products. | Medium | Medium | High | High | Continue stable operations and stable supply of products through advanced BCP measures | |

Note: Importance is evaluated based on the following evaluation axes: (i) financial impact, (ii) likelihood of financial impact, (iii) duration of financial impact, and (iv) relevance to the business area.

c) Risk management

The Company has built a risk management structure having the Representative Member of the Board and President 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 (transition risks and physical 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.

d) Indicators and targets

In order to actively promote our response to global environmental preservation, we have established CO₂ reduction targets under the NHK Spring Group's Environmental Challenges.

NHK Spring Group's Environmental Challenges

(CO₂ emission reduction targets under Scope 1 + Scope 2 for the Company and its domestic consolidated subsidiaries)

- (i) Achieve carbon neutrality by 2039. To this end, reduce CO₂ emissions by 50% from the FY2013 level by 2030.
- (ii) Aim to realize zero industrial waste by 2039. To this end, reduce industrial waste by 95% compared to FY2013 by 2030.

In addition, in March 2025, we established a target to achieve carbon neutrality (Scope 1 + Scope 2) by 2050 for the Company and its domestic and overseas consolidated subsidiaries.

<CO₂ emissions and industrial waste generation(*1) and main measures to reduce them>

| Item | | 2024 | | Main measures underway |
|----------------------|--|--------|-------------|--|
| | | Target | Performance | |
| CO ₂ | Emissions (Thousand tons-CO ₂) | 114 | 109 | <ul style="list-style-type: none"> • Installation of solar panels(*2) • Use of renewable energy from electric utilities • Electrification of facilities • Prevention of heat dissipation loss • Switch from LPG to LNG • Renewal of air conditioning equipment |
| | Reduction rate compared to 2013 | (26)% | (30)% | |
| Non-recyclable waste | Generation (tons) | 29 | 28 | <ul style="list-style-type: none"> • Conversion of waste plastics into valuable resources using a material sorting machine • Re-examination of dirty mud recycling contractors |
| | Reduction rate compared to 2013 | (76)% | (76)% | |

*1 Scope 1 + Scope 2 for the Company and its domestic consolidated subsidiaries

*2 Solar panels have already been installed at six of the Company's locations and nine domestic and overseas Group companies.

» Achievement of carbon neutrality at Miyada Plant



Solar panels at Miyada Plant

Miyada Plant (Nagano Prefecture), which manufactures semiconductor process components, achieved carbon neutrality in April 2024. Miyada Plant is a new plant that was constructed in April 2019. It was designed with the concept of a "fossil fuel-free plant" with carbon neutrality in mind. CO₂ emissions are counted not only at the production site, but also in the heating equipment and cafeteria. By electrifying every facility in the plant, we have eliminated fossil fuel-derived CO₂ emissions.

In addition, 570 kW solar panels were installed on the plant roof. They generated 754 MWh of electricity in FY2024, reducing annual CO₂ emissions by 346 tons and covering 9% of total electricity consumption at the plant. We plan to install additional 250 kW solar panels on the remaining plant roof in FY2025.

We will continue to work toward achieving carbon neutrality throughout the Company.

(5) Maximization of the value of human capital

The internal and external environment of the Company 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 by society in the future. For the Company's manufacturing to continue

contributing to the resolution of customers' and society's issues, we believe that continued efforts to maximize the value of human capital will become even more important.

a) Governance

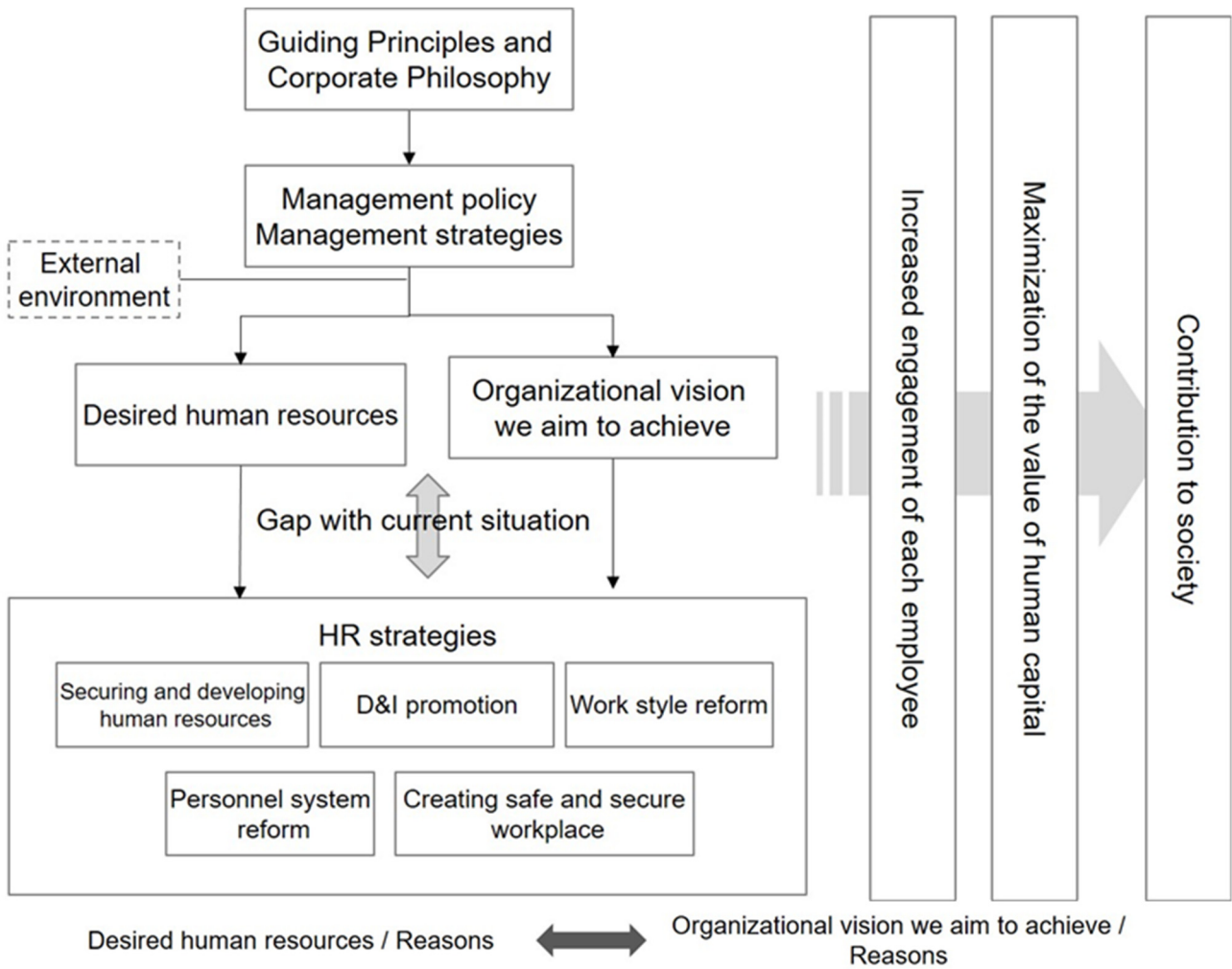
Important initiatives related to human resources are discussed and decided by the Management Committee or its subordinate body, the Personnel Policy Committee, and a system is in place to ensure consistency between the business direction and human resources strategy. The President of each division checks the status of activities in his/her division and reports on important matters to the Management Committee and the Board of Directors to review measures as appropriate and improve organizational management and the workplace environment.

b) Strategy

<Policy>

Under the slogan of "Respect for people & contribute to society," and Group's basic policies of "Strengthening trust with stakeholders," "Building a safe and secure company and a rewarding and comfortable workplace," and "Supporting the growth and development of a diverse employee base" of the 2026 Mid-term Plan, we will promote initiatives to develop human resources, organizations, systems, and a corporate culture.

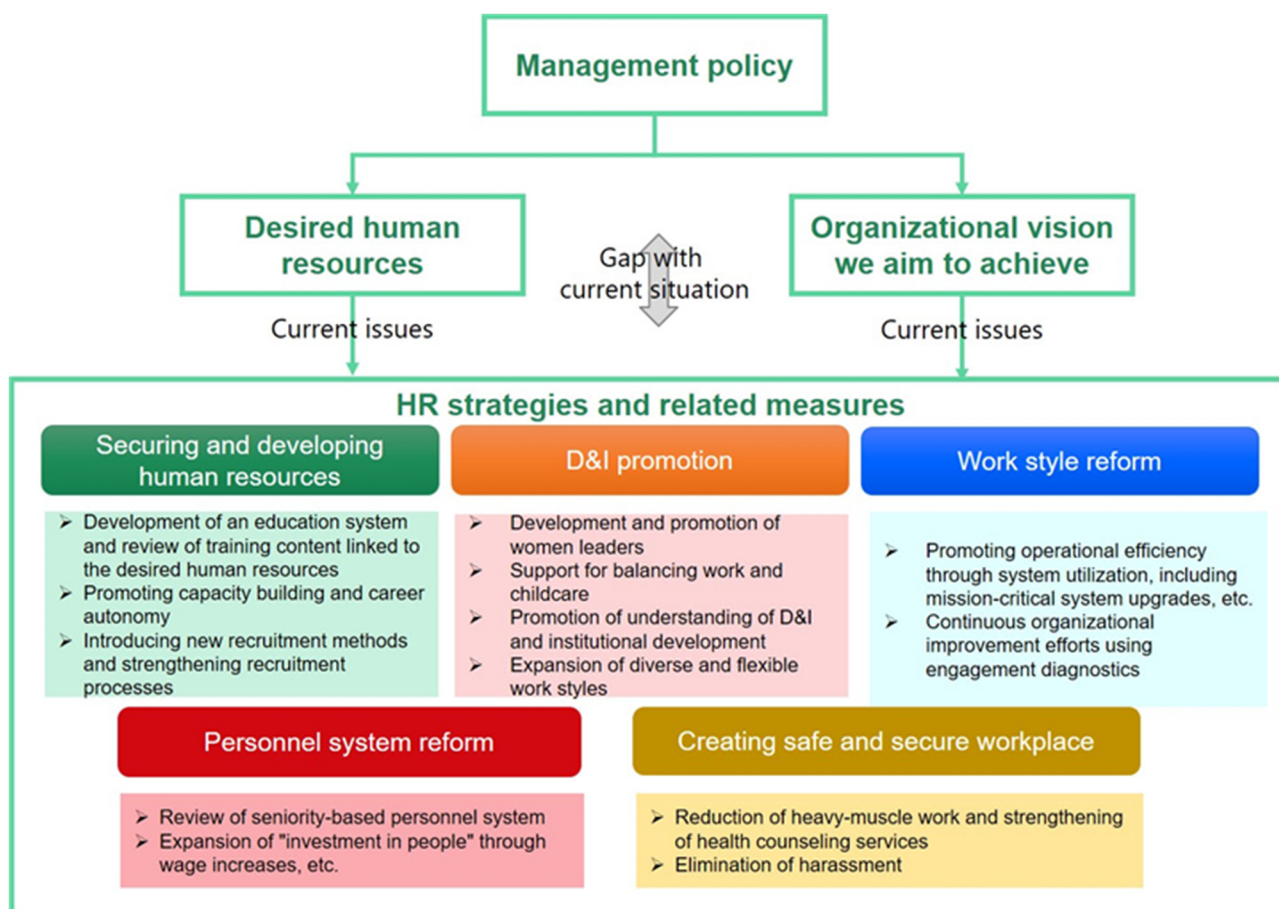
In FY2024, we established the "desired human resources" and "organizational vision we aim to achieve" to link management strategies with human resource strategies and to link the results of our efforts to the realization of management policies. We will maximize the value of each individual by fusing the "power of the individual" with the "power of the organization" that makes the most of that individual, and by fostering an organizational culture in which diverse people can grow and feel fulfilled, and in which everyone can demonstrate his/her own abilities. We will boldly take on the challenge of various initiatives to further evolve the value of the people who work for us, based on the Guiding Principles and Corporate Philosophy, changes in the external environment, and the future direction of our business.



| | | | |
|---|---|---|---|
| <p>Challenge People motivated to take on new challenges</p> | <ul style="list-style-type: none"> Human resources capable of creating new businesses and transforming existing businesses and operations are essential. It is important to push the envelope for new development, improvement, and skill development, without fear of failure. | <p>Nurture standout employees An organization that provides opportunities for people to take on challenges and grow</p> | <ul style="list-style-type: none"> The company must unite to support those who take on challenges and grow, and continue to provide them with opportunities for further challenge and growth. We need to hire and train people who can carry out transformations and to create an environment where they can play an active role. |
| <p>Outworking People taking responsibility to tackle the job head-on and finish it</p> | <ul style="list-style-type: none"> It is important to finish a newly started initiative and use it as a springboard for the next success. "Manufacturing capability" and "quality" must be further improved. | <p>Responding with integrity An organization with integrity to all stakeholders</p> | <ul style="list-style-type: none"> It is important to be responsible not only to employees, but also to customers, partner companies, and society, and to respond to social demands with sincerity. |
| <p>Co-creation People creating value through the combined efforts of individuals</p> | <ul style="list-style-type: none"> We need to create value while promoting inter-organizational collaboration and cooperation with external parties. Cooperation and collaboration at plants also remain important. | <p>Creating collaboration An organization in which individuals put their own interests behind them and cooperate with each other</p> | <ul style="list-style-type: none"> It is essential to actively change frameworks and systems and provide opportunities to encourage co-creation in an organized manner. |
| <p>Imagination People capable of thinking from a high and broad perspective</p> | <ul style="list-style-type: none"> We need to be aware of change and respond with foresight. It is important to have a medium- to long-term perspective of the plant and the company as a whole, not just focusing on the business or customer for which you are responsible. | <p>Leveraging diversity An organization in which people with various strengths play an active role</p> | <ul style="list-style-type: none"> It is important to create an environment where diverse people with different perspectives, views, and values can play an active role. |

<Measures implemented and status of efforts>

We are strengthening our efforts to secure and develop the human resources we seek, and are developing the employment environment to realize the organizational vision we aim to achieve. Specifically, we implement various measures ranging from “Securing and training talent” and “D&I promotion” to “Work style reform,” “Personnel system reform,” and “Creating safe and secure workplace.”



<Securing and training talent>

In FY2024, we embarked on new initiatives in recruitment and human resource development based on the “desired human resources” and “organizational vision we aim to achieve” that we have established. In new graduate hiring, we are reviewing our new graduate hiring criteria to ensure that we hire students who meet our “desired human resources” profile. We are also continuing our efforts to increase the ratio of female new graduates hired for career track positions, holding roundtable meetings with senior employees and career interviews. In human resource development, we have begun to restructure the education system and review the content of training programs in order to improve the linkage between the personnel system and human resource development.

<D&I promotion>

In the 2026 Mid-term Plan, in addition to continuing the D&I promotion activities of the past, we are expanding our activities to cover LGBTQ+ and Group companies. In FY2024, we continued to provide training for female leaders and diversity training for managers, and greatly expanded childcare-related systems. Consequently, the Company received Platinum Kurumin Certification in January 2025. Furthermore, since the initial target of “60%” of male employees taking childcare leave was achieved early in FY2024, the target for male employees taking childcare leave by FY2030 was revised upward to 100%. We will continue our efforts to promote D&I in order to create a workplace where everyone working for the NHK Spring Group can work comfortably.

<Work style reform>

Efforts to reform work styles at the Company are being promoted through two-pronged approach: improving operational efficiency and reducing total working hours to increase labor productivity; and improving engagement to maximize added value. In order to improve operational efficiency, we are mainly carrying out a DX promotion project. In order to improve engagement, we start with employee awareness surveys (engagement diagnostics), and promote organizational improvement initiatives tailored to individual issues on a company-wide and workplace bases. The results of the employee awareness survey, which is conducted once a year, are used to measure the effectiveness of our efforts with the goal of raising the results to 75 pts by FY2030. We are continuing our organizational improvement efforts by revising our measures as necessary.

<Personnel system reform>

In FY2024, we began a full-scale study to reform our personnel system, including a review of the grading system, evaluation system, and wage system, based on the desired human resources and organizational vision we aim to achieve that we have developed.

We are also strengthening our investment in human capital through base increases, various benefits, and expansion of employee welfare programs. The license allowance system, which provides benefits to personnel who hold public qualifications, etc., continues to add new qualifications each year. In addition, a significant base increase was implemented in April 2025.

<Creating safe and secure workplace>

Having set the goal of “eliminating fire and occupational accidents” in the Group’s management policy for FY2025, we are striving to further strengthen our existing safety activities to eliminate occupational accidents.

In addition, we are stepping up efforts to reduce heavy-muscle work at each plant to create a safe and secure workplace for employees, including women and elderly workers, and to promote diversity. Health promotion initiatives included mental health education, health events, and nutrition education activities in FY2024. Moreover, to eradicate harassment, we conduct information dissemination through the publication of compliance newsletters, harassment theme-based training sessions, and annual compliance awareness surveys, thereby raising awareness of compliance with laws, regulations, and corporate ethics.

c) Risk management

In order to achieve greater effectiveness in formulating policies and strategies for maximizing the value of human capital, deciding indicators and targets, managing progress and so on, we will consider establishing a system to strengthen the risk management structure to enable the Board of Directors to better carry out supervision and monitoring.

d) Indicators and targets

Concerning the indicators that require monitoring and vision (targets) 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 target |
|---|--|-------------|---------------|
| Promotion of women’s participation and career advancement | Ratio of female managers | 3.2% | 5% |
| | Ratio of female new graduates hired for career track positions | 24.3% | 20% |
| | Ratio of male employees taking childcare leave | 60.2% | 100% |
| Employee engagement | Employee engagement diagnostic results | 67.6 pts | 75.0 pts |

Notes: 1 Performance and targets pertain to conditions in the Reporting Company only.

- 2 The ratio of female managers and ratio of female new graduates hired for career track positions are actual figures as of April 1, 2025. The ratio of male employees taking childcare leave and employee engagement diagnostic results are actual figures for FY2024.
- 3 The employee engagement diagnosis conducted by the Company is a survey focused on employee experience and has a maximum score of 100. The Company regularly conducts annual engagement diagnostics on a wide variety of items, including work execution, personnel evaluation, human resources development, personnel assignment, work environment, and corporate culture, to understand the status and to continuously implement measures to improve employee engagement.

3. Business risks

Matters related to Overview of Business, Financial Information, etc., described in the Annual Securities Report that may have a significant impact on investors' decisions are as follows. Recognizing the possibility that these risks may occur, the Group will strive to avoid their occurrence and to respond to them if they do occur.

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2025).

(1) Rapid fluctuations in the global economy

The Group is strongly affected by global economic fluctuations because it supplies products related to automobiles and data communications, its main business fields, across the world. A sudden and unexpected economic downturn and shrinking demand in major markets around the world, including Japan, Asia, the U.S., and Europe, could have a huge impact on the Group's operating results and financial position.

In particular, the outlook for the global economy remains uncertain due to soaring prices associated with inflation, the impact of exchange rate fluctuations, and unstable political situations in various countries, etc. It is difficult to predict when these issues will be resolved. It is also difficult to reasonably calculate and assume risks arising from them.

(2) Exchange rate fluctuations

The Group's businesses include the production and sale of products overseas. Items denominated in local currencies, including sales, expenses, and assets in each region are converted to yen for the purpose of preparing consolidated financial statements, and the yen value of such items may be affected by the exchange rates prevailing at the time of conversion.

In addition, for businesses that produce in and export from Japan, the appreciation of the yen against other currencies will reduce the relative price competitiveness of the Group's products in the global market. On the other hand, in procuring raw materials from overseas, the depreciation of the yen against other currencies causes the cost of procuring raw materials to soar. Accordingly, foreign exchange fluctuations beyond our forecast may affect the Group's performance and financial position.

Although the Group strives to minimize the adverse effects of short-term fluctuations through flexible foreign exchange hedging transactions, it is difficult to totally eliminate the risk, which may have no small impact on the Group's operating results and financial position.

(3) Fluctuations in prices of raw and other materials and energy, as well as shortages of raw materials and parts

The Group procures major raw and other materials, such as steel stocks, and energy, such as electricity and gas, from external suppliers. The Group has concluded basic transaction agreements with these suppliers to ensure stable transactions. Although we assume that significant fluctuations in the prices of raw and other materials and energy caused by changes in market conditions will be passed on to our products' sales prices, the impact on our performance may extend beyond the accounting period because of a delay in passing on costs due to fluctuations to sales prices.

Furthermore, shortages of raw materials and parts could happen due to unforeseen accidents or natural disasters at the source of supply, changes in export or import regulations, the impact of political situations among countries on the supply chain, or high resource prices. In such a case, the Group's operating results and financial position could be affected by a decline in production activities.

(4) Increase in tariffs

The Group has production bases in the U.S. and other countries overseas, and when raw materials, parts, etc. are procured from other countries, they are subject to tariffs. Due to the review of trade policies in various countries triggered by the U.S., tariff rates among countries are being raised, while the scope of products subject to tariffs is being rapidly expanded and reviewed. We do not know what will happen in the future. Although we assume that the tariffs to be changed will be passed on to our products' sales

prices, the degree of price pass-on and the timing may affect the Group's operating results and financial position.

(5) New product development capabilities

The Group believes that it can continue to develop attractive new products through aggressive basic and applied research into new technologies, led by the Company's Research and Development Division. However, the process of developing and launching new products to the market is complex and uncertain and entails an array of risks, including the following:

- Risk of not being able to continue to allocate the necessary funds and resources for the development of new products that require a long development period;
- Risk that a new product will be developed through large-scale investment and resource allocation, but they will not be recoverable;
- Risk of declining profitability due to a drop in sales prices caused by intensifying competition; and
- Risk of loss of cost advantage due to loss of novelty of technology in the mid-development stage as a result of development of new technology by competitors or changes in market needs.

The above risks and other factors could reduce the Group's future growth and profitability and affect its operating results and financial position.

(6) Infringement of intellectual property rights

Because the Group's products utilize a wide range of technologies, measures to prevent unauthorized use of intellectual property rights by third parties and to avoid intellectual property infringement cannot be said to be perfect. There is also a possibility that the Group may be required to stop selling products or pay compensation for unintentional infringement of another company's intellectual property rights. In such cases, the Group's operating results and financial position may be affected by disputes and licensing or settlement costs.

(7) Product quality defects

At each production site, the Group manufactures its products in accordance with globally recognized quality control standards. That being said, there is no guarantee that all products will be defect-free and will not be recalled in the future. In addition, although the Group is insured for product liability, there is no guarantee that this insurance will adequately cover the amount of compensation that the Group must ultimately pay. A product defect that leads to a major recall or product liability could result in huge costs and material impact on the Group's reputation, thereby lowering sales and affecting the Group's operating results and financial position.

(8) Legal restrictions, etc.

The Group is subject to various government regulations in the countries where it operates, including business and investment permits, export restrictions due to national security or other reasons, and other import and export regulations, including tariffs. The Group is also subject to laws and regulations related to commerce, antitrust, patents, consumer, taxation, foreign exchange, employment, and environmental and recycling matters.

The Group is continuously striving to practice compliance with such a wide variety of laws and regulations. However, in the unlikely event that we fail to comply with these, the Group may incur tangible and intangible damages, such as increased direct costs, social sanctions, and reputational damage.

(9) Human rights, working environment, etc.

The Group operates both domestically and internationally, and procures raw and other materials from many countries and regions. In these countries and regions, companies are increasingly concerned about how to deal with issues related to human rights and occupational health and safety, and laws and regulations are changing.

If various human rights issues such as child labor, forced labor, discrimination against foreign workers, harassment, etc., or industrial accidents occur in the Group or supply chain and the Group is unable to respond appropriately to them, the Group's production or procurement could be affected, and the Group's social reputation could be damaged. This could affect the Group's operating results and financial position.

(10) Business expansion into overseas markets

In the business expansion of the Group, there is an inherent risk in some regions and countries that the Group's business activities may be restricted by the underdeveloped common social capital (infrastructure) due to cultural differences, differences in legal systems, social and political instability, and other factors, or that the following unforeseen events may arise. If any of these events were to occur, local production could be disrupted.

- Difficulty in securing human resources due to unforeseen changes in laws or regulations, changes in the labor market, etc., outbreaks of labor disputes, and rapid increases in labor costs
- Social disruption due to radical demonstrations, riots, terrorism, or other factors

If the situation were to be prolonged, it could have an even greater impact on the Group's operating results and financial position.

(11) Impact of disasters, etc.

In the event of natural disasters such as earthquakes, typhoons, floods, or other accidents such as fires, power outages, or infectious diseases, the Group's operating results and financial position could be affected by additional costs incurred due to equipment failure or damage at manufacturing sites and the inability to maintain optimal supply chains.

The Company has established a Sustainability Promotion Committee, which manages Group-wide risks, to foresee and prevent the occurrence of applicable events, report on the occurrence of such events, and consider measures to prevent recurrence of such events. In normal times, the Company identifies risks related to corporate activities, establishes a business continuity plan (BCP) and risk management rules, and conducts education and awareness raising campaigns to prevent risk occurrence. In the event that a risk materializes, a countermeasures headquarters is promptly set up, and under its direction, the responsible divisions and related divisions make a concerted effort to respond to the risk. However, despite the implementation of these risk management initiatives, in the event of disruptions in the Group's production and delivery activities caused by a major disaster occurring at a production site, widespread power outages, outbreaks of infectious diseases, damage to the Group's facilities, or the severance of transportation means and routes for products, the Group's operating results and financial position could be affected.

(12) Risks related to information security

The importance of information systems in the Group's business activities has increased significantly, and the Group is taking appropriate security measures, in terms of both hardware and software. However, despite these countermeasures, in the event of a shutdown of mission-critical information systems or leakage of corporate or personal information due to an unforeseen cyber attack or unauthorized access, the Group's operating results and financial position could be affected.

4. Management analysis of financial position, operating results and cash flows

Overview of operating results, etc.

(1) Operating results

During the fiscal year under review, the global economy maintained solid growth despite increasing risks. Meanwhile, geopolitical tensions and continuing concerns about economic recession, as well as policy shifts in many countries around the world, have heightened uncertainty.

In the automotive market, one of the main business fields of the Group, the production volume in Japan was 8,270 thousand units, a decrease of 2.5% from the previous fiscal year. Meanwhile, the comparative results were: 11,868 thousand units, or down 3.9% year-on-year, in North America (U.S. and Canada); 30,950 thousand units, or up 3.6%, in China; and 1,478 thousand units, or down 20.4%, in Thailand (all figures are calculated according to the fiscal year-end of each manufacturing site).

In the data communications market, the Group's other main business field, the global production volume of HDDs advanced year-on-year, resulting in an increase in the total demand for HDD suspensions, our mainstay products.

As a result of the business environment mentioned above, the Group recorded net sales of 801,698 million yen (up 4.5% year-on-year), operating profit of 52,160 million yen (up 50.5%), ordinary profit of 57,960 million yen (up 21.2%), and profit attributable to owners of parent of 48,167 million yen (up 22.9%).

(2) Summary of net sales and operating profit by segment for the fiscal year ended March 31, 2025

Effective from the fiscal year under review, the Company has changed the categories of its reportable segments. The following year-on-year comparisons are comparative analyses based on the figures for the same period of the previous year, which have been reclassified into the new segment categories.

[Automotive Suspension Springs Business]

In the Automotive Suspension Springs Business, net sales were 169,107 million yen (down 1.2% year-on-year) and operating profit was 464 million yen (down 71.0%) due to sluggish demand for automobiles in Thailand, in addition to an increase in one-time costs associated with the launch of new products in Mexico.

The main factors increasing/decreasing operating profit are as follows:

| | |
|----------------------------|------------------|
| Changes in product mix | -5.0 billion yen |
| Material market conditions | +1.3 billion yen |
| Foreign exchange | +0.2 billion yen |
| Streamlining | +4.6 billion yen |
| Fixed costs and others | -2.2 billion yen |

[Automotive Seating Business]

In the Automotive Seating Business, net sales were 303,908 million yen (down 6.2% year-on-year) and operating profit was 11,227 million yen (down 41.3%) due to lower production and changes in product mix in North America and lower production in Thailand.

The main factors increasing/decreasing operating profit are as follows:

| | |
|----------------------------|-------------------|
| Changes in product mix | -12.6 billion yen |
| Material market conditions | +2.3 billion yen |
| Foreign exchange | +0.6 billion yen |
| Streamlining | +4.1 billion yen |
| Fixed costs and others | -2.3 billion yen |

[Precision Springs and Components Business]

Demand for precision springs and components for the automotive sector was favorable supported by strong sales of HEVs (hybrid electric vehicles), despite demand for BEVs (battery electric vehicles) having reached a plateau. With regard to products for the data communications sector, volume of mechanical components for HDDs increased owing to recovery in demand for high-capacity HDDs for data centers. As a result, net sales of the Precision Springs and Components Business were 101,992 million yen (up 7.9% year-on-year) and operating profit was 4,289 million yen (up 549.4%).

The main factors increasing/decreasing operating profit are as follows:

| | |
|----------------------------|------------------|
| Changes in product mix | +2.4 billion yen |
| Material market conditions | +0 billion yen |
| Foreign exchange | +0.1 billion yen |
| Streamlining | +3.1 billion yen |
| Fixed costs and others | -2.0 billion yen |

[DDS Business]

In the DDS Business, net sales were 111,511 million yen (up 65.9% year-on-year) and operating profit was 26,673 million yen (up 313.1%) as a result of a sharp increase in demand for HDD suspensions due to a recovery in demand for high-capacity HDDs for data centers.

The main factors increasing/decreasing operating profit are as follows:

| | |
|----------------------------|-------------------|
| Changes in product mix | +22.1 billion yen |
| Material market conditions | +0 billion yen |
| Foreign exchange | +2.8 billion yen |
| Streamlining | +0.1 billion yen |
| Fixed costs and others | -4.8 billion yen |

[Industrial Machinery and Equipment, and Other Operations Business]

In the Industrial Machinery and Equipment, and Other Operations Business, net sales were 115,179 million yen (up 4.7% year-on-year) and operating profit was 9,505 million yen (up 39.5% year-on-year) mainly due to a recovery in the volume of semiconductor process components helped by the pickup in the semiconductor market.

The main factors increasing/decreasing operating profit are as follows:

| | |
|----------------------------|------------------|
| Changes in product mix | +2.3 billion yen |
| Material market conditions | +0.8 billion yen |
| Foreign exchange | +0.7 billion yen |
| Streamlining | +2.5 billion yen |
| Fixed costs and others | -3.6 billion yen |

(3) Analysis of operating results

(i) Net sales and operating profit

As stated in “(2) Summary of net sales and operating profit by segment for the fiscal year ended March 31, 2025.”

(ii) Non-operating income (losses)

Non-operating income totaled 5,799 million yen, a decrease of 7,362 million yen from the previous fiscal year. This was mainly because of foreign exchange losses due to exchange rate fluctuations.

(iii) Extraordinary income (losses)

Extraordinary income totaled 1,657 million yen, a decrease of 7,354 million yen from the previous fiscal year. This was mainly because while impairment losses shrank, gain on sale of investment securities decreased.

(iv) Income taxes, etc.

The effective income tax rate after application of tax-effect accounting on profit before income taxes was 16.2%, a decrease from 30.0% in the previous fiscal year. In the previous fiscal year, the tax rate increased due to a relative decrease in the impact of tax credits as a result of higher taxable income from the sale of investment securities and impairment losses on non-current assets at overseas locations. In the fiscal year under review, meanwhile, the tax rate decreased due to a relative increase in the impact of tax credits as a result of a decrease in gain on sale of investment securities, as well as a decrease in impairment losses on non-current assets.

(v) Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was 1,788 million yen compared to 564 million yen in the previous fiscal year.

(vi) Profit attributable to owners of parent

Profit attributable to owners of parent was 48,167 million yen, up 22.9% from the previous fiscal year. Basic earnings per share was 224.73 yen, an increase of 51.46 yen from the previous fiscal year.

(4) Financial position

As for total assets at the end of the fiscal year under review, investment securities decreased due to fair market valuation, but exchange rate fluctuations pushed up the yen value of assets of overseas subsidiaries, and property, plant and equipment increased mainly due to an increase in capital expenditures. As a result, total assets increased by 6,050 million yen from the end of the previous fiscal year to 696,340 million yen.

Liabilities increased 3,453 million yen from the end of the previous fiscal year to 273,168 million yen due to an increase in interest-bearing debt, despite a decrease in deferred tax liabilities stemming from a decline in the market value of investment securities and a decrease in income taxes payable resulting from lower taxable income compared to the previous fiscal year.

Net assets increased 2,597 million yen from the end of the previous fiscal year to 423,172 million yen due to an increase in retained earnings from profit attributable to owners of parent despite a decrease caused by purchase of treasury shares.

(5) Cash flows

Cash and cash equivalents at the end of the fiscal year under review decreased 12.1% from a year earlier to 81,805 million yen.

Net cash provided by operating activities amounted to 55,713 million yen (down 16.5% year-on-year). This was mainly due to profit before income taxes, depreciation, and income taxes paid.

Net cash used in investing activities totaled 47,784 million yen (up 361.7% year-on-year). This was mainly due to purchase of property, plant and equipment.

Net cash used in financing activities totaled 23,625 million yen (up 12.5% year-on-year). This was mainly due to purchase of treasury shares, dividend paid, repayments of long-term borrowings, and redemption of commercial papers, despite proceeds from long-term borrowings and proceeds from issuance of commercial papers.

Results of production, orders and sales

(6) Production

Production results of the Group are similar to sales results, so the information is omitted.

(7) Orders received

Results of orders received of the Group are similar to sales results, so the information is omitted.

(8) Sales

For sales results of the Group, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers.”

Analysis of financial position, operating results and cash flows

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2025).

(9) Major accounting policies and estimates

The consolidated financial statements of the Group are prepared based on the accounting standards recognized as fair and appropriate in Japan. The preparation of these consolidated financial statements requires the establishment of estimates and assumptions that affect the reported amounts of assets and liabilities at year-end and the reported amounts of revenues and expenses during the reporting period. The Group believes that the following major accounting policies have a significant impact on the critical judgments and estimates used in the preparation of the Group’s consolidated financial statements.

For the assumptions used in the significant accounting estimates as of the end of the fiscal year under review that we consider to be at risk of having a particularly significant effect on the consolidated financial statements in the following fiscal year and thereafter, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Significant accounting estimates).”

(i) Standards for recognition of significant revenues and expenses

For the standards for recognition of significant revenues and expenses in the Group, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Significant matters that serve as the basis for preparation of consolidated financial statements), (4) Accounting policies, (e) Standards for recognition of significant revenues and expenses.”

(ii) Allowance for doubtful accounts

To prepare for credit losses on receivables, the Group records an estimated uncollectable amount at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual restructuring plans and other considerations of collectability for specific receivables such as highly doubtful receivables.

(iii) Impairment of non-current assets

For non-current assets owned by the Group, we assess by asset or asset group whether there is any indication that the asset may be impaired, based on internal corporate information such as profit and loss reports and management plans, as well as information on factors external to the Group such as the business environment and market prices. If we determine through this assessment that an impairment loss should be recognized, the carrying amount of the asset is written down to its recoverable amount.

The recoverable amount is the salable value based on real estate appraisal results or the discounted present value of future cash flows based on future management plans. Fluctuations in market value,

deviations from management plans, and fluctuations in discount rates caused by changes in the economic environment and other factors may affect the calculation of the impairment amount.

Regarding the impact of increasing raw material costs, labor costs, and resource and energy prices, etc., we expect to recover costs thereof from customers based on information available at the end of the fiscal year under review as well as assume that the impact will continue for a certain period of time from the following fiscal year onwards. If a large difference arises against these assumptions due to subsequent adjustments in the operation of customers or other factors, it may affect the future impairment of non-current assets.

(iv) Impairment of investment

For impairment of investment, if the market value has declined by 50% or more of the acquisition cost, the Group impairs the investment, except in cases where the market value is likely to recover; if the market value has declined by 30% or more but no more than 50%, the Group determines whether the market value is likely to recover and impairs the investment if it is determined that there is no possibility of recovery.

In determining recoverability, the Group takes into consideration the length of time and extent of decline below book value and the financial condition and future prospects of the company in question, but changes in the market or economic environment may affect the value of the investment.

(v) Deferred tax assets

The Group calculates deferred tax assets by multiplying deductible temporary differences at the end of the fiscal year by the effective statutory tax rate applicable from the following fiscal year. However, future changes in the effective statutory tax rate by the tax authorities may increase or decrease deferred tax assets, which may increase or decrease profits.

The Group records a valuation allowance to reduce its deferred tax assets to the amount more likely than not to be realized. In assessing the need for a valuation allowance, we consider the schedule for reversing deductible temporary differences, taxable income based on future management plans, and prudent and feasible ongoing tax planning. However, if, due to changes in the business environment or management plan, it is determined that all or a portion of the deferred tax assets cannot be realized in the future, an adjustment to the deferred tax assets will be recorded as expenses in the period in which such determination is made. Similarly, if we determine that we will be able to realize deferred tax assets in the future in excess of the net amount recorded, an adjustment to deferred tax assets will increase profits in the period in which such determination is made.

(vi) Retirement benefit expenses

The Group's retirement benefit expenses and obligations vary depending on the assumptions used in their calculation. These assumptions include factors such as discount rate, accrued benefits, interest cost, expected rate of return on plan assets, and mortality.

The discount rate is set based on the yield of low-risk bonds such as government bonds, while the expected rate of return on plan assets is set based on the long-term rate of return on plan assets such as corporate pension funds.

The difference between these assumptions and actual results and the effect of changes in the market value of plan assets are recognized immediately through the consolidated statement of comprehensive income. Although the Group believes that the assumptions used are reasonable, differences from actual results or changes in the assumptions themselves could affect retirement benefit expenses and retirement benefit asset and liability.

(10) Analysis of operating results for the fiscal year ended March 31, 2025

As described in "4. Management analysis of financial position, operating results and cash flows, Overview of operating results, etc."

(11) Analysis of capital resources and liquidity of funds

(i) Cash flows

As described in “4. Management analysis of financial position, operating results and cash flows, Overview of operating results, etc.”

(ii) Basic approach to financial strategy

The Group’s financial strategy is based on the timely and appropriate allocation of management resources to enhance corporate value. We believe it is important to implement a flexible capital policy that responds to changes in the business environment, to make shareholder returns with an awareness of the cost of capital, and to achieve a capital structure that balances efficiency and safety.

The Group’s equity-to-asset ratio is over 50%, indicating the financial health and soundness of the Group. The Group has obtained a “Single A Flat” credit rating (rating by Rating and Investment Information, Inc. (R&I)). Aiming to maintain the equity-to-asset ratio at 50% or more, we will continue to maintain and improve our credit ratings and further enhance resilience against risks.

In addition, the 2026 Mid-term Plan ending in FY2026 sets financial index targets of ROE of 10% or more and ROIC of 7% or more. The results for FY2024 were ROE of 11.9% and ROIC of 8.3%. We will continue to promote investments to realize sustainable growth with full awareness of the cost of capital and return on capital.

Regarding shareholder returns, we recognize that the distribution 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, payout ratio, and other factors, with a target payout ratio of 30% or more.

The Board of Directors approved a resolution in December 2024 to repurchase up to either 13,000 thousand treasury shares or 26,000 million yen worth of treasury shares. The Company completed the repurchase in April 2025 and acquired 13,000 thousand shares in total with a total value of 23,607 million yen. The Company held 26,944 thousand treasury shares at the end of the fiscal year under review, whereas the number of treasury shares held by the Company upon completion of the repurchase was 28,294 thousand.

The Company’s policy is to hold treasury shares up to a maximum of approximately 5% of the total number of issued shares, and in principle cancel any treasury shares held in excess of this limit. Accordingly, the Company cancelled 13,000 thousand shares (5.33% of the total number of issued shares before cancellation) on March 31, 2025. The timing of future cancellation will be determined based on comprehensive consideration of the financial position, business environment, etc.

(iii) Approach to fundraising

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

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

The interest-bearing debt at the end of the fiscal year under review grew 24,403 million yen from a year earlier to 71,817 million yen.

Moreover, the Group improves the efficiency of funding by providing intra-Group loans. Some overseas affiliated companies procure funds from local financial institutions. In such cases, the Company may provide guarantees for the borrowings of its affiliates.

Although the outlook remains uncertain due to rising costs associated with inflation, sharp exchange rate fluctuations, trade policy reviews in various countries triggered by the U.S., and other factors, the Company has a system in place, in preparation for the risk of a downturn in operating cash flow, to secure liquidity on hand through overdraft facilities, the sale of cross-shareholdings, and other means. We will continue our efforts to secure financing in case of emergencies.

5. Material contracts, etc.

Technology acceptance contract

| Name of contracting company | Name of the counterparty | Country | Contracted item | Contract details | Contract period |
|-----------------------------|-----------------------------------|-------------|-----------------|--|---|
| NHK Precision Co., Ltd. | Acument Global Technologies, B.V. | Netherlands | Torx punch | Licensing of patents and manufacturing technology (Note) | From April 23, 2017 To April 22, 2026 |
| Sumihatsu Co., Ltd. | Pandrol UK Ltd. | U.K. | Pandrol e-Clip | OEM contract (Note) | From March 23, 2018 To March 22, 2028 |
| Topura Co., Ltd. | EJOT | Germany | FDS | Licensing of patents and product rights (Note) | From October 1, 2024 To September 30, 2028 |

Note: A certain percentage of sales is paid as royalties.

6. Research and development activities

The Group is actively engaged in R&D activities ranging from R&D of basic technologies for generating breakthrough solutions to development of new products for proposal and that of production technologies. Moreover, with the recent electrification of automobiles and motorcycles, the Electrification Business Promotion Department, which has a marketing function, has been promoting the development of new products and new businesses in order to promptly reflect market trends and customer needs in our R&D activities. We have recently received inquiries from several customers for new electrification-related products, and are promoting development and new business studies.

As a measure against climate change, which has become a global issue, we are working to reduce CO₂ emissions to 50% of the FY2013 level by 2030 and to achieve virtually zero CO₂ emissions by 2039, in accordance with the NHK Spring Group's Environmental Challenges. We have launched activities such as electrification, energy replacement, and energy saving, and are striving to achieve virtually zero CO₂ emissions through the manufacture of each product and the technological development of each product.

Currently, R&D is being conducted by 1,112 staff members, or 6.2% of the total number of Group employees, in the R&D Division, the Engineering Division, the Electrification Business Promotion Department at the Head Office, the development, technology, and design departments of each production division, and the development departments of each subsidiary and associate.

Total R&D expenses in the fiscal year under review amounted to 22,740 million yen, or 2.8% of the Group's total sales.

R&D activities by business segment in the fiscal year under review are as follows: The above R&D expenses include 2,837 million yen for basic R&D of materials technology, processing technology, joining technology, analytical technology, analysis technology, etc. common to each business division, which are conducted by the R&D Division, Engineering Division and Electrification Business Promotion Department at the Head Office.

(1) Automotive Suspension Springs Business

In the Automotive Suspension Springs Business, we are promoting the development of products with high quality and added value as a response to the electrification by OEMs. We are also implementing plans towards carbon neutrality, an environmental issue, and reducing CO₂ emissions.

As for products for automotive suspension springs, we are developing new technologies and products according to the plan, focusing on coil springs, stabilizers, and leaf springs, which are our mainstay products, in order to accommodate the needs of BEV (battery electric vehicle) manufacturers for: weight reduction, which contributes to the improvement of electric power consumption performance of vehicles; the downsizing of parts, which also contributes to the improvement of aerodynamic performance; and weight reduction due to increased vehicle weight.

Our highly durable, lightweight, and compact metal bellows accumulators have conventionally been used for braking systems, but we are now responding to the needs of our overseas customers for suspension applications.

In response to global environmental preservation, we are working, based on the NHK Spring Group's Environmental Challenges to build a decarbonized society through the reduction of CO₂ emissions, to improve energy efficiency in our manufacturing processes and to use renewable energy sources, etc. toward the realization of a 50% reduction in CO₂ emissions in 2030 (compared to 2013) and virtually zero emissions in 2039.

In addition, research is underway to utilize DX to improve efficiencies at various stages of product design, development, evaluation, and production.

R&D expenses related to this business segment amounted to 4,654 million yen in the fiscal year ended March 31, 2025.

(2) Automotive Seating Business

Development activities in the Automotive Seating Business are aimed at two major objectives: "weight reduction, automated driving, power saving and comfortable ride performance" and "environmentally conscious products."

As an effort to reduce weight, we have developed a lightweight frame using a 1,500MPa class high-strength material that enables further reduction of sheet thickness, following a seat frame using a 1,200MPa class ultra-high tensile strength steel sheet that is already in mass production. We will continue to develop items aimed at weight reduction and thinning of the entire seat, including springs and urethane. With regard to items for automated driving, we are working on developing ones that reduce car sickness while driving, as well as additional functions and items for seats, in order to respond to changing needs for seats (enabling viewing of smartphones and various displays, freeing the driver from driving). As EV (electric vehicle) compatible items, we are developing air conditioners and heated seats that can efficiently warm passengers and seat heaters using new power-saving materials, in order to contribute to improvement of vehicle electricity efficiency.

Regarding development for environmental considerations, we are developing materials that utilize biomass raw materials and recycled materials, and seats with higher recycling rates, with a view to contributing to carbon neutrality.

We will continue advanced development, while responding to changes in the industry, aiming for differentiation, and catering to the demands of each car manufacturer.

R&D expenses related to this business segment amounted to 6,697 million yen in the fiscal year ended March 31, 2025.

(3) Precision Springs and Components Business

In the area of Precision Springs and Components Business, we are focusing on the development of electrification products to keep pace with the changing landscape of the automotive industry. In the area of motor-related products, we are developing a proprietary manufacturing method for motor cores for high-efficiency motors, which are required for the shift to smaller, higher-rpm motors, and are on track for commercialization. In the area of inverter-related products, we have commercialized a taper leaf spring for power module cooling utilizing conventional spring technology. In addition, to address the issues of electrical efficiency, heat management, and vibration that have been raised as challenges associated with electrification, we are developing springs that transmit electricity and heat with high efficiency as well as springs for vibration isolation. For conventional products such as wire springs and disc springs, we have built an automatic analysis system to ensure optimal design and improved reliability. With regard to HDD mechanical components, we are developing materials and products for next-generation HDDs.

R&D expenses related to this business segment amounted to 3,897 million yen in the fiscal year ended March 31, 2025.

(4) DDS Business

As for HDD-related products, we have started mass production of CLA/TSA suspensions for HDDs with 10-11 disks and 24-26 TB capacity. We are also supplying TSA suspensions for heat assisted magnetic recording, and are continuing to reduce costs and improve quality through yield improvement, etc. Future high-capacity HDDs, with or without assisted recording, are expected to increase the recording density per disk mainly by increasing the data track density, requiring improved positioning accuracy of the magnetic head. Therefore, the suspension is required to have higher performance resonance characteristics. We are working to optimize the suspension design for the next and subsequent models.

R&D expenses related to this business segment amounted to 2,006 million yen in the fiscal year ended March 31, 2025.

(5) Industrial Machinery and Equipment, and Other Operations Business

As semiconductors continue to become increasingly multilayered and miniaturized, we are working to develop semiconductor process parts that respond to the diversification and higher precision of functions and characteristics required to achieve this.

With the diversification of semiconductor manufacturing processes, we are also engaged in the prototyping and development of products made of metals and alloys that are generally regarded as difficult-to-machine materials with excellent heat and corrosion resistance. In addition to our core joining technology, we are working to improve the precision and efficiency of processing of these difficult-to-machine materials. In addition, we continue to develop and produce high value-added

products by applying ceramic thermal spray coating, which has excellent insulation and plasma resistance, to metal base materials.

As for the upper parts of semiconductor manufacturing equipment using solid state diffusion bonding technology, we provide ultra-high purity products that minimize the risk of contamination to the extreme.

In recent years, the demand for IMS (Integrated Metal Substrate) for EV/HEV and industrial applications has been growing supported by the booming power semiconductor market, and the demand for products with not only high quality and high reliability, but also high purity has been on the rise. As semiconductors are mounted more densely and devices have larger capacities, there is a growing need for IMSs with better heat dissipation and noise resistance, and we are continuously promoting the development of material with excellent heat dissipation and insulation properties to cater to this need. The developed insulating material has high heat dissipation, excellent heat resistance and durability, and is intended to replace ceramics.

At the same time, we are focusing on the development of processing technologies such as thick copper etching, special metal processing, and thorough automation to build high-quality, highly productive production lines and expand production capacity to meet future growth in demand.

In the golf shaft area, we are developing products for all levels of customers by utilizing thickness adjustment, heat treatment and analysis technologies. Among these technologies, in order to improve analysis technology, we introduced in FY2024 a new ballistic measuring device. This has made us possible to measure the movement near the head and shaft, and to acquire various supporting data for developed products by analyzing the behavior of the shaft from multiple angles.

R&D expenses related to this business segment amounted to 2,647 million yen in the fiscal year ended March 31, 2025.

III. Information About Facilities

1. Overview of Capital Expenditures

During the fiscal year ended March 31, 2025, the Group made capital expenditures amounting to 40,252 million yen for the purposes of developing and receiving orders for new products, improving the productivity and quality of existing products and enhancing the Group's production capability. The capital expenditures reported herein include investments in tangible as well as intangible assets.

Please find below capital expenditures by the segment.

(1) Automotive Suspension Springs Business

In this segment, the Group made capital expenditures totaling 6,324 million yen mainly aimed at receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's and NHK Spring Mexico's production facilities for automotive suspension springs.

None of the segment's key facilities was retired or sold.

(2) Automotive Seating Business

In this segment, the Group made capital expenditures totaling 6,472 million yen mainly aimed at receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's and NHK Seating of America's production facilities for vehicle seating.

None of the segment's key facilities was retired or sold.

(3) Precision Springs and Components Business

In this segment, the Group made capital expenditures totaling 7,937 million yen mainly aimed at developing and receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's, NHK Spring Mexico's, and NHK Spring (Thailand)'s production facilities for precision springs and components.

None of the segment's key facilities was retired or sold.

(4) DDS Business

In this segment, the Group made capital expenditures totaling 4,307 million yen mainly aimed at developing and receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's and NHK Spring (Thailand)'s production facilities for HDD suspensions.

None of the segment's key facilities was retired or sold.

(5) Industrial Machinery and Equipment, and Other Operations Business

In this segment, the Group made capital expenditures totaling 12,691 million yen mainly aimed at developing and receiving orders for new products, improving the productivity and quality of existing products and enhancing production capability. Major facilities concerned were NHK Manufacturing (Malaysia)'s plant and the Company's production facilities for integrated metal substrates.

None of the segment's key facilities was retired or sold.

(6) All segments

The Group made capital expenditures totaling 2,518 million yen for facilities that are used by its all segments.

None of the segment's key facilities was retired or sold.

2. Major Facilities

(1) Reporting Company

(As of March 31, 2025)

| Name of office (Location) | Name of segment | Type of facility | Carrying amount (Millions of yen) | | | | Number of employees (Persons) | |
|---|---|--|-----------------------------------|---|---|-------|--|-------|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Other | | Total |
| Yokohama Plant (Kanazawa-ku, Yokohama) | Automotive Suspension Springs Business | Production facilities for leaf and coil springs | 398 | 2,436 | Included under the head office | 342 | 3,177 | 510 |
| Shiga Plant (Koka-shi, Shiga) | Automotive Suspension Springs Business | Production facilities for coil springs, stabilizer bars, torsion bars, etc. | 776 | 1,676 | 1,508 [113] | 1,744 | 5,707 | 278 |
| Gunma Plant (Ota-shi, Gunma) | Automotive Seating Business | Production facilities for automotive seats | 2,566 | 1,423 | 965 [63] | 1,078 | 6,035 | 533 |
| Yokohama Plant (Kanazawa-ku, Yokohama) | Automotive Seating Business | Production facilities for automotive seats | 816 | 484 | Included under the head office | 687 | 1,988 | 560 |
| Toyota Plant (Toyota-shi, Aichi) | Automotive Seating Business | Production facilities for automotive seats | 1,547 | 1,395 | 166 [56] | 1,314 | 4,423 | 347 |
| Atsugi Plant (Aikawa-machi, Aiko- gun, Kanagawa) | Precision Springs and Components Business | Production facilities for HDD mechanical components, motor cores, precision springs and components, and dies | 6,418 | 3,188 | 1,755 [49] | 2,585 | 13,947 | 551 |
| Ina Plant (Miyada-mura, Kamiina-gun, Nagano) | Precision Springs and Components Business | Production facilities for precision springs and components | 1,497 | 828 | 331 [34] | 301 | 2,959 | 436 |
| Komagane Plant (Komagane-shi, Nagano) | DDS Business | Production facilities for HDD suspensions | 1,118 | 2,485 | 1,266 [102] | 1,525 | 6,394 | 487 |
| Isehara Plants No.1 and No.2 (Isehara-shi, Kanagawa) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for semiconductor process components, ceramic products, piping support equipment, industrial-use spring mechanisms, and security products | 786 | 754 | 803 [8] | 347 | 2,691 | 354 |
| Miyada Plant (Miyada-mura, Kamiina-gun, Nagano) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for semiconductor process components | 5,087 | 1,599 | 562 [24] | 1,492 | 8,741 | 175 |

| Name of office (Location) | Name of segment | Type of facility | Carrying amount (Millions of yen) | | | | | Number of employees (Persons) |
|---|---|--|-----------------------------------|---|---|-------|--------|--|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Other | Total | |
| Yasu Plant (Yasu-shi, Shiga) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for parking equipment | 259 | 313 | 1,508 [59] | 68 | 2,150 | 67 |
| Komagane Plant (Komagane-shi, Nagano) | Industrial Machinery and Equipment, and Other Operations Business | Product facilities for integrated metal substrates | 1,377 | 1,847 | Included under the Komagane Plant (DDS component s) | 2,425 | 5,650 | 192 |
| Head office (Kanazawa-ku, Yokohama) | All segments | — | 4,991 | 1,944 | 2,535 [123] | 673 | 10,144 | 543 |

(2) Domestic subsidiaries

(As of March 31, 2025)

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount (Millions of yen) | | | | | | Number of employees (Persons) |
|---------------------------------------|---|---|--|-----------------------------------|--|------------------------------------|------------------|-------|-------|-------------------------------------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Leased assets | Other | Total | |
| NHK SALES CO., LTD. (Nippan) | Head office (Minato-ku, Tokyo) | Industrial Machinery and Equipment, and Other Operations Business | — | 37 | 0 | — [-] | — | 42 | 79 | 118 |
| YOKOHA MA KIKO CO., LTD. | Head office and Fukuura Plant (Kanazawa- ku, Yokohama) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for lighting fixtures | 207 | 34 | 1,288 [23] | — | 79 | 1,609 | 65 |
| NHK Precision Co., Ltd. | Head office and Isehara Plant (Isehara-shi, Kanagawa) | Precision Springs and Components Business | Production facilities for information- related equipment parts and automotive parts | 55 | 63 | — [-] | — | 5 | 123 | 45 |
| | Yokote Plant (Yokote-shi, Akita) | Precision Springs and Components Business | Production facilities for information- related equipment parts and automotive parts | 398 | 406 | 165 [64] | — | 182 | 1,153 | 168 |

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount (Millions of yen) | | | | | | Number of employees (Persons) |
|----------------------------|---|---|--|-----------------------------------|-----------------------------------|------------------------------|---------------|-------|-------|-------------------------------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Leased assets | Other | Total | |
| NHK TRANSPORT CO., LTD. | Chubu Distribution Center (Toyota-shi, Aichi) | Industrial Machinery and Equipment, and Other Operations Business | Distribution center | 408 | 7 | - [-] | 1 | 18 | 436 | 30 |
| | Toyota Distribution Center (Toyota-shi, Aichi) | Industrial Machinery and Equipment, and Other Operations Business | Distribution center | 241 | 3 | 313 [3] | 11 | 9 | 579 | 47 |
| | Kikugawa Distribution Center (Kikugawa-shi, Shizuoka) | Industrial Machinery and Equipment, and Other Operations Business | Distribution center | 566 | 5 | 352 [22] | - | 12 | 936 | 15 |
| NIPPATSU SERVICE Co., Ltd. | Yokohama Nishiguchi Office (Kanagawa-ku, Yokohama) | Industrial Machinery and Equipment, and Other Operations Business | - | 74 | 8 | 22 [0] | - | 9 | 116 | 33 |
| NIPPON SHAFT CO., LTD. | Komagane Plant (Komagane-shi, Nagano) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for golf shafts | 694 | 757 | 239 [26] | - | 76 | 1,768 | 149 |
| Sumihatsu Co., Ltd. | Head office and Tsukuba Plant (Sakuragawa-shi, Ibaraki) | Automotive Suspension Springs Business | Production facilities for leaf springs | 541 | 815 | 604 [153] | 3 | 137 | 2,103 | 434 |
| ITES CO., LTD. | Head office and Totsuka Office (Totsuka-ku, Yokohama) | Automotive Seating Business | Production facilities for automotive seats | 80 | 192 | - [-] | 2 | 69 | 343 | 62 |
| HORIKIRI, INC. | Head office and Yachiyo Plant (Yachiyo-shi, Chiba) | Automotive Suspension Springs Business | Production facilities for leaf springs | 1,105 | 1,493 | 336 [17] | - | 139 | 3,075 | 152 |
| NHK FLEX Co., Ltd. | Head factory (Ina-shi, Nagano) | Precision Springs and Components Business | Production facilities for cables | 13 | 167 | - [-] | - | 125 | 306 | 253 |
| Tokuhatsu Co., Ltd. | Head office and Itami Plant (Itami-shi, Hyogo) | Precision Springs and Components Business | Production facilities for precision springs and components | 474 | 201 | 71 [14] | - | 83 | 830 | 152 |
| | Sanda Plant (Sanda-shi, Hyogo) | Precision Springs and Components Business | Production facilities for precision springs and components | 524 | 311 | 340 [13] | - | 31 | 1,207 | 20 |

(As of March 31, 2025)

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount (Millions of yen) | | | | | | Number of employees (Persons) |
|----------------------------------|---|--|---|-----------------------------------|-----------------------------------|------------------------------|---------------|-------|-------|-------------------------------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Leased assets | Other | Total | |
| TOHOKU NIPPATSU CO., LTD. | Head factory (Kitakami-shi, Iwate) | Automotive Suspension Springs Business/Automotive Seating Business | Production facilities for coil springs and automotive seats | 396 | 194 | 104 [10] | — | 89 | 784 | 172 |
| | Oshu Plant (Oshu-shi, Iwate) | Automotive Seating Business | Production facilities for automotive seats | 100 | 10 | 116 [22] | — | 1 | 229 | 24 |
| FAURECIA-NHK KYUSHU CO., LTD. | Head factory (Kanda-machi, Miyako-gun, Fukuoka) | Automotive Seating Business | Production facilities for automotive seats | 274 | 129 | 444 [26] | 8 | 23 | 879 | 132 |
| NHK MEC Corporation | Komagane Plant (Komagane-shi, Nagano) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for boat components | 449 | 113 | 237 [15] | 7 | 199 | 1,007 | 133 |
| | Head office (Kohoku-ku, Yokohama) | Industrial Machinery and Equipment, and Other Operations Business | Production facilities for boat components | 38 | 7 | 1,587 [0] | 7 | 44 | 1,685 | 71 |
| NHK Spring Production Company | Head factory (Isehara-shi, Kanagawa) | Automotive Suspension Springs Business | Production facilities for stabilizer bars | 371 | 545 | 1,012 [31] | — | 47 | 1,978 | 146 |
| Topura Co., Ltd. | Head office and Hadano Plant (Hadano-shi, Kanagawa) | Precision Springs and Components Business | Production facilities for fasteners (screws) | 574 | 378 | 1,521 [47] | 125 | 54 | 2,655 | 295 |
| | Osaka Plant (Katano-shi, Osaka) | Precision Springs and Components Business | Production facilities for fasteners (screws) | 85 | 259 | 318 [8] | 1 | 32 | 697 | 104 |
| | Tokai Plant (Omaezaki-shi, Shizuoka) | Precision Springs and Components Business | Production facilities for fasteners (screws) | 392 | 353 | 377 [56] | 3 | 16 | 1,142 | 122 |
| NHK SPRING KYUSHU CO., LTD. | Head factory (Kanda-machi, Miyako-gun, Fukuoka) | Automotive Suspension Springs Business | Production facilities for coil springs and stabilizer bars | 1,019 | 294 | 329 [40] | — | 230 | 1,873 | 50 |
| NHK SEATING MIZUSHI MA Co., Ltd. | Head factory (Kurashiki-shi, Okayama) | Automotive Seating Business | Production facilities for automotive seats | 9 | 66 | — [-] | — | 42 | 117 | 247 |

(3) Overseas subsidiaries

(As of December 31, 2024)

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount | | | | | Number of employees (Persons) | |
|--|---|---|--|-------------------------------|-----------------------------------|------------------------------------|---------------|-------------------------------|--------------------------------|-------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m ²) | Leased assets | Other | | Total |
| NHK Spring (Thailand) Co., Ltd. | Wellgrow Plant (Bangpakong, Chachoengsao, Thailand) | Automotive Suspension Springs Business | Production facilities for automotive suspension springs | 105 (Millions of baht) | 315 (Millions of baht) | 518 (Millions of baht) [159] | – | 148 (Millions of baht) | 1,086 (Millions of baht) | 481 |
| | | Precision Springs and Components Business | Production facilities for precision springs and components | 157 (Millions of baht) | 320 (Millions of baht) | Included under the above | – | 65 (Millions of baht) | 543 (Millions of baht) | 470 |
| | | DDS Business | Production facilities for HDD suspensions | 140 (Millions of baht) | 1,333 (Millions of baht) | Included under the above | – | 296 (Millions of baht) | 1,770 (Millions of baht) | 814 |
| | Bangpoo Plant (Muang Samutprakarn, Samut Prakarn, Thailand) | Automotive Seating Business | Production facilities for automotive seats | 49 (Millions of baht) | 198 (Millions of baht) | 90 (Millions of baht) [69] | – | 111 (Millions of baht) | 448 (Millions of baht) | 862 |
| | Banpho Plant (Ban Pho, Chachoengsao, Thailand) | Automotive Seating Business | Production facilities for automotive seats | 58 (Millions of baht) | 5 (Millions of baht) | 355 (Millions of baht) [189] | – | 34 (Millions of baht) | 452 (Millions of baht) | 305 |
| | Hemaraj Plant (Pluakdaeng, Rayong, Thailand) | Automotive Seating Business | Production facilities for automotive seats | 68 (Millions of baht) | 38 (Millions of baht) | 202 (Millions of baht) [142] | – | 75 (Millions of baht) | 383 (Millions of baht) | 158 |
| NHK Precision (Thailand) Co., Ltd. | Muang Samutprakarn, Thailand | Precision Springs and Components Business | Production facilities for precision springs and components | 56 (Millions of baht) | 57 (Millions of baht) | 72 (Millions of baht) [18] | – | 33 (Millions of baht) | 220 (Millions of baht) | 144 |
| NAT Peripheral (Dongguan) Co., Ltd. | Chang'an, Dongguan, Guangdong, China | DDS Business | Production facilities for HDD suspensions | – (Thousands of HK\$) | 119,495 (Thousands of HK\$) | – [–] | – | 18,785 (Thousands of HK\$) | 138,281 (Thousands of HK\$) | 985 |
| NHK-Uni Spring (Guangzhou) Co., Ltd. | Guangzhou Economic and Technological Development Zone, Guangzhou, China | Automotive Suspension Springs Business | Production facilities for automotive suspension springs | 24,299 (Thousands of yuan) | 40,378 (Thousands of yuan) | – [–] | – | 5,530 (Thousands of yuan) | 70,208 (Thousands of yuan) | 403 |
| NHK Spring Precision (Guangzhou) Co., Ltd. | Guangzhou Economic and Technological Development Zone, Guangzhou, China | Precision Springs and Components Business | Production facilities for precision springs and components | 9,463 (Thousands of yuan) | 88,686 (Thousands of yuan) | – [–] | – | 17,274 (Thousands of yuan) | 115,425 (Thousands of yuan) | 291 |
| NHK Seating (Hubei) Co., Ltd. | Xiangyang Gaoxin District, Xiangyang, Hubei, China | Automotive Seating Business | Production facilities for automotive seats | – (Thousands of yuan) | – (Thousands of yuan) | – [–] | – | 95 (Thousands of yuan) | 95 (Thousands of yuan) | 90 |

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount | | | | | | Number of employees (Persons) |
|--|-------------------------------------|---|---|---|---|--|---------------|---|---|-------------------------------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m2) | Leased assets | Other | Total | |
| NHK Manufacturing (Malaysia) SDN. BHD. | Seremban, Negeri Sembilan, Malaysia | Industrial Machinery and Equipment, and Other Operations Business | Product facilities for integrated metal substrates | 4,857 (Thousands of Malaysian ringgit) | 5,931 (Thousands of Malaysian ringgit) | 2,410 (Thousands of Malaysian ringgit) [22] | – | 132,289 (Thousands of Malaysian ringgit) | 145,488 (Thousands of Malaysian ringgit) | 402 |
| Topura America Fastener, Inc. | Bowling Green, Kentucky, U.S. | Precision Springs and Components Business | Production facilities for fasteners (screws) | 4,247 (Thousands of US\$) | 2,813 (Thousands of US\$) | 212 (Thousands of US\$) [161] | – | 427 (Thousands of US\$) | 7,701 (Thousands of US\$) | 92 |
| NHK Spring Mexico, S.A. DE. C.V. | Irapuato, Guanajuato, Mexico | Automotive Suspension Springs Business/ Precision Springs and Components Business | Production facilities for automotive suspension springs, precision springs and components | 71,250 (Thousands of Mexican peso) | 332,775 (Thousands of Mexican peso) | 185,303 (Thousands of Mexican peso) [99] | – | 332,828 (Thousands of Mexican peso) | 922,157 (Thousands of Mexican peso) | 458 |

(As of March 31, 2025)

| Name of company | Name of office (Location) | Name of segment | Type of facility | Carrying amount | | | | | | Number of employees (Persons) |
|--|--|--|---|---|-------------------------------------|--|---------------|---------------------------------------|---|-------------------------------|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (1,000 m2) | Leased assets | Other | Total | |
| NHK International Corporation | Novi, Michigan, U.S. | Automotive Suspension Springs Business | – | 3,511 (Thousands of US\$) | 1,041 (Thousands of US\$) | 435 (Thousands of US\$) [16] | – | 50 (Thousands of US\$) | 5,039 (Thousands of US\$) | 106 |
| New Mather Metals, Inc. | Franklin, Kentucky, U.S. | Automotive Suspension Springs Business | Production facilities for stabilizer bars | 6,983 (Thousands of US\$) | 24,453 (Thousands of US\$) | 418 (Thousands of US\$) [118] | – | 2,278 (Thousands of US\$) | 34,135 (Thousands of US\$) | 399 |
| NHK of America Suspension Components, Inc. | Bowling Green, Kentucky, U.S. | Automotive Suspension Springs Business/Precision Springs and Components Business | Production facilities for coil springs and those for precision springs and components | 8,224 (Thousands of US\$) | 24,340 (Thousands of US\$) | 360 (Thousands of US\$) [176] | – | 3,712 (Thousands of US\$) | 36,637 (Thousands of US\$) | 309 |
| NHK Seating of America, Inc. | Frankfort, Indiana, U.S. | Automotive Seating Business | Production facilities for automotive seats | 29,333 (Thousands of US\$) | 21,129 (Thousands of US\$) | 1,803 (Thousands of US\$) [282] | – | 25,210 (Thousands of US\$) | 77,477 (Thousands of US\$) | 822 |
| NHK Spring Precision of America, Inc. | Louisville, Kentucky, U.S. | Precision Springs and Components Business | Production facilities for precision springs and components | 3,682 (Thousands of US\$) | 2,696 (Thousands of US\$) | 1,120 (Thousands of US\$) [69] | – | 372 (Thousands of US\$) | 7,872 (Thousands of US\$) | 128 |
| NHK Spring India Ltd. | Manesar Plant (Manesar, Haryana, India) | Automotive Suspension Springs Business | Production facilities for coil springs and stabilizer bars | 164 (Millions of Indian rupee) | 298 (Millions of Indian rupee) | 158 (Millions of Indian rupee) [37] | – | 5 (Millions of Indian rupee) | 628 (Millions of Indian rupee) | 215 |
| | Sricity Plant (Sricity, Andhra Pradesh, India) | Automotive Suspension Springs Business/Automotive Seating Business | Production facilities for coil springs and automotive seats | 268 (Millions of Indian rupee) | 304 (Millions of Indian rupee) | – [70] | – | 6 (Millions of Indian rupee) | 580 (Millions of Indian rupee) | 43 |
| NHK Spring Hungary KFT. | Tata, Komárom-Esztergom, Hungary | Automotive Suspension Springs Business | Production facilities for coil springs and stabilizer bars | 5,702 (Millions of Hungarian forint) | – (Millions of Hungarian forint) | 967 (Millions of Hungarian forint) [191] | – | 147 (Millions of Hungarian forint) | 6,817 (Millions of Hungarian forint) | 207 |

- Notes: 1 The “Other” is a sum of the carrying amount of tools, furniture and fixtures and the amount of construction in progress.
2 There are no major facilities that are currently idle.

3. Planned Addition, Retirement, and Other Changes of Facilities

(1) Addition or Other Change of Key Facilities

Since the Group has a wide range of business projects in and outside Japan, the Company discloses planned facility additions and enhancements by the segment in terms of the amount.

The Group plans to make capital expenditures amounting to 54,001 million yen for the next fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026). Please find below the plans by the segment.

(Millions of yen)

| Name of segment | Amount of planned expenditures (From April 1, 2025 to March 31, 2026) | Facilities and main investment purpose |
|--|--|---|
| Automotive Suspension Springs | 10,542 | Enhancement and/or renewal of production facilities |
| Automotive Seating | 5,286 | Enhancement and/or renewal of production facilities |
| Precision Springs and Components | 11,025 | Enhancement and/or renewal of production facilities |
| DDS | 9,872 | Enhancement and/or renewal of production facilities |
| Industrial Machinery and Equipment, and Other Operations | 12,270 | Enhancement and/or renewal of production facilities |
| All segments | 5,006 | Enhancement and/or renewal of R&D facilities |
| Total | 54,001 | |

- Notes:
- 1 The Company is going to finance these capital expenditures by allocating its own capital and also by borrowing, among other measures.
 - 2 The Company has no plans to retire any of its key facilities, except for those that will be retired for routine facility upgrading.

IV. Information About Reporting Company

1. Company's Shares, etc.

(1) Total Number of Shares

(i) Authorized shares

| Class | Total number of authorized shares (Shares) |
|---------------|--|
| Common shares | 600,000,000 |
| Total | 600,000,000 |

(ii) Issued shares

| Class | Number of shares issued at the end of the fiscal year under review (March 31, 2025) (Shares) | Number of shares issued as of the filing date (June 26, 2025) (Shares) | Name of the financial instruments exchange on which the Company's shares are listed or the authorized financial instruments firms association to which the Company is a party | Description |
|---------------|--|--|---|--|
| Common shares | 231,066,144 | 231,066,144 | Tokyo Stock Exchange Prime Market | These shares are the Company's standard shares with full and unlimited voting rights. The number of shares per unit is 100 shares. |
| Total | 231,066,144 | 231,066,144 | – | – |

(2) Share Acquisition Rights, etc.

(i) Employee share option plans

There are no matters to report under this item.

(ii) Rights plans

There are no matters to report under this item.

(iii) Share acquisition rights for other uses

There are no matters to report under this item.

(3) Exercise Status of Bonds with Share Acquisition Rights Containing a Clause for Exercise Price Adjustment

There are no matters to report under this item.

(4) Changes in Total Number of Issued Shares, Share Capital and Legal Capital Surplus

| Date | Increase (Decrease) in the total number of issued shares (Shares) | Balance of the total number of issued shares (Shares) | Increase (Decrease) in share capital (Millions of yen) | Balance of share capital (Millions of yen) | Increase (Decrease) in legal capital surplus (Millions of yen) | Balance of legal capital surplus (Millions of yen) |
|-----------------------|---|---|--|--|--|--|
| March 31, 2025 (Note) | (13,000,000) | 231,066,144 | – | 17,009 | – | 17,295 |

Note: Decrease due to cancellation of treasury shares.

(5) Shareholding by Shareholder Category

As of March 31, 2025

| Classification | Shareholding status (Number of shares per share unit: 100 shares) | | | | | | | | Shares less than one unit (Shares) |
|----------------------------------|---|------------------------|--|--------------------|------------------|-------------|-------------------|-----------|------------------------------------|
| | National and local governments | Financial institutions | Financial instruments business operators | Other corporations | Foreign entities | | Individuals, etc. | Total | |
| | | | | | Non-individuals | Individuals | | | |
| Number of shareholders (Persons) | 1 | 37 | 31 | 259 | 284 | 19 | 12,946 | 13,577 | – |
| Number of shares held (Units) | 100 | 940,565 | 34,079 | 253,889 | 583,250 | 58 | 497,069 | 2,309,010 | 165,144 |
| Percentage of shares held (%) | 0.00 | 40.73 | 1.48 | 11.00 | 25.26 | 0.00 | 21.53 | 100.00 | – |

Note: 26,944,068 treasury shares are included in “Individuals, etc.” as 269,440 units and “Shares less than one unit” as 68 shares.

The number of shares held in effect by the Company as of March 31, 2025 was 26,944,068.

(6) Major Shareholders

As of March 31, 2025

| Name | Address | Number of shares held (Thousands of shares) | Percentage of shares held to the total number of issued shares (excluding treasury shares) (%) |
|---|--|---|--|
| The Master Trust Bank of Japan, Ltd. (Trust account) | Akasaka 1-8-1, Minato-ku, Tokyo, Japan | 26,757 | 13.11 |
| The Master Trust Bank of Japan, Ltd. as the co-trustee of the retirement benefit trust account of Daido Steel Co., Ltd. entrusted to Mitsubishi UFJ Trust and Banking Corporation | Akasaka 1-8-1, Minato-ku, Tokyo, Japan | 22,392 | 10.97 |
| Sojitz Corporation | Uchisaiwaicho 2-1-1, Chiyoda-ku, Tokyo, Japan | 13,199 | 6.47 |
| Custody Bank of Japan, Ltd. (Trust account) | Harumi 1-8-12, Chuo-ku, Tokyo, Japan | 11,135 | 5.46 |
| Custody Bank of Japan, Ltd. as the re-entrusted trustee of the retirement benefit trust account of Kobe Steel Co., Ltd. entrusted to Mizuho Trust & Banking | Harumi 1-8-12, Chuo-ku, Tokyo, Japan | 9,504 | 4.66 |
| Custody Bank of Japan, Ltd. as the re-entrusted trustee of the retirement benefit trust account of Mizuho Bank, Ltd. entrusted to Mizuho Trust & Banking Co., Ltd. | Harumi 1-8-12, Chuo-ku, Tokyo, Japan | 5,753 | 2.82 |
| The Bank of Yokohama, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.) | Minatomirai 3-1-1, Nishi-ku, Yokohama, Kanagawa, Japan (Harumi 1-8-12, Chuo-ku, Tokyo, Japan) | 5,718 | 2.80 |
| STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) | ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Konan 2-15-1, Minato-ku, Tokyo, Japan) | 4,504 | 2.21 |
| Employee Shareholding Association of NHK SPRING CO., LTD. | 3-10 Fukuura, Kanazawa-ku, Yokohama, Japan | 4,358 | 2.14 |
| THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.) | AVENUE DES ARTS,35 KUNSTLAAN,1040 BRUSSELS,BELGIUM (Marunouchi 1-4-5, Chiyoda-ku, Tokyo) | 3,052 | 1.50 |
| Total | – | 106,374 | 52.11 |

- Notes: 1 The Company, which has 26,944,068 treasury shares, is nonetheless excluded from this list of major shareholders.
- 2 All the shares held by the above-mentioned trust banks and Custody Bank of Japan are handled under their fiduciary services.
- 3 According to a “Statement of Changes to a Statement of Large-Volume Holdings” that was made available for public inspection on October 30, 2024, Silchester International Investors LLP held, as of October 29, 2024, the Company’s shares as shown below. However, this firm is not included in the list of major shareholders, because the Company was not able to confirm the number of shares claimed to be held in effect by this firm as of March 31, 2025.
- Please find below the content of the said “Statement of Large-Volume Holdings.”

| Name | Address | Number of share certificates held (Thousands of shares) | Percentage of share certificates held (%) |
|--|---|---|---|
| Silchester International Investors LLP | Time & Life Building 5th floor, 1 Bruton Street, London, W1J 6TL, U.K. | 12,194 | 5.00 |

- 4 According to a “Statement of Large-Volume Holdings” that was made available for public inspection on November 22, 2024, Mizuho Bank, Ltd. and its joint holders held, as of November 15, 2024, the Company’s shares as shown below. However, these firms are not included in the list of major shareholders, because the Company was not able to confirm the number of shares claimed to be held in effect by firms other than Mizuho Bank, Ltd. as of March 31, 2025.
- Please find below the content of the said “Statement of Changes to a Statement of Large-Volume Holdings.”

| Name | Address | Number of share certificates held (Thousands of shares) | Percentage of share certificates held (%) |
|---|-------------------------------------|---|---|
| Mizuho Bank, Ltd. | Otemachi 1-5-5, Chiyoda-ku, Tokyo | 5,753 | 2.36 |
| Asset Management One Co., Ltd. | Marunouchi 1-8-2, Chiyoda-ku, Tokyo | 6,189 | 2.54 |
| Asset Management One International Ltd. | 30 Old Bailey, London, EC4M 7AU, UK | 435 | 0.18 |
| Total | – | 12,378 | 5.07 |

(7) Voting Rights

(i) Issued shares

As of March 31, 2025

| Classification | Number of shares (Shares) | Number of voting rights (Units) | Description |
|---|---|---------------------------------|---|
| Shares without voting rights | – | – | – |
| Shares with limited voting rights (Treasury shares, etc.) | – | – | – |
| Shares with limited voting rights (Other) | – | – | – |
| Shares with full voting rights (Treasury shares, etc.) | (Treasury shares) Common shares 26,944,000 | – | These are the Company’s standard shares with no limited rights, and 100 shares of them comprise one trading unit. |
| Shares with full voting rights (Other) | Common shares 203,957,000 | 2,039,570 | Same as above |
| Shares less than one unit | Common shares 165,144 | – | These are the Company’s standard shares with no limited rights. |
| Total number of issued shares | 231,066,144 | – | – |
| Total number of voting rights | – | 2,039,570 | – |

- Notes: 1 The “Shares with full voting-rights (Other)” include: 1,200 shares (12 voting rights) held in the name of Japan Securities Depository Center, Inc.; 300 shares (three voting rights) held in the name of NHK Sales Co., Ltd. (which are unregistered shares; these were forgotten to be registered when exchanged with the Company on April 1, 2012); and 196,200 shares (1,962 voting rights) held by Custody Bank of Japan, Ltd. (in a Trust E account) in a Board Benefit Trust set up by the Company for its stock compensation plan for Directors (other than External Directors). The 300 shares (three voting rights) held in the name of NHK Sales Co., Ltd. are not held in effect by the said company.
- 2 The common shares under “Shares less than one unit” include the following shares held by the Company.
- Shares held by the Company: 68 shares

(ii) Treasury shares, etc.

As of March 31, 2025

| Name of shareholder | Shareholder's address | Number of shares held in own name (Shares) | Number of shares held in other's name (Shares) | Total number of shares held (Shares) | Percentage of shares held to the total number of issued shares (%) |
|---|--|--|--|--------------------------------------|--|
| (Shares held by itself) NHK SPRING CO., LTD. | 3-10 Fukuura, Kanazawa-ku, Yokohama, Japan | 26,944,000 | – | 26,944,000 | 11.66 |
| Total | – | 26,944,000 | – | 26,944,000 | 11.66 |

Note: The 196,200 shares held by Custody Bank of Japan, Ltd. (in a Trust E account) as a Board Benefit Trust for the Company's stock compensation plan are not included in the number of treasury shares held by the Company in the table above.

(8) Share Ownership Plan for Directors (and Other Officers) and Employees

(Board Benefit Trust Plan for Directors)

(i) Overview of the Board Benefit Trust (BBT-RS)

In line with a resolution passed by shareholders at the 102nd Annual General Meeting held on June 28, 2022, the Company introduced a stock compensation plan using a Board Benefit Trust (BBT) (hereafter the "current BBT plan") for Directors (other than External Directors; the same applies hereafter). In addition, in line with a resolution passed by shareholders at the 105th Annual General Meeting held on June 25, 2025, the Company has revised the current BBT plan to "BBT-RS (=Restricted Stock)" (the "Plan") from FY2025.

The Plan is meant to further clarify the link between remuneration for Directors, the Company's business performance and its stock prices and is meant to thereby align Directors with the Company's shareholders not only in the benefit of share price increases, but also in the risk of share price declines, with a view to boost the commitment of Directors to increase the Company's business performance and corporate value over the medium-to-long term.

The Plan is a stock compensation plan in which the Company's shares are acquired through a trust ("the Trust") using the funds contributed by the Company, and the Company's shares and money equivalent to the amount calculated by converting the Company's shares into market value ("the Company's shares, etc.") are provided to Directors through the Trust in accordance with the Company Rules Governing the Stock Compensation Plan for Directors.

The timing of the provision of the Company's shares to Directors is at the specified time each year in principle, and the timing of the provision of money equivalent to the amount calculated by converting the Company's shares into market value to Directors is at the time of their retirement in principle. In the event that Directors receive the Company's shares during their term of office, they conclude a share transfer restriction agreement with the Company beforehand. Accordingly, the Company's shares received by Directors during their term of office are restricted from being disposed of by transfer, etc. until the retirement of the said Directors.

(ii) Total Number of Shares Planned for Acquisition by Directors

During each fiscal year, Directors are given points whose count is determined in consideration of their position and other factors based on the Company Rules Governing the Stock Compensation Plan for Directors. Those points, awarded with an upper limit of 100,000 points per fiscal year, are converted to the Company's common shares at the rate of one share for each point.

The number of the Company's shares acquired into the Trust per fiscal year is capped at 500,000 shares.

(iii) Scope of Persons Eligible to Receive a Beneficiary or Other Interest Attached to the Board Benefit Trust (BBT-RS)

Directors who are eligible are those who meet the beneficiary requirements as specified in the Company Rules Governing the Stock Compensation Plan for Directors

(Restricted Stock Incentive Plan for Employees)

(iv) Outline of the Restricted Stock Incentive Plan

At a meeting of the Board of Directors held on August 7, 2024, the Board of Directors approved a resolution to introduce a restricted stock incentive plan for eligible employees of the Company and its subsidiaries who are members of the Employee Shareholding Association of the Company or the NHK Springs Group Shareholding Association (the “ESAs”).

The purpose of this plan is to create opportunities for eligible employees to acquire shares of the Company’s common stock issued or disposed of by the Company as restricted stock, as a measure to enhance the welfare program for the eligible employees, thereby helping them to build their wealth, fostering a sense of group unity among them, and increasing their engagement in management toward sustainable enhancement of the corporate value of the Company’s shareholders and the Group.

In the plan, the Company and its subsidiaries shall provide monetary claims to the eligible employees as special incentives to grant 100 restricted shares per person (the “Special Incentives”), and the eligible employees shall contribute the Special Incentives to the ESAs. Subsequently, the ESAs shall provide the Special Incentives contributed by the eligible employees to the Company in kind, and receive the Company’s common stock to be issued or disposed of as restricted stock.

With regard to member equity interest pertaining to the allotted shares to be held by the eligible employees corresponding to the monetary claims they contribute to the ESAs, the eligible employees shall be restricted from withdrawing the restricted stock corresponding to the equity interest until the transfer restrictions are lifted, based on the shareholding association rules, the shareholding association detailed operation regulations, etc.

(v) Total Number of Shares Planned for Acquisition by Employees

756,400 shares

(vi) Range of those that can receive the beneficial rights and other rights of the plan

Employees of the Company and its subsidiaries who are members of the ESAs and meet the requirements for beneficiaries

2. Acquisition and Disposal of Treasury Shares

Class of Shares, etc. Acquisition of common stock as stipulated in Article 155, Item (iii) of the Companies Act, acquisition of common stock as stipulated in Article 155, Item (vii) of the Companies Act, and acquisition of common stock as stipulated in Article 155, Item (xiii) of the Companies Act

(1) Acquisition by Resolution of Shareholders meeting

There are no matters to report under this item.

(2) Acquisition by Resolution of Board of Directors Meeting

Acquisition based on the provisions of Article 156 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, paragraph (3) of the said Act

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---------------------------|--------------------|
| Resolution by the Board of Directors Meeting (February 13, 2024) (Acquisition period: February 14, 2024 to February 13, 2025) | 12,000,000 | 18,000,000,000 |
| Treasury shares acquired before the fiscal year under review | 5,059,100 | 7,354,323,307 |
| Treasury shares acquired during the fiscal year under review | 6,639,300 | 10,645,581,130 |
| Total number and amount of treasury shares yet to be acquired | 301,600 | 95,563 |
| Percentage of treasury shares yet to be acquired as of the end of the fiscal year under review (%) | 2.5 | 0.0 |
| Treasury shares acquired during the period from April 1, 2025 to the filing date of this Annual Securities Report | – | – |
| Percentage of treasury shares yet to be acquired as of the filing date (%) | 2.5 | 0.0 |

Note: The acquisition of treasury shares by the resolution of the Board of Directors meeting was completed on May 20, 2024.

Acquisition based on the provisions of Article 156 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, paragraph (3) of the said Act

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---------------------------|--------------------|
| Resolution by the Board of Directors Meeting (December 23, 2024) (Acquisition period: December 24, 2024 to June 23, 2025) | 13,000,000 | 26,000,000,000 |
| Treasury shares acquired before the fiscal year under review | – | – |
| Treasury shares acquired during the fiscal year under review | 11,649,400 | 21,626,380,404 |
| Total number and amount of treasury shares yet to be acquired | 1,350,600 | 4,373,619,596 |
| Percentage of treasury shares yet to be acquired as of the end of the fiscal year under review (%) | 10.4 | 16.8 |
| Treasury shares acquired during the period from April 1, 2025 to the filing date of this Annual Securities Report | 1,350,600 | 1,980,823,508 |
| Percentage of treasury shares yet to be acquired as of the filing date (%) | 0.0 | 9.2 |

(3) Acquisition not Based on Resolution of Shareholders Meeting or Board of Directors Meeting

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---------------------------|--------------------|
| Treasury shares acquired during the fiscal year under review | 3,166 | 1,636,731 |
| Treasury shares acquired during the period from April 1, 2025 to the filing date of this Annual Securities Report | 516 | 182,746 |

Note: The “Treasury shares acquired during the period from April 1, 2025 to the filing date of this Annual Securities Report” do not include the number of shares acquired through free acquisition of shares with transfer restrictions and the number of shares less than one unit that were acquired through purchase during the period from June 1, 2025 to the filing date of the Report.

(4) Disposal of Treasury Shares and Number of Treasury Shares Held

| Classification | Fiscal year under review | | Period from April 1, 2025 to the filing date of this Annual Securities Report | |
|--|---------------------------|-----------------------------|---|-----------------------------|
| | Number of shares (Shares) | Total amount disposed (Yen) | Number of shares (Shares) | Total amount disposed (Yen) |
| Acquired treasury shares for which subscribers were solicited | – | – | – | – |
| Acquired treasury shares that were cancelled | 13,000,000 | 17,615,000,000 | – | – |
| Acquired treasury shares that were transferred due to merger, stock exchange, partial share exchange, or company split | – | – | – | – |
| Other (Disposal of treasury shares as restricted stock incentive for employee shareholding association) | 756,400 | 1,040,806,400 | – | – |
| Number of treasury shares held | 26,944,068 | – | 28,295,184 | – |

- Notes:
- 1 The treasury shares disposed during the period from April 1, 2025 to the filing date of this Annual Securities Report do not include shares less than one unit sold during the period from June 1, 2025 to the filing date of the Report.
 - 2 The number of treasury shares held during the period from April 1, 2025 to the filing date of this Annual Securities Report does not include the number of shares less than one unit purchased or sold and the number of shares resulting from the free acquisition of shares with transfer restrictions during the period from June 1, 2025 to the filing date of the Report.
 - 3 Neither of the number of treasury shares in the fiscal year under review nor the number of treasury shares during the period from April 1, 2025 to the filing date of this Annual Securities Report includes the 196,250 treasury shares held as assets in the Board Benefit Trust (BBT).

3. Dividend Policy

In principle, the Company pays dividends of surplus twice a year, an interim dividend and a year-end dividend. Decisions on interim dividends are taken by the Board of Directors, while those on year-end dividends are taken by shareholders at a General Meeting.

Basically, the Company pays dividends in a constant and continuous manner with a view to establish long-term business infrastructure, taking into consideration its consolidated business performance, dividend payout ratio, and other factors comprehensively.

The year-end dividend of surplus for the fiscal year under review is 33 yen per share as an ordinary dividend and 6 yen per share as a special dividend due to the record-high earnings at each stage including operating profit, for a total annual dividend of 69 yen per share, including the interim dividend of 30 yen per share.

The Company keeps cash reserves to be prepared for future funding needs necessary for continuous growth from a long-term perspective, while making efforts to improve the quality of its business and management.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as provided in Article 454, paragraph (5) of the Companies Act.

Please find below the dividends of surplus whose record date falls in the fiscal year under review.

| Date of resolution | Total dividends (Millions of yen) | Dividends per share (Yen) |
|---|-----------------------------------|---------------------------|
| November 13, 2024 Resolution by the Board of Directors | 6,450 | 30 |
| June 25, 2025 Resolution of the Annual General Meeting of Shareholders | 7,960 | 39 |

Note: The dividend amount per share as per the resolution of the Annual General Meeting of Shareholders on June 25, 2025 includes a special dividend of 6 yen per share.

4. Corporate Governance

(1) Overview of Corporate Governance

(i) Basic Stance on Corporate Governance

The Company is seeking to maintain sound management and increase corporate value over the medium-to-long term by developing management structures and mechanisms and implementing necessary measures.

In order to achieve that, the Company has in place the following five basic policies.

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, business 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.

(ii) Overview of Corporate Governance System and Reasons for Adopting the System

(a) Overview of Corporate Governance System

(The Board of Directors)

The Company's Board of Directors is comprised of Directors who have expertise in their respective career backgrounds, including sales, engineering and finance. Their seasoned knowledge and work experiences have enabled them to supervise the running of the Company through focused deliberation on matters submitted to the Board and spontaneous discussion on related management issues.

Furthermore, four External Directors are appointed to the Board of Directors, a measure to ensure the rationality of decisions taken by the Company's management and the validity of supervision over it.

The Board of Directors meets once a month as a rule, and there the Board decides on matters stipulated in laws, regulations and the Articles of Incorporation and on other matters of importance regarding the management of the Company and the Group. At Board meetings, the Board also receives job reports from Directors and Corporate Officers on a periodic basis and thereby supervise their execution of duties. Authority over matters concerning the administration of business operations is delegated to the Management Committee.

Authority over daily business operations is delegated to the Corporate Officer assigned to supervise the division in charge of the operation concerned.

Fourteen Board meetings were held during the fiscal year ended March 31, 2025. Please find below the record of attendance by Directors.

| Name | Number of meetings attended |
|--------------------|-----------------------------|
| Takashi Kayamoto | 14 |
| Kazuhisa Uemura | 14 |
| Kiyohiko Kammei | 14 |
| Hidefumi Yoshimura | 14 |
| Shunsuke Sasaki | 14 |
| Keiichiro Sue | 14 |
| Katsuko Tanaka | 14 |
| Hiromi Tamakoshi | 14 |
| Reiko Furukawa | 10* |

* Attended all 10 Board of Directors meetings held after appointment as External Director in June 2024

(The (Optional) Nomination and Compensation Committee)

The Company has the optional Nomination and Compensation Committee to strengthen the independence and objectivity of Board decisions concerning the nomination of and remuneration for Directors and the planning of successors to Directors. Being a body with consultative functions, the Nomination and Compensation Committee, whose majority members are independent External Directors, provides the Board of Directors with advice on the selection of Board candidates and matters concerning remuneration for Directors. The Committee meets, as a rule, three to five times a year. Five meetings were held during the fiscal year ended March 31, 2025. Please find below the record of attendance by the members of the Committee.

| Name | Number of meetings attended |
|------------------|-----------------------------|
| Takashi Kayamoto | 5 |
| Kazuhisa Uemura | 5 |
| Keiichiro Sue | 5 |
| Katsuko Tanaka | 5 |
| Hiromi Tamakoshi | 5 |
| Reiko Furukawa | 2* |

* Attended all two (Optional) Nomination and Compensation Committee meetings held after appointment as External Director in June 2024

(Business Execution System)

The Company's business operations are conducted under a corporate officer system.

Corporate Officers, who run and administer operations at their business unit in charge, execute their duties in line with the authority conferred by the Board of Directors.

The Management Committee is the highest decision-making body at the operational level and is comprised of full-time Directors, Executive Corporate Officers and other Corporate Officers in a higher-ranking position, and Corporate Officers who double the President of a division. The Committee deliberates on matters of importance regarding business operations from Company-wide and across-Group perspectives.

(Audit System)

The Company is a company with an Audit & Supervisory Board. As described in “(3) Audits, (i) Audits by Audit & Supervisory Board Members,” the Company ensures the implementation of a support system for thoroughly encouraging the monitoring by the Audit & Supervisory Board over management and takes all measures needed to strengthen the functions of the Audit & Supervisory Board, with such measures including the appointment of external individuals

highly independent from the Company and personnel with expertise in finance and accounting as Audit & Supervisory Board Members.

Please find below the members of the afore-mentioned bodies as of the filing date. (Those marked with ⊙ serve as the chairpersons or chairs.)

| Title | Name | Board of Directors | Management Committee | Audit & Supervisory Board | Nomination and Compensation Committee |
|---|---------------------|--------------------|----------------------|---------------------------|---------------------------------------|
| Representative Member of the Board, Chairman and CEO | Takashi Kayamoto | ⊙ | ○ | | ⊙ |
| Representative Member of the Board, President and Corporate Officer and COO | Kazuhisa Uemura | ○ | ⊙ | | ○ |
| Representative Member of the Board, Executive Vice President and Corporate Officer, CQO and CTO | Noritoshi Takamura | ○ | ○ | | |
| Representative Member of the Board, Executive Vice President and Corporate Officer | Masayuki Horie | ○ | ○ | | |
| Member of the Board and Senior Corporate Officer | Shunsuke Sasaki | ○ | ○ | | |
| External Director (Independent) | Keiichiro Sue | ○ | | | ○ |
| External Director (Independent) | Katsuko Tanaka | ○ | | | ○ |
| External Director (Independent) | Hiromi Tamakoshi | ○ | | | ○ |
| External Director (Independent) | Reiko Furukawa | ○ | | | ○ |
| Audit & Supervisory Board Member (Full-time) | Masakazu Toyoda | | ○ | ⊙ | |
| Audit & Supervisory Board Member (Full-time) | Naoya Mizutani | | ○ | ○ | |
| External Audit & Supervisory Board Member (Independent) | Ichiro Ebihara | | | ○ | |
| External Audit & Supervisory Board Member (Independent) | Yuko Yamada | | | ○ | |
| Executive Corporate Officer | Jun Umeno | | ○ | | |
| Executive Corporate Officer and CFO | Osamu Ikejiri | | ○ | | |
| Executive Corporate Officer | Toshihiro Tachikawa | | ○ | | |
| Senior Corporate Officer | Hajime Okajima | | ○ | | |
| Senior Corporate Officer | Masayoshi Yamaguchi | | ○ | | |
| Senior Corporate Officer | Yoji Ito | | ○ | | |
| Senior Corporate Officer | Noriyuki Saito | | ○ | | |
| Corporate Officer | Junichi Miyahara | | ○ | | |

(b) Reasons for Adopting the Said System

As described in “(a) Overview of Corporate Governance System,” the Company distinguishes the roles of the Board of Directors, which is accountable for management and supervision, from those of Corporate Officers, who are put in charge of the execution of business operations. This has enabled the Board of Directors to focus on deliberation and decision-making regarding management matters of importance and has also enabled the Board to supervise duties executed by Corporate Officers, thereby allowing the Company to maintain and improve its management efficiency as well as seek to increase its corporate value continually in the medium- and long-term.

Furthermore, the Company appoints External Directors in order to receive well-informed advice on management policies and improvement approaches as well as seek their proactive involvement in critical decision-making by the Board of Directors.

The responsibility of auditing the Company's management rests with the Audit & Supervisory Board, which is independent from the Board of Directors.

Moreover, as is described in "(a) Overview of Corporate Governance System," a support system is in place to thoroughly encourage Audit & Supervisory Board Members to monitor the Company's management, in addition to all other necessary measures aimed at strengthening the functions of the Audit & Supervisory Board, which include the appointment of external individuals highly independent from the Company and the selection of personnel with expertise in finance and accounting as Audit & Supervisory Board Members.

For the reasons mentioned above, the Company believes that its current corporate governance system is duly effective.

(iii) Other Matters Regarding Corporate Governance

Basic Policy for Internal Control Systems

(System for Ensuring Compliance of Duties Executed by Directors and Employees with Laws, Regulations and Articles of Incorporation)

Apart from setting forth in the "Employees Code of Conduct" that all Directors and employees shall comply with laws, regulations and corporate ethics, the Company built a corporate compliance structure and has since promoted corporate compliance under this structure, in which the Representative Member of the Board & President acts as the chief compliance officer, the Director of the Legal Department of the Corporate Planning and Control Division as the promotion officer, the heads of departments as the education officers, and the Legal Department of the Corporate Planning and Control Division as the promotion secretariat.

In addition, the Company is conducting educational and awareness-raising activities in a methodical manner to prevent violation of law or antisocial behavior.

Furthermore, a compliance hotline is set up at a contact point operated by an external third-party organization, thereby facilitating employees of the Company and its domestic Group companies to blow a whistle.

The Internal Auditing Department has performed its internal audits according to a predetermined plan at both the Company and its Group companies to ensure their operational effectiveness and efficiency, compliance with laws and regulations, and the reliability of their financial reporting.

(System for Exclusion of Antisocial Forces)

The Company takes a stance of never having an association with organized crime groups or any other antisocial forces and is determined to take a firm stance against such antisocial forces and not to permit any employee or team or department to personally handle illegal or unjust demands from such forces. Apart from stipulating the stance and determination in the "Employees Code of Conduct" mentioned in the preceding item, the Company is educating employees and raising their awareness about this matter.

(System Regarding Information Storage and Management Related to Duties Executed by Directors)

At the Company, the following documents and information pertaining to duties executed by Directors are stored and handled in accordance with the Company Rules Governing the Board of Directors and the Company Rules Governing the Management of Documents, among other rules.

- Minutes of General Meetings of Shareholders and related materials
- Minutes of Board of Directors meetings and related materials
- Minutes of Management Committee meetings, those of Expanded Management Committee meetings and related materials
- Ringi-sho (written requests for approval) and related materials

- Minutes of committee and council meetings and related materials
- All other documents pertaining to duties executed by Directors

The Company is seeking to thoroughly protect information in accordance with the NHK Spring Group Information Security and Management Policy, the Company Rules Governing the Handling of Sensitive Information and Information Management Manual, among other rules.

(Internal Rules and Other System for Managing the Risk of Loss)

The Company has the Sustainability Promotion Committee, which is a cross-sectional body tasked with identifying risk events inherent in the business activities of the Company and its Group companies (such as the risk of any of the companies being held responsible for a fault; financial risk; the risk of an employee being involved in a fraudulent act, misconduct, natural disaster, or accident; and crimes and accident overseas) and setting out countermeasures against such identified risk events in the Business Continuity Plan, company rules, and the Risk Management Manual. The Company is also conducting educational and awareness-raising campaigns as a preventive measure against such risk events. All risk events, whenever they emerged, have been promptly worked out by the department in charge together with all other related departments. If the Company or its Group company is exposed to a material risk event, the Company will immediately launch a task force to address the problem and, once the problem is worked out, the Sustainability Promotion Committee will lead the effort to prevent it from recurring. Moreover, the Company has a system to preliminarily and exhaustively review important investment, capital injection, or finance loan projects through the Investment and Loan Committee.

(System for Ensuring Efficiency in Duties Executed by Directors)

The Company and part of its Group companies introduced and have since been using a business management system designed to assist Directors in deploying key measures, checking the progress thereof and making revisions thereto.

Furthermore, a corporate officer system is employed by the Company and part of its Group companies to separate management and business execution for the purpose of speeding up the process of decision-making and the execution of operations. The Company is also proactively working on better use of information technologies to raise the efficiency and enhance information security.

(System for Ensuring Proper Business Operations by the Group Made up of the Company and its Subsidiaries)

The Company is sending out its Directors and Audit & Supervisory Board Members to its Group companies in order to get the picture of how the Group companies are being run and to thereby enable the Company to take action and prevent if a Group company is about to get involved in any illegal or unlawful transaction. Moreover, the Company is monitoring management at its Group companies by requiring them to seek prior approval of important matters regarding business plans and operations from the Company and report the development of such matters to the Company. Meanwhile, the Company provides support for its Group companies whenever a necessity arises. Furthermore, internal audits on the Group companies are systematically performed by the Company's Internal Auditing Department for the purpose of ensuring the effectiveness and efficiency of their business operations and their compliance with laws and regulations among other rules and the reliability of their financial reporting.

(System for Ensuring Reliability of Financial Reporting)

The Group's internal controls over financial reporting are evaluated, maintained, or improved in accordance with the Financial Instruments and Exchange Act and its related regulations and standards.

(System, If Applicable, Concerning Staff Assigned to Assist Audit & Supervisory Board Members at their Request)

Whenever an Audit & Supervisory Board Member requests for assisting staff, the Company has a discussion about the number of the staff and their assignments and independence among other things with the Audit & Supervisory Board Member before making a move. The Company's rule is that whenever the Company's employees are assigned to concurrently act as assistants to an Audit & Supervisory Board Member, the employees must give priority to the assignment under the Audit & Supervisory Board Member over the other one at the department to which they are originally assigned.

(System for Ensuring Proper Reporting from Directors and Employees to Audit & Supervisory Board Members and Other Systems for Getting Audit & Supervisory Board Members Properly Reported)

Audit & Supervisory Board Members attend the Board of Directors meetings and the Management Committee meetings held at the Company and its Group companies so they are reported with no delay on statutory matters or other important matters that could impact management and business performance. Moreover, the Company has in place a system for protecting those who make a report to an Audit & Supervisory Board Member from receiving detrimental treatment because of the reporting. The Company's departments timely report the following matters to the Audit & Supervisory Board:

- Results of an internal audit performed by the Internal Auditing Department
- Contents of a lawsuit if any
- Contents of a whistle-blowing report if any
- An on-going issue related to corporate compliance, business continuity planning, etc.

(System for Ensuring Effectiveness of Audits by Audit & Supervisory Board Members)

Audit & Supervisory Board Members gain information and opinions from the representative members of the Board of the Company and those of its Group companies, the accounting auditor, and the members of the Internal Auditing Department on both periodic and as-needed bases to ensure the effectiveness of corporate audits.

(iv) Overview of Limited Liability Agreements

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has a contract with External Directors and External Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the said Act, with the limit of liability pertaining to the contract set at the amount equivalent to the amount of remuneration for their services and other duties that has or will have been paid for two years.

(v) Overview of Director and Officer Liability Insurance Policy

The Company is under a Director and Officer Liability Insurance Policy as provided in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the Company is sued by a shareholder or other third party over a damage claim, this insurance policy will cover compensation for the damage, litigation cost, and other costs that will otherwise be incurred by the Company. The full amount of the policy premium is borne by the Company, with no practical burden on any of the Directors and other officers, employees and corporate advisors who are insured by the policy.

Please find below the insured of the said insurance policy:

- The Company and its domestic subsidiaries
- The Company's Directors and other officers, those of the Company's domestic subsidiaries, and the employees both thereof (including those who are loaned to or from a Group company and those who have a concurrent post at a Group company)

- Directors and other officers, employees and corporate advisors who concurrently serve as a director or other officer at an affiliated company inside or outside Japan, a corporate entity other than the Group companies inside or outside Japan, or a public interest incorporated foundation and those who are loaned thereto as a director or other officer thereof.

(vi) Maximum Number of Directors

The Company's Articles of Incorporation stipulate that the maximum number of Directors is 12.

(vii) Treasury Shares

Pursuant to Article 165, paragraph (2) of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may acquire its own shares through market transactions, etc., in accordance with a resolution by the Board of Directors at a Board meeting, thereby enabling the Company to promptly implement financial and other business measures in response to a change in economic circumstances.

(viii) Decision-Maker for Interim Dividends

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends to shareholders or registered pledgees of shares on the final list of shareholders as of September 30 each year in accordance with a resolution by the Board of Directors at a Board meeting.

This provision is aimed at giving flexibility to the Company's payment of profits to shareholders.

(ix) Requirements for Special Resolutions by Shareholders at General Meetings

For the purpose of smoothly running a General Meeting of Shareholders, the Company's Articles of Incorporation stipulate that the Company may pass a resolution at a General Meeting of Shareholders as provided in Article 309, paragraph (2) of the Companies Act if the meeting is attended by one-third or higher of shareholders entitled to exercise voting rights and also if the resolution wins two-thirds or higher of the vote.

(x) Requirements for Passing Resolutions on Appointment of Directors

The Company's Articles of Incorporation stipulate that the Company may pass a resolution on the appointment of Directors at a General Meeting of Shareholders if the meeting is attended by one-third or higher of shareholders entitled to exercise voting rights and also if the resolution wins a majority of the vote and that such resolutions shall not be sought with cumulative voting.

(xi) Basic Policy on Control over the Company

The Company has no basic policy regarding this matter.

Since the Company believes that its task of the highest priority is to fulfill its medium-term management plan while enhancing corporate governance and thereby increase its corporate value through continual business growth and thereby get a resultant market appreciation, the Company has no plan to introduce a takeover defense measure.

(2) Directors and Other Officers

(i) List of Directors and other officers

Nine men and four women (Percentage of women to all Directors and other officers: 30.8%)

| Title | Name | Date of birth | Career summary | Term | Number of shares held (Thousands of shares) | |
|---|--------------------|------------------|---|--|---|----|
| Representative Member of the Board and Chairman | Takashi Kayamoto | February 5, 1956 | Apr. 1979 June 2010 Apr. 2013 June 2015 Apr. 2016 Apr. 2017 Apr. 2024 | Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer Member of the Board and Executive Corporate Officer Representative Member of the Board, President and Corporate Officer Representative Member of the Board and Chairman (present) | (Note 3) | 81 |
| Representative Member of the Board, President and Corporate Officer | Kazuhisa Uemura | July 24, 1960 | Apr. 1983 Apr. 2014 Apr. 2018 June 2018 Apr. 2022 Apr. 2024 | Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer Member of the Board and Executive Corporate Officer Representative Member of the Board, President and Corporate Officer (present) | (Note 3) | 20 |
| Representative Member of the Board Executive Vice President and Corporate Officer | Noritoshi Takamura | August 16, 1960 | Apr. 1983 Apr. 2014 Apr. 2019 Apr. 2023 Apr. 2025 | Joined the Company Corporate Officer Senior Corporate Officer Executive Corporate Officer Representative Member of the Board, Executive Vice President and Corporate Officer (present) | (Note 3) | 18 |
| Representative Member of the Board Executive Vice President and Corporate Officer President of the Procurement Division | Masayuki Horie | April 19, 1962 | Apr. 1986 Apr. 2017 Apr. 2021 Apr. 2024 Apr. 2025 | Joined the Company Corporate Officer Senior Corporate Officer Executive Corporate Officer Representative Member of the Board, Executive Vice President and Corporate Officer (present) | (Note 3) | 2 |
| Member of the Board Senior Corporate Officer President of the Sales Division | Shunsuke Sasaki | October 2, 1964 | Apr. 1987 Apr. 2018 Apr. 2022 June 2023 | Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer (present) | (Note 3) | 5 |
| Member of the Board | Keiichiro Sue | July 27, 1957 | Apr. 1984 Jan. 1989 | Registered as Attorney at Law (Dai-Ichi Tokyo Bar Association) Joined the Nobuo Takai Law Firm Joined Matsuo & Kosugi | (Note 3) | — |

| Title | Name | Date of birth | Career summary | | Term | Number of shares held (Thousands of shares) |
|---------------------|------------------|-------------------|----------------|---|----------|---|
| | | | Oct. 1995 | Registered as Attorney at Law in New York State, USA | | |
| | | | June 2003 | Audit & Supervisory Board Member (External) of NIPPON SIGNAL CO., LTD. | | |
| | | | June 2009 | Partner of Blakemore & Mitsuki (present) | | |
| | | | June 2012 | Audit & Supervisory Board Member (External) of Fujitelecom. co., Ltd. (present) | | |
| | | | June 2014 | External Director of METAWATER Co., Ltd. | | |
| | | | June 2015 | Audit & Supervisory Board Member of the Company | | |
| | | | June 2015 | Member of the Board of the Company (present) | | |
| Member of the Board | Katsuko Tanaka | September 3, 1945 | Apr. 1970 | Researcher of the Hygiene Class, Okayama University Medical School (Served a hospital in the city of Okayama) | (Note 3) | - |
| | | | Jul. 1970 | Medical license registration (No. 207731) | | |
| | | | May 1976 | Joined the Yokohama municipal government | | |
| | | | May 1998 | Mayor of Sakae Ward in the city of Yokohama | | |
| | | | Apr. 2000 | Director General of Social Welfare Bureau of the Yokohama municipal government | | |
| | | | Apr. 2004 | Director General of Civic Affairs Bureau of the Yokohama municipal government | | |
| | | | Apr. 2006 | Trustee and Secretary General of Yokohama City University | | |
| | | | Apr. 2013 | Chancellor of Yokohama City University | | |
| | | | June 2016 | Member of the Board of the Company (present) | | |
| Member of the Board | Hiromi Tamakoshi | June 18, 1962 | Oct. 1987 | Joined Chuo Audit Corporation | (Note 3) | - |
| | | | Apr. 1999 | Registered as Attorney at Law (Kanagawa Bar Association) | | |
| | | | | Joined Ryoji Kimura Law Office | | |
| | | | Apr. 2017 | Auditor of Yokohama City University | | |
| | | | June 2020 | Member of the Board of the Company (present) | | |
| | | | Apr. 2021 | Established Yokohama Nagomi Law Office (present) | | |
| Member of the Board | Reiko Furukawa | February 12, 1959 | Apr. 1981 | Joined Nippon Univac Kaisha, Ltd. (currently BIPROGY Inc.) | (Note 3) | - |
| | | | Apr. 2005 | General Manager of Service Department of Mechanical Solutions Division of Nihon | | |

| Title | Name | Date of birth | Career summary | Term | Number of shares held (Thousands of shares) |
|--|-----------------|-------------------|---|----------|---|
| | | | Unisys Excelutions, Ltd. (currently UEL Corporation) | | |
| | | | Apr. 2007 General Manager of Industry Development Department of Nihon Unisys Excelutions, Ltd. | | |
| | | | Apr. 2009 Executive Officer of Nihon Unisys Excelutions, Ltd. | | |
| | | | Apr. 2011 General Manager of Outsourcing Planning Department of the MBK Outsourcing Center of UNIADEX, Ltd. | | |
| | | | Apr. 2014 General Manager of Quality Assurance Department of UNIADEX, Ltd. | | |
| | | | July 2017 Full-time Audit & Supervisory Board Member of UNIADEX, Ltd. | | |
| | | | June 2022 Outside Director of Hanwa Co., Ltd. (present) Audit & Supervisory Board Member of the Company | | |
| | | | June 2024 Member of the Board of the Company (present) | | |
| Audit & Supervisory Board Member (Full-time) | Masakazu Toyoda | February 27, 1960 | Apr. 1982 Joined Dai-Ichi Kangyo Bank (currently Mizuho Bank) Jan. 2013 Joined the Company Apr. 2013 Member of the Board and Vice President of NHK International Corporation May 2017 Senior Manager of Corporate Planning Department of Corporate Planning and Control Division of the Company June 2019 Full-time Audit & Supervisory Board Member (present) | (Note 4) | 9 |
| Audit & Supervisory Board Member (Full-time) | Naoya Mizutani | March 29, 1965 | Sept. 1990 Joined the Company Apr. 2012 Senior Manager of Accounting Department Apr. 2014 Senior Manager of Corporate Planning Department of Corporate Planning and Control Division Apr. 2018 Director of Internal Auditing Department June 2024 Full-time Audit & Supervisory Board Member (present) | (Note 5) | - |
| Audit & Supervisory Board Member | Ichiro Ebihara | April 24, 1959 | Sept. 1985 Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC) Apr. 1989 Registered as Certified Public Accountant Jul. 2000 Partner of Tohmatsu & Co. Oct. 2013 Executive Officer in charge of finance and administration of Deloitte Touche Tohmatsu LLC | (Note 5) | - |

| Title | Name | Date of birth | Career summary | Term | Number of shares held (Thousands of shares) |
|----------------------------------|-------------|------------------|--|----------|---|
| | | | Nov. 2015 Group CFO of Deloitte Tohmatsu LLC Aug. 2016 Managing Partner of Deloitte Tohmatsu Services Co., Ltd. June 2019 Representative of Ichiro Ebihara Certified Public Tax Accountant Office (present) June 2020 Audit & Supervisory Board Member of the Company (present) | | |
| Audit & Supervisory Board Member | Yuko Yamada | January 16, 1961 | Jul. 1983 Joined Marubeni Corporation Apr. 1988 Seconded to Marubeni UK plc Apr. 1995 Seconded to Marubeni America Corporation Oct. 1999 Seconded to Koyo Line, Ltd. (currently MMSL Japan Ltd.) Apr. 2005 General Manager of Finance & Accounting Department of Koyo Line, Ltd. Nov. 2006 Chief Auditor of the Audit Department of Marubeni Corporation Apr. 2007 Registered as Certified Public Accountant in Illinois Apr. 2019 Auditor of Marubeni Pulp & Paper Co., Ltd. (currently Marubeni Forest LinX Co., Ltd.) June 2024 Audit & Supervisory Board Member of the Company (present) | (Note 5) | — |
| Total | | | | | 138 |

- Notes:
- 1 Keiichiro Sue, Katsuko Tanaka, Hiromi Tamakoshi and Reiko Furukawa are External Directors.
 - 2 Ichiro Ebihara and Yuko Yamada are External Audit & Supervisory Board Members.
 - 3 The term of office for the Director commenced upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025 and will expire upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.
 - 4 The term of office for the Audit & Supervisory Board Member commenced upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023 and will expire upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.
 - 5 The term of office for the Audit & Supervisory Board Member commenced upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2024 and will expire upon the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2028.
 - 6 The Company has a substitute Audit & Supervisory Board Member as set forth in Article 329, paragraph (3) of the Companies Act as a precaution against the case where there is a shortfall in the number of Audit & Supervisory Board Members as prescribed in laws and regulations. Please find below the career summary of the substitute Audit & Supervisory Board Member.

| Name | Date of birth | Career summary | Number of shares held (Thousands of shares) |
|---------------|----------------|--|---|
| Nobuaki Mukai | April 19, 1969 | Apr. 1996 Registered as Attorney at Law (Dai-Ichi Tokyo Bar Association) Joined Momo-o, Matsuo & Namba 2001 Registered as Attorney at Law in New York State, USA | — |

| Name | Date of birth | Career summary | Number of shares held (Thousands of shares) |
|------|---------------|--|---|
| | | Jan. 2004 Partner of Momo-o, Matsuo & Namba (present) Apr. 2022 Specially Appointed Professor (Antitrust Law) of the Department of Business Law of the Graduate School of Law of Hitotsubashi University Apr. 2024 Visiting Professor (Antitrust Law) of the Department of Business Law of the Graduate School of Law of Hitotsubashi University (present) | |

(List of Corporate Officers)

| Position | Name | Title |
|--|---------------------|--|
| Representative Member of the Board, President and Corporate Officer | Kazuhisa Uemura | COO |
| Representative Member of the Board, Executive Vice President and Corporate Officer | Noritoshi Takamura | CQO, CTO |
| Representative Member of the Board, Executive Vice President and Corporate Officer | Masayuki Horie | President of the Procurement Division |
| Executive Corporate Officer | Jun Umeno | President of Suspension Spring Division |
| Executive Corporate Officer | Osamu Ikejiri | CFO and President of Corporate Planning and Control Division |
| Executive Corporate Officer | Toshihiro Tachikawa | President of Industrial Machinery and Equipment Division |
| Senior Corporate Officer | Morihiro Ichisugi | Officer in charge of new business research at the Corporate Planning and Control Division |
| Senior Corporate Officer | Hajime Okajima | President of Precision Spring and Components Division |
| Member of the Board and Senior Corporate Officer | Shunsuke Sasaki | President of the Sales Division |
| Senior Corporate Officer | Mitsuru Tanaka | Vice President of Corporate Planning and Control Division and Director of Human Resources Department |
| Senior Corporate Officer | Masayoshi Yamaguchi | President of Seating Division |
| Senior Corporate Officer | Yoji Ito | President of Engineering Division |
| Senior Corporate Officer | Seiichi Saito | Vice President of Suspension Spring Division |
| Senior Corporate Officer | Noriyuki Saito | President of Disk Drive Suspension Division |
| Senior Corporate Officer | Kazuhisa Rikitoku | Vice President of the Sales Division |
| Corporate Officer | Yoichi Ikeji | Member of the Board and President of NHK Spring (Thailand) Co., Ltd. |
| Corporate Officer | Junichi Miyahara | President of R&D Division |
| Corporate Officer | Tatsuya Saito | Vice President of Industrial Machinery and Equipment Division |
| Corporate Officer | Nogi Ichikawa | Vice President of Suspension Spring Division and Director of Administration Department |
| Corporate Officer | Yoshitaka Sasaki | Vice President of Seating Division and Director of Design Department 1 |
| Corporate Officer | Junichi Oka | Member of the Board and President of NHK Seating of America, Inc. |
| Corporate Officer | Satoru Miyanagi | Member of the Board and President of New Mather Metals, Inc. and Member of the Board and President of NHK of America Suspension Components, Inc. |
| Corporate Officer | Hideo Ishikawa | Vice President of Corporate Planning and Control Division and Director of Legal Department |
| Corporate Officer | Shinichi Okada | Member of the Board and Vice President of NHK Spring (Thailand) Co., Ltd. |
| Corporate Officer | Tsuyoshi Nakamura | Vice President of Precision Spring and Components Division and Director of Motor Core Project |
| Corporate Officer | Isamu Ninomiya | Vice President of Sales Division and Director of EV Sales Department |

| Position | Name | Title |
|-------------------|---------------------|---|
| Corporate Officer | Jun Tominaga | Vice President of Engineering Division and Director of Quality Control Department |
| Corporate Officer | Takashi Wada | CIO, Vice President of Engineering Division and Director of Engineering Department |
| Corporate Officer | Toshihiko Hanamachi | Vice President of Industrial Machinery and Equipment Division and Manager of Isehara Plant No. 1 |
| Corporate Officer | Takeshi Furuse | Vice President of Suspension Spring Division and Director of Production Engineering Department I |
| Corporate Officer | Hiroaki Matsushita | Vice President of Disk Drive Suspension Division and Director of Administration Department |
| Corporate Officer | Yasuhiko Kogetsu | Vice President of Corporate Planning and Control Division, Director of Corporate Planning Department and Director of West India Project |

Note: A corporate officer system is adopted by the Company to give continual stimulus to Board meetings, segregate the process of decision-making by the Board of Directors and its supervision over business operations from the functions of the Company's divisions and departments to execute business operations, and to thereby increase the Company's management efficiency.

(ii) External Directors and Other Officers

The Company has four External Directors and two External Audit & Supervisory Board Members.

(a) Personal, Capital, or Business Relationships or Conflicts of Interest between Reporting Company and its External Directors and External Audit & Supervisory Board Members

There are no human, capital, or business relationships between Keiichiro Sue, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Katsuko Tanaka, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Hiromi Tamakoshi, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Reiko Furukawa, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Ichiro Ebihara, an External Audit & Supervisory Board Member, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Yuko Yamada, an External Audit & Supervisory Board Member, and the Company, nor are there conflicts of interest between the two.

(b) Functions and Roles of External Directors and External Audit & Supervisory Board Members in Reporting Company's Corporate Governance

The Company appoints external individuals as members of the Board of Directors, which is accountable for running and controlling the Company, to ensure validity in decisions taken by the Company's management and the effectiveness of its supervision over management.

The Company's Audit & Supervisory Board is independent from the Board of Directors and responsible for auditing the management of the Company. With two of the four members being External Audit & Supervisory Board Members, the Company believes that the current Audit & Supervisory Board is functioning properly in the role of ensuring sound and transparent corporate governance.

(c) Criteria or Policies for Determining Independence from Reporting Company in Appointment of External Directors and External Audit & Supervisory Board Members

In order to ensure the objectivity and transparency of corporate governance, the Company has in place criteria with regard to the independence of External Directors and other officers that are in line with requirements set forth by the Tokyo Stock Exchange.

The Company observes the said criteria when appointing independent External Directors or other officers, selecting candidates on the ground that they do not have human, capital, or business relationships of any particular kind with the Company.

(Criteria Regarding Independence of the Company's External Directors and Other Officers)

The Company has in place the following criteria with regard to the independence of External Directors and other officers in order to ensure the objectivity and transparency of its corporate governance.

The Company determines that its External Directors and other officers, or the candidates thereof, have due independence only when an investigation conducted by the Company to the furthest extent reasonably possible finds that they do not fall under any of the items below.

1. A person who executes the business (Note 1) of the Company or of its subsidiary (hereafter collectively the "the Group") or who has executed such business in the last ten years
2. A person whose major client is the Group (Note 2) or a person who executes the business thereof
3. A person who is a major client of the Group (Note 3) or a person who executes the business thereof
4. A person who provides a professional service, such as a consultant, attorney-at-law and certified public accountant, who receives from the Group a large amount of money or other property (Note 4) apart from remuneration for officers paid by the Group (or a person belonging to a corporate body, association, or any other group which receives such money or property from the Group)
5. A person who receives a large amount of donation (Note 5) from the Group (if the person who receives such assets is a corporate body, association, or any other group, a person who executes the business of such group)
6. A person who audits the Company as a partner, etc., of an audit corporation which carries out a statutory audit at the Group
7. A person who executes the business of a financial institution which is a major creditor (Note 6) to the Group.
8. A major shareholder (Note 7) or, if such shareholder is a corporate body, a person who executes the business thereof
9. A person who executes the business of a corporate body of whom the Group is a major shareholder
10. The spouse or a relative within the second degree of kinship of a person falling under any of the afore-mentioned items from 1 to 9 if this person is an important person (Note 8)
11. A person who has been a person falling under any of the afore-mentioned items from 2 to 9 in the last three years

- Notes:
- 1 The "a person who executes the business" means an executive director, executive officer, executive managing officer, or any equivalent thereto, and an employee of a corporate body or any other group.
 - 2 The "a person whose major client is the Group" means a person who receives money at an amount accounting for two or higher percent of the Group's consolidated net sales for the latest fiscal year from the Group.

- 3 The “a person who is a major client of the Group” means a person who pays money at an amount accounting for two or higher percent of the Group’s consolidated net sales for the latest fiscal year to the Group.
- 4 The “a large amount of money or other property” means an amount of value exceeding 10 million yen that is received per year on average during the last three fiscal years including the latest one.
- 5 The “a large amount of donation” means an amount of value exceeding 10 million yen that is provided per year on average during the last three fiscal years including the latest one.
- 6 The “a major creditor” means a lender of money whose loan receivables from the Group exceeds one or higher percent of the Group’s consolidated total amount of assets at the end of the latest fiscal year.
- 7 The “a major shareholder” means a person who directly or indirectly holds voting rights accounting for five or higher percent of all the voting rights.
- 8 The “an important person” means a director (excluding External Directors), Audit & Supervisory Board Member (excluding External Audit & Supervisory Board Members), executive managing officer, or an employee in a senior-level position such as a head of a department or higher.

(d) Reporting Company’s Stance on Appointment of External Directors and External Audit & Supervisory Board Members

The Company has four External Directors and two External Audit & Supervisory Board Members, who were appointed in line with the following:

- They shall be able to offer comprehensive and independent advice on corporate governance and live up to expectations from investors; and
- They shall have a wealth of experience and insights as management executives or specialists and be able to offer appropriate advice and fair supervision from an outsider’s point of view.

(iii) Mutual Coordination between Supervision/Audits by External Audit & Supervisory Board Members and Audits by Internal Auditing Department, Audit & Supervisory Board Members and Accounting Auditors, and their Relationships with Internal Control Division

The Company’s External Audit & Supervisory Board Members receive detailed explanation about matters on the agendas of key meetings and matters concerning interim audits from full-time Audit & Supervisory Board Members at Audit & Supervisory Board meetings.

The Company arranges meetings for External Audit & Supervisory Board Members to receive explanation about management policies and other matters, thereby facilitating their communication with Directors. Moreover, the Company invites External Audit & Supervisory Board Members to join its on-site inspections at major business sites and thereby receives in-depth and far-reaching opinions from them.

The Company’s full-time Audit & Supervisory Board Members gain and share opinions with the accounting auditor and the Internal Auditing Department on both regular and as-needed bases and share those opinions with External Audit & Supervisory Board Members at Audit & Supervisory Board meetings.

(3) Audits

(i) Audits by Audit & Supervisory Board Members

The Company is a company with an Audit & Supervisory Board. The Company’s Audit & Supervisory Board has four Audit & Supervisory Board Members, including two external members. This Audit & Supervisory Board is aided by a full-time assistant assigned by the Company.

Masakazu Toyoda, a full-time Audit & Supervisory Board Member, has a long career at a financial institution. With deep insight in the finance field and work experiences at a Group company acting as an overseas regional headquarters and in the Corporate Planning Department, he has the due expertise to carry out the duties of an Audit & Supervisory Board Member.

Naoya Mizutani, a full-time Audit & Supervisory Board Member, has many years of working in the Finance Department, the Accounting Department and the Corporate Planning Department. His

deep insight in these fields and his experience of heading the Internal Auditing Department make him suitable for the duties of an Audit & Supervisory Board Member.

Ichiro Ebihara, an External Audit & Supervisory Board Member, has many years of carrying out accounting audits. As a certified public accountant with the background of working at a major audit corporation, he has deep expertise in the finance and accounting fields.

Yuko Yamada, an External Audit & Supervisory Board Member, has an experience of acting as a corporate auditor for a business company. She has rich experience and knowledge about business management.

In line with the audit policy and schedule determined by the Audit & Supervisory Board, the members attend key meetings, examine important documents, carry out on-site inspections at major business sites, and conduct one-to-one hearings on important matters from employees and express opinions to Directors and others.

At Audit & Supervisory Board meetings, full-time Audit & Supervisory Board Members provide their outside peers with information about, among other things, major matters on the agendas of key meetings and matters concerning interim audits to ensure the effectiveness of audits by Audit & Supervisory Board Members. Seventeen (17) Audit & Supervisory Board meetings were held in the fiscal year under review. Please find below the record of attendance by the members.

| Name | Number of meetings attended |
|-----------------|-----------------------------|
| Kenji Shimizu | 4 |
| Masakazu Toyoda | 17 |
| Naoya Mizutani | 13 |
| Ichiro Ebihara | 17 |
| Reiko Furukawa | 4 |
| Yuko Yamada | 13 |

- Notes:
1. Kenji Shimizu retired from the post of full-time Audit & Supervisory Board Member upon the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024.
 2. Full-time Audit & Supervisory Board Member Naoya Mizutani and External Audit & Supervisory Board Member Yuko Yamada were appointed to the respective posts at the Annual General Meeting of Shareholders held on June 25, 2024.
 3. External Audit & Supervisory Board Member Reiko Furukawa was appointed to the post of Director at the Annual General Meeting of Shareholders held on June 25, 2024.

(ii) Internal Audits

Internal audits at the Company are carried out by the Internal Auditing Department, which is independent from any other departments and comprised of a staff of ten.

The Internal Auditing Department carries out audits on business operations and internal control system at the Company's departments and other business sites as well as the Group's major business sites to assess the appropriateness, efficiency and compliance of business operation processes.

The Internal Auditing Department reports a summary of audit results to a representative member of the Board, Director in charge of administration departments and full-time Audit & Supervisory Board Members on a regular basis and explain important audit findings at opinion-sharing sessions with External Directors and Audit & Supervisory Board Members.

The Internal Auditing Department proactively works on coordination with Audit & Supervisory Board Members and the accounting auditor and pays the best effort to closely share opinions with these two throughout the year, making it easier for all these three parties to have timely access to information needed for their respective audits and conduct them properly and thereby helping heighten the quality and efficiency of audits.

Internal controls over financial reporting at applicable business sites are tested and assessed by the Internal Auditing Department every year in coordination with the Accounting Department, the Finance Department and the Information System Department.

(iii) Accounting Audits

(a) Name of Current Audit Corporation

Ernst & Young ShinNihon LLC

The Company has an audit contract with Ernst & Young ShinNihon LLC for accounting audits, which are conducted at the end of each accounting term as well as on an as-needed basis. The Company has provided the audit corporation with all information they need and helped them conduct accurate accounting audits.

(b) Continuous Audit Period

Fifty-six years

(c) Certified Public Accountants Who Executed the Services

Kenichi Shibata: Designated Limited Liability Partner, Engagement Partner

Masaki Yoshioka: Designated Limited Liability Partner, Engagement Partner

(d) Composition of Assistants for the Audit Services

Certified public accountants: Eight persons

Other Twenty persons

Note: The "Other" included members who passed the CPA examination and those who performed an audit on computer systems.

(e) Policy and Reason for Selecting Current Audit Corporation

(Policy and Reason for Selecting Current Accounting Auditor)

The Company has and will select its accounting auditor based on evaluation by the Audit & Supervisory Board, which performs it by reviewing written documents submitted by audit corporations describing the overview of the audit corporation (including quality control system, independence, etc.), the team they are going to set up for the accounting audits and the estimated audit fees (e.g., "Audit Proposal" and "Outline of the Quality Control System").

Ernst & Young ShinNihon LLC has the essential expertise and independence expected in accounting auditors, apart from the capability to manage the quality of their audits and the capacity to carry them out on the Group's global business activities in a centralized manner. Ernst & Young ShinNihon LLC is a suitable choice also when it comes to the continuity and efficiency of audits, and has hence been appointed as the Company's accounting auditor.

(Policy on Decision about Dismissal or Non-reappointment)

Apart from cases where the dismissal of an accounting auditor by the Audit & Supervisory Board pursuant to Article 340 of the Companies Act applies, the Audit & Supervisory Board approves a proposal for dismissing or not reappointing an accounting auditor if the accounting auditor is deemed unable to perform its audit services properly. If such approval takes place, the Board of Directors submits the proposal for resolution by shareholders at a General Meeting.

(f) Evaluation of Audit Corporation by the Audit & Supervisory Board and its Members

The Audit & Supervisory Board and its members timely assess the independence of the Company's accounting auditor, its quality control, the suitability of its operation structure for audit services, and findings from its accounting audits and judge the appropriateness of the accounting auditor.

Moreover, Audit & Supervisory Board Members sometimes accompany the accounting auditor in its on-site audits at the Company's business sites and ask employees working at those business sites for their opinions about the accounting auditor in order to evaluate the accounting auditor in a comprehensive manner.

(iv) Details about Audit Fees, etc.

(a) Fees Paid to the Certified Public Accountants and Others

(Millions of yen)

| Classification | Fiscal year ended March 31, 2024 | | Fiscal year ended March 31, 2025 | |
|---------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| | Fees for audit certification services | Fees for non-audit services | Fees for audit certification services | Fees for non-audit services |
| Reporting Company | 93 | – | 105 | – |
| Consolidated subsidiaries | 36 | – | 38 | – |
| Total | 129 | – | 143 | – |

(b) Fees Paid to Organization Belonging to the Same Network (Ernst & Young) as Certified Public Accountants and Other Staff Working for Accounting Auditor (excluding (a))

(Millions of yen)

| Classification | Fiscal year ended March 31, 2024 | | Fiscal year ended March 31, 2025 | |
|---------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| | Fees for audit certification services | Fees for non-audit services | Fees for audit certification services | Fees for non-audit services |
| Reporting Company | – | 20 | – | 40 |
| Consolidated subsidiaries | 180 | 19 | 194 | 64 |
| Total | 180 | 39 | 194 | 105 |

(Fiscal year ended March 31, 2024)

Non-audit services for the Company and its consolidated subsidiaries were mainly advisory services concerning transfer price taxation.

Apart from the fees mentioned above, there are fees paid and payable by the Company's non-consolidated subsidiaries. The amount of fees for audit certification services and those for non-audit services paid by the Company and its consolidated and non-consolidated subsidiaries to the organization belonging to the same network as the accounting auditor's certified public accountants and other staff during the previous fiscal year was 198 million yen and 44 million yen, respectively.

(Fiscal year ended March 31, 2025)

Non-audit services for the Company and its consolidated subsidiaries were mainly advisory services concerning transfer price taxation.

Apart from the fees mentioned above, there are fees paid and payable by the Company's non-consolidated subsidiaries. The amount of fees for audit certification services and those for non-audit services paid by the Company and its consolidated and non-consolidated subsidiaries to the organization belonging to the same network as the accounting auditor's certified public accountants and other staff during the fiscal year under review was 213 million yen and 110 million yen, respectively.

(c) Fees for Other Important Audit Certification Services

There are no matters to report under this item.

(d) Policy on Decision about Audit Fees

The Company goes through a negotiation with the certified public accountants and other staff who provide services for the Company before determining fees for them. Prior to such negotiation, the Company examines and validates the estimate submitted by them with regard to “the items of audit, methods, number of staff, time to be spent, and standard unit price for accounting auditors” by considering it in light of their performance in the previous fiscal year.

(e) Reason Why the Audit & Supervisory Board Agreed with Audit Fees for Accounting Auditor

The Advisory & Supervisory Board ascertained that the fees were properly evaluated by the Company in line with its policy on decision about audit fees and determined that the amount of the fees was justifiable in light of the contents of the proposed audit services and the appropriateness of these contents.

(4) Remuneration for Directors and Other Officers

(a) Matters Concerning Policy on Decision about Amount of Remuneration for Directors and Other Officers or Decision about Calculation Method Concerned

As a rule, the Company sets remuneration for Directors at a level that is appropriately proportional to the job responsibilities involved in the position they are assigned to. To be more specific, remuneration for internal Directors consists of a fixed base salary, a performance-linked bonus and a non-monetary reward, while that for External Directors consists of a base salary only.

The base salaries are regularly paid on a monthly basis at an amount according to the job responsibilities of each position. The performance-linked bonuses are cash remuneration aimed at strengthening the commitment to raising business performance from one fiscal year to another. The amounts are calculated based on the level of the consolidated ordinary profit for the fiscal year under review and the increase or decrease of the said profit from the previous fiscal year. Performance-linked remuneration is paid at a fixed time each year.

The non-monetary rewards serve as an incentive to improve the Company’s medium- to long-term performance and increase its corporate value and are given in the form of shares held by the Company in its Board Benefit Trust. Directors are awarded with points according to their position at a certain time every year and receive the Company’s shares when they retire from the Board. The number of shares depends on the number of points earned during the term of office.

The proportions of the base salary, performance-linked bonus and non-monetary reward are set properly in view of sharing interests with the Company’s shareholders and in light of continual growth of its corporate value.

Decision about the amount of remuneration for Directors on an individual basis is delegated, in accordance with resolution by the Board of Directors at a Board meeting, to the representative members of the Board, who make such decision based on a proposal from the Nomination and Compensation Committee.

The said policy was resolved by the Board of Directors at a Board meeting held on June 25, 2025.

When deciding on the amount of remuneration for Directors per individual, the representative members of the Board make sure that the amount they discuss is calculated in line with the aforementioned policy and that the amount is deliberated by the Nomination and Compensation Committee. Thus the Board of Directors believes that the individual amounts of remuneration for Directors have been determined in accordance with the aforementioned policy.

As for such decision in the fiscal year under review, the delegation of the authority to the four-party council of Takashi Kayamoto (Representative Member of the Board, Chairman and CEO), Kazuhisa Uemura (Representative Member of the Board, President and Corporate Officer, and COO), Kiyohiko Kammei (Executive Vice President & CQO/CTO and Representative Member of the Board, Corporate Officer) and Hidefumi Yoshimura (Executive Vice President & CFO and Representative Member of the Board, Corporate Officer, President of Procurement Division) was resolved by the Board of Directors at a Board meeting held on June 25, 2024. The delegated authority concerned the base salary and bonus per Director, and the authority was delegated because

the Board of Directors determined that the council of the representative members of the Board would be suitably capable of determining the amounts in light of the Company's overall business performance and each Director's job performance. The validity of the remuneration amounts was examined by the Nomination and Compensation Committee ahead of the council by the representative members of the Board.

Remuneration for the Company's Audit & Supervisory Board Members is paid as a fixed salary at an amount within the total limit resolved by shareholders at a General Meeting. The distribution of remuneration among Audit & Supervisory Board Members is determined through a council of the Audit & Supervisory Board.

The upper limit of annual remuneration for Directors is set at 600 million yen (and 100 million yen for External Directors) in accordance with a resolution passed at the 104th Annual General Meeting of Shareholders held on June 25, 2024. As of the conclusion of the said Annual General Meeting of Shareholders, the Board of Directors had nine members (including four External Directors). The upper limit of remuneration for Audit & Supervisory Board Members is set at 120 million yen in accordance with a resolution passed at the 104th Annual General Meeting of Shareholders held on June 25, 2024. As of the conclusion of the said Annual General Meeting of Shareholders, the Audit & Supervisory Board had four members (including two External Audit & Supervisory Board Members).

In addition, at the 102nd Annual General Meeting of Shareholders held on June 28, 2022, a stock compensation plan for Directors (excluding External Directors), called the "Board Benefit Trust (BBT)," was approved and introduced separately from the above compensation plan. Furthermore, the 105th Annual General Meeting of Shareholders held on June 25, 2025 resolved that the BBT would partially be revised to introduce the "Board Benefit Trust-Restricted Stock (BBT-RS)," a stock compensation plan that restricts the transfer of shares granted to Directors until their retirement, and that each fiscal year, Directors would be given points whose count is determined in consideration of their position and other factors in accordance with the Company Rules Governing the Stock Compensation Plan for Directors. The maximum points that can be awarded to Directors per fiscal year is capped at 100,000 points. Points are converted to the Company's common shares at the rate of one share for each point when the Directors receive the stock compensation. As of the conclusion of the Annual General Meeting of Shareholders concerned, the Board of Directors had five members (excluding External Directors).

The Company uses its consolidated ordinary profit, which it believes properly reflects the Group's business performance, as a reference for decision about performance-linked remuneration, making the amount of the remuneration increase or decrease in tandem with a change in the profit. More specifically, the bonus for Directors depends on two metrics, one the level of the consolidated ordinary profit for the fiscal year under review and the other a change in the profit from the previous fiscal year.

(b) Total Amount of Remuneration by Reporting Company's Category of Directors and Other Officers, Total Amount of Remuneration by Type, and Number of Recipient Directors and Other Officers

| Category of Directors and other officers | Total amount of remuneration (Millions of yen) | Total amount of remuneration by the type (Millions of yen) | | | | Number of recipient Directors and other officers (Persons) |
|--|--|--|---------------------------------|---------------------|--|--|
| | | Fixed salary | Performance-linked remuneration | Retirement benefits | Of the left-mentioned, non-monetary remuneration | |
| Directors (excluding External Directors) | 536 | 357 | 179 | – | 19 | 5 |
| Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members) | 67 | 67 | – | – | – | 3 |
| External Directors and other officers | 54 | 54 | – | – | – | 7 |

Note: The total amount of non-monetary remuneration for Directors (excluding External Directors) is 19 million yen, which is paid as fixed salaries.

(c) Total amount of remuneration paid to Directors whose amount thereof is 100 million yen or higher in total

| Name | Total amount of remuneration (Millions of yen) | Category of Directors and other officers | Category of companies | Amount of remuneration by the type (Millions of yen) | | | |
|------------------|--|--|-----------------------|--|---------------------------------|---------------------|--|
| | | | | Fixed salary | Performance-linked remuneration | Retirement benefits | Of the left-mentioned, non-monetary remuneration |
| Takashi Kayamoto | 139 | Member of the Board | Reporting Company | 93 | 45 | – | 5 |
| Kazuhisa Uemura | 131 | Member of the Board | Reporting Company | 91 | 40 | – | 4 |

- Notes: 1 This table only lists the person whose total amount of remuneration paid thereto is 100 million yen or higher in total.
2 The breakdown of the total amount of non-monetary remuneration for Takashi Kayamoto (Director, the Reporting Company) is 5 million yen, which is paid as fixed salaries.
3 The breakdown of the total amount of non-monetary remuneration for Kazuhisa Uemura (Director, the Reporting Company) is 4 million yen, which is paid as fixed salaries.

(5) Shareholdings

(i) Criteria and Stance on Classification of Investment Shares

The Company classifies its investment shares as follows: “shares held for pure investment purposes” when the holding of those shares is solely intended for the Company to gain income through stock price fluctuations or dividends attached to the shares; and “shares held for purposes other than pure investment” when the holding of those shares is intended for other purposes.

As a basic rule, the Company does not hold “investment shares held for pure investment purposes.”

(ii) Investment Shares Held for Purposes Other than Pure Investment

(a) Policy on Shareholdings, Method to Verify Rationality of Shareholdings, and Verifications by Board of Directors and Others on Suitability of Holding Each Issue

The “investment shares for purposes other than pure investment” held by the Company are those issued by corporations that are expected by the Company to help the Company increase its corporate value, such as the Company's suppliers and customers engaged in the development or production of new products for their own continuous business growth in the Company's main fields of auto components, electronic components, and industrial machinery or equipment.

In the 2026 Mid-term Plan, we aim to reduce the balance of cross-shareholdings, including deemed-shareholdings, to less than 20% of consolidated net assets. We will continue to reduce

the balance while examining trends in transaction volume with business partners and future relationships with them. As of March 31, 2025, the Company's cross-shareholdings accounted for 14.8% of net assets.

The Company regularly reports, among other things, the latest dividend attached to each share of all the stocks held by the Company and the prices thereof to the Board of Directors, which in turn verifies the rationality of the Company's shareholdings on an ongoing basis. In addition to examining benefits attached to each issue of the shares held (e.g., incoming dividends, profits/losses from stock valuation, etc.) and quantitative risks involved therein, the Board of Directors assesses the qualitative aspects, such as backgrounds behind the acquisition of the shares and the significance of holding them, and comprehensively judge the suitability of the Company's shareholdings. Such verifications have found that it is becoming less significant for the Company to hold some of the shareholdings, and the Company is selling them while giving consideration to the potential impact therefrom on the market.

(b) Number of Issues and Carrying Amount

| | Number of issues (Issues) | Total of carrying amounts (Millions of yen) |
|-----------------------------------|------------------------------|--|
| Unlisted shares | 24 | 1,847 |
| Shares other than unlisted shares | 23 | 46,189 |

(Issues whose number of shares increased in the fiscal year under review)

There are no matters to report under this item.

(Issues whose number of shares decreased in the fiscal year under review)

| | Number of issues (Issues) | Total sale amount for decreased shares (Millions of yen) |
|-----------------------------------|------------------------------|---|
| Unlisted shares | – | – |
| Shares other than unlisted shares | 3 | 8,280 |

Note: Includes one deemed holding stock contributed to a retirement benefit trust.

(c) Number of Specified Investment Shares and Deemed Shareholdings by Issue and Information about Carrying Amounts, etc.

Specified investment shares

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1) | Whether the issuer holds the Company's shares |
|----------------------------|--------------------------------------|--------------------------------------|---|---|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| TOYOTA BOSHOKU CORPORATION | 7,220,500 | 7,220,500 | The Company is a vendor of its seating frame products to the issuer and has a collaborative relationship with the issuer in the seating business for Toyota Motor Corporation. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 14,357 | 18,549 | | |
| Daido Steel Co., Ltd. | 7,248,500 | 7,248,500 | The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship, | Yes |
| | 8,625 | 13,166 | | |

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1) particularly with an eye on the stable procurement of steel bars. | Whether the issuer holds the Company's shares |
|---|--------------------------------------|--------------------------------------|---|--|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| | | | | |
| Isuzu Motors Limited | 2,177,500 | 2,177,500 | The issuer is a customer of the Company's automotive-related products of various sorts. The issuer is an important business partner in the Company's business for the truck industry. The Company holds the shares to continuously maintain and advance the business relationship. | Yes |
| | 4,390 | 4,474 | | |
| TOYOTA MOTOR CORPORATION | 1,420,500 | 1,420,500 | The issuer is an important business partner for the Company's automotive-related business. The Company is a vendor of its automotive suspension springs to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 3,716 | 5,386 | | |
| Mitsubishi UFJ Financial Group, Inc. | 1,463,400 | 1,463,400 | The Group has a deal with the three financial institutions under the umbrella of the issuer, MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. The Company holds the shares for the purpose of facilitating the Group's financial activities. The issuer has helped the Company to stabilize its Group's entire financial standing, including supporting the Company's trading at overseas business sites. The Company has also received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term. | No (Note 4) |
| | 2,942 | 2,278 | | |
| Concordia Financial Group, Ltd. | 2,959,000 | 2,959,000 | The Bank of Yokohama, Ltd., which is under the issuer, is one of the Group's major financing banks. The Company holds the shares for the purpose of facilitating the Group's financial activities. In addition to being a continuous creditor to the Group, the Bank of Yokohama has provided the Company with information about financial and economic conditions. The Company is seeking to increase its alliance with the issuer with a view to increase the Company's corporate value in the medium- to long-term. | No (Note 4) |
| | 2,903 | 2,277 | | |
| NOK CORPORATION | 1,105,300 | 1,105,300 | The Company holds the shares to maintain and advance its alliance | Yes |
| | 2,420 | 2,313 | | |

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1) with the issuer in the automotive components industry. | Whether the issuer holds the Company's shares |
|---------------------------------|--------------------------------------|--------------------------------------|--|--|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| | | | | |
| Mizuho Financial Group, Inc. | 323,940 | 323,940 | The Group has a deal with the three financial institutions under the umbrella of the issuer, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and Mizuho Securities Co., Ltd. The Company holds the shares to facilitate the Group's financial activities. The issuer has helped the Company to stabilize its Group's entire financial standing, including supporting the Company's trading at overseas business sites. The Company has also received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term. | No (Note 4) |
| | 1,312 | 986 | | |
| Kobe Steel, Ltd. | 610,700 | 610,700 | The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship particularly for the purpose of ensuring the stable procurement of wires, steel bars and thin plates. | Yes |
| | 1,056 | 1,255 | | |
| Sojitz Corporation | 283,620 | 283,620 | The issuer is the Company's collaborative partner in its overseas businesses, and the issuer's group company is a supplier for the Company's production facilities and equipment. The Company holds the shares to continuously maintain and advance the business relationship. | Yes |
| | 930 | 1,130 | | |
| Takano Company Limited | 1,151,500 | 1,151,500 | The issuer is a customer of the Company's precision springs and components. The Company holds the shares to continuously maintain and advance the business relationship. | Yes |
| | 826 | 1,229 | | |
| Taiho Kogyo Co., Ltd. | 1,344,310 | 1,344,310 | The Company holds the shares to maintain and advance its alliance with the issuer in the automotive components industry. | No (Note 4) |
| | 798 | 1,260 | | |
| Honda Motor Co., Ltd. | 450,000 | 450,000 | The Company is a vendor of its automotive-related products of various sorts to the issuer. The issuer is an important global business partner for the Company's Automotive Suspension Spring Business and Precision Springs and Components Business. The Company holds the shares to continuously maintain and advance the business relationship. | Yes |
| | 604 | 850 | | |

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1) | Whether the issuer holds the Company's shares |
|---|--------------------------------------|--------------------------------------|--|--|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| Suzuki Motor Corporation | 204,000 | 51,000 | The Company is a vendor of its automotive-related products of various sorts to the issuer. For the Company, the issuer is an important global business partner. The Company holds the shares to continuously maintain and advance the business relationship. (Note 2) | No |
| | 369 | 354 | | |
| Tokio Marine Holdings, Inc. | 37,800 | 37,800 | The Company has various kinds of insurance transactions with the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No (Note 4) |
| | 216 | 177 | | |
| Imasen Electric Industrial Co., Ltd. | 310,000 | 310,000 | The issuer is an important business partner for the components of multiple products in the Company's Automotive Seating Business. The Company holds the shares to continuously maintain and advance the business partnership. | No |
| | 195 | 197 | | |
| Aichi Steel Corporation | 23,500 | 23,500 | The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship particularly for the purpose of ensuring the stable procurement of flat bars. | Yes |
| | 164 | 93 | | |
| Mazda Motor Corporation | 104,600 | 104,600 | The Company is a vendor of its automotive-related products of various sorts to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 98 | 183 | | |
| MS&AD Insurance Group Holdings, Inc. | 24,066 | 8,022 | The Company has various kinds of insurance transactions with the issuer. The Company holds the shares to continuously maintain and advance the business relationship. (Note 3) | No (Note 4) |
| | 77 | 65 | | |
| F.C.C. Co., Ltd. | 21,700 | 21,700 | The Company is a vendor of its precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 67 | 49 | | |
| Subaru Corporation | 22,000 | 22,000 | The Company is a vendor of its automotive-related products of various sorts to the issuer. For the Company, the issuer is the largest customer mainly in the Automotive Seating Business. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 58 | 75 | | |
| NISSAN SHATAI CO., LTD. | 50,000 | 50,000 | The Company is a vendor of its automotive suspension spring products and precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 51 | 53 | | |

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1) | Whether the issuer holds the Company's shares |
|--------------------------|--------------------------------------|--------------------------------------|---|--|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| Hino Motors, Ltd. | 10,000 | 10,000 | The Company is a vendor of its automotive-related products of various sorts to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. | No |
| | 4 | 5 | | |
| NOMURA HOLDINGS, INC. | – | 607,300 | (Fiscal year ended March 31, 2024) Nomura Securities Co., Ltd. under the umbrella of the issuer is the lead underwriter of the Company's corporate bonds. The Company holds the shares to facilitate its financial activities. The Company has received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term. (Fiscal year ended March 31, 2025) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review. | No (Note 4) |
| | – | 593 | | |
| EXEDY Corporation | – | 22,600 | (Fiscal year ended March 31, 2024) The Company is a vendor of its precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship. (Fiscal year ended March 31, 2025) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review. | No |
| | – | 69 | | |

- Notes:
1. Considering potential impact on business relationships and the stock market, the Company refrains itself from disclosing the quantitative effects of the shareholdings and the results of its verifications on the rationality of the shareholdings. While it is difficult to state the quantitative effects of shareholdings in this document, the Company has regularly reported dividends attached to each share, share prices, etc. to the Board of Directors for its ongoing verification on the rationality of the Company's shareholdings.
 2. The number of the shares issued by Suzuki Motor Corporation increased due to a stock split that divided one share into four as of April 1, 2024.
 3. The number of the shares issued by MS&AD Insurance Group Holdings, Inc. increased due to a stock split that divided one share into three as of April 1, 2024.
 4. The issuer of the shares does not hold the Company's shares. However, a subsidiary of the issuer holds the Company's shares.
 5. All held issues are stated above, because the total number of the specified investment shares held by the Company is less than 60 issues.

Deemed-Shareholdings

| Issue | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2024 | Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 2) | Whether the issuer holds the Company's shares |
|------------------------------------|--------------------------------------|--------------------------------------|---|--|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Carrying amount (Millions of yen) | Carrying amount (Millions of yen) | | |
| Honda Motor Co., Ltd. | 3,000,000 | 3,000,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 4,027 | 5,673 | | |
| Suzuki Motor Corporation | 2,000,000 | 500,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. (Note 3) | No |
| | 3,620 | 3,477 | | |
| TOYOTA MOTOR CORPORATION | 800,000 | 3,500,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. As a result of verifying the significance and purpose of the holdings, the Company sold a portion of its holdings in the fiscal year under review. | No |
| | 2,092 | 13,272 | | |
| Daido Steel Co., Ltd. | 1,500,000 | 1,500,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 1,785 | 2,724 | | |
| Subaru Corporation | 300,000 | 300,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | No |
| | 793 | 1,034 | | |
| Takano Company Limited | 1,000,000 | 1,000,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 718 | 1,068 | | |
| Isuzu Motors Limited | 250,000 | 250,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 504 | 513 | | |
| Concordia Financial Group, Ltd. | 500,000 | 500,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | No (Note 4) |
| | 490 | 384 | | |
| Mizuho Financial Group, Inc. | 100,000 | 100,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | No (Note 4) |
| | 405 | 304 | | |
| Kobe Steel, Ltd. | 50,000 | 50,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 86 | 102 | | |
| Sojitz Corporation | 10,000 | 10,000 | The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. | Yes |
| | 32 | 39 | | |

- Notes: 1. The number of specified investment shares and that of deemed-held shares were not combined when the issues were ranked according to the higher carrying amount.
2. Considering potential impact on business relationships and the stock market, the Company refrains itself from disclosing the quantitative effects of the shareholdings and the results of its verifications on the rationality of the shareholdings. While it is difficult to state the quantitative effects of shareholdings in this document, the Company has regularly reported dividends attached to each share, share prices, etc. to the Board of Directors for its ongoing verification on the rationality of the Company's shareholdings.

3. The number of the shares issued by Suzuki Motor Corporation increased due to a stock split that divided one share into four as of April 1, 2024.
4. The issuer of the shares does not hold the Company's shares. However, a subsidiary of the issuer holds the Company's shares.

(d) Investment Shares Held for Pure Investment Purposes

There are no matters to report under this item because the Company does not hold "investment shares held for pure investment purposes."

V. Financial Information

1 Methods for preparing the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulations on Non-consolidated Financial Statements”).

As the Company falls under the category of a special company submitting financial statements, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-consolidated Financial Statements.

2 Audit certification

Pursuant to the provisions of Article 193-2, paragraph (1), of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements for the fiscal year from April 1, 2024 through March 31, 2025 and non-consolidated financial statements for the fiscal year from April 1, 2024 through March 31, 2025 were audited by Ernst & Young ShinNihon LLC.

3 Particular efforts to secure the appropriateness of the consolidated financial statements

The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to develop a system that can properly understand the details of the accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF) and attends seminars held by the foundation.

1. Consolidated Financial Statements and Primary Notes

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 103,216 | 97,234 |
| Notes and accounts receivable - trade, and contract assets | *4, *5 165,639 | *5 166,457 |
| Merchandise and finished goods | 27,621 | 30,406 |
| Work in process | 14,073 | 16,391 |
| Raw materials and supplies | 33,395 | 39,062 |
| Partly-finished goods | 11,806 | 11,772 |
| Other | 26,996 | 29,102 |
| Allowance for doubtful accounts | (58) | (13) |
| Total current assets | 382,690 | 390,414 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 172,525 | 175,916 |
| Accumulated depreciation | (114,904) | (120,004) |
| Buildings and structures, net | 57,621 | 55,911 |
| Machinery, equipment and vehicles | 311,687 | 327,914 |
| Accumulated depreciation | (254,127) | (269,522) |
| Machinery, equipment and vehicles, net | 57,560 | 58,392 |
| Land | 32,131 | 34,939 |
| Leased assets | 1,281 | 1,437 |
| Accumulated depreciation | (721) | (727) |
| Leased assets, net | 560 | 710 |
| Construction in progress | 15,985 | 25,088 |
| Other | 96,081 | 101,102 |
| Accumulated depreciation | (85,244) | (90,785) |
| Other, net | 10,836 | 10,317 |
| Total property, plant and equipment | 174,694 | 185,359 |
| Intangible assets | 3,257 | 3,229 |
| Investments and other assets | | |
| Investment securities | *1 73,491 | *1 64,962 |
| Long-term loans receivable | 1,953 | 1,368 |
| Deferred tax assets | 10,068 | 9,211 |
| Retirement benefit asset | 33,426 | 29,152 |
| Other | *1 12,211 | *1 14,409 |
| Allowance for doubtful accounts | (1,504) | (1,767) |
| Total investments and other assets | 129,646 | 117,336 |
| Total non-current assets | 307,599 | 305,925 |
| Total assets | 690,289 | 696,340 |

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | *4 97,241 | 99,018 |
| Electronically recorded obligations - operating | 18,677 | 13,178 |
| Short-term borrowings | 11,985 | 27,199 |
| Commercial papers | - | 10,000 |
| Lease liabilities | 550 | 611 |
| Income taxes payable | 12,087 | 4,308 |
| Provision for bonuses | 10,593 | 11,915 |
| Provision for bonuses for directors (and other officers) | 256 | 325 |
| Notes payable - facilities | 3,674 | 471 |
| Other | *6 27,551 | *6 27,287 |
| Total current liabilities | 182,618 | 194,317 |
| Non-current liabilities | | |
| Bonds payable | 12,000 | 13,000 |
| Long-term borrowings | 22,009 | 20,015 |
| Lease liabilities | 869 | 991 |
| Long-term income taxes payable | - | 231 |
| Deferred tax liabilities | 22,193 | 13,002 |
| Retirement benefit liability | 23,366 | 25,244 |
| Provision for retirement benefits for directors (and other officers) | 522 | 521 |
| Provision for officers' retirement benefits | 881 | 970 |
| Other | 5,253 | 4,873 |
| Total non-current liabilities | 87,096 | 78,850 |
| Total liabilities | 269,715 | 273,168 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 17,009 | 17,009 |
| Capital surplus | 19,903 | 17,954 |
| Retained earnings | 306,866 | 327,545 |
| Treasury shares | (23,055) | (36,768) |
| Total shareholders' equity | 320,723 | 325,741 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 34,336 | 26,822 |
| Foreign currency translation adjustment | 32,801 | 42,372 |
| Remeasurements of defined benefit plans | 17,160 | 12,743 |
| Total accumulated other comprehensive income | 84,297 | 81,937 |
| Non-controlling interests | 15,552 | 15,492 |
| Total net assets | 420,574 | 423,172 |
| Total liabilities and net assets | 690,289 | 696,340 |

(ii) Consolidated Statements of Income and Comprehensive Income
[Consolidated Statements of Income]

(Millions of yen)

| | Fiscal year ended March 31, 2024 | | Fiscal year ended March 31, 2025 | |
|--|-------------------------------------|---------|-------------------------------------|---------|
| Net sales | *1 | 766,934 | *1 | 801,698 |
| Cost of sales | *2, *4 | 677,519 | *2, *4 | 688,643 |
| Gross profit | | 89,415 | | 113,055 |
| Selling, general and administrative expenses | *3, *4 | 54,763 | *3, *4 | 60,894 |
| Operating profit | | 34,652 | | 52,160 |
| Non-operating income | | | | |
| Interest income | | 1,696 | | 2,140 |
| Dividend income | | 2,823 | | 3,189 |
| Share of profit of entities accounted for using equity method | | 1,803 | | 2,379 |
| Foreign exchange gains | | 6,529 | | – |
| Other | | 2,095 | | 2,790 |
| Total non-operating income | | 14,948 | | 10,499 |
| Non-operating expenses | | | | |
| Interest expenses | | 184 | | 385 |
| Loss on sale of non-current assets | | 32 | | 695 |
| Loss on retirement of non-current assets | | 475 | | 818 |
| Foreign exchange losses | | – | | 1,035 |
| Expenses for product compensation | | 219 | | 326 |
| Other | | 873 | | 1,438 |
| Total non-operating expenses | | 1,786 | | 4,699 |
| Ordinary profit | | 47,814 | | 57,960 |
| Extraordinary income | | | | |
| Gain on sale of investment securities | | 16,398 | | 387 |
| Settlement income | | – | *5 | 2,000 |
| Total extraordinary income | | 16,398 | | 2,387 |
| Extraordinary losses | | | | |
| Impairment losses | *6 | 7,034 | *6 | 431 |
| Loss on sale of investment securities | | 3 | | – |
| Loss on valuation of investments in capital of subsidiaries and associates | | 349 | | – |
| Loss on sale of businesses | | – | | 299 |
| Total extraordinary losses | | 7,387 | | 730 |
| Profit before income taxes | | 56,825 | | 59,617 |
| Income taxes - current | | 15,519 | *7 | 11,549 |
| Income taxes - deferred | | 1,552 | | (1,887) |
| Total income taxes | | 17,072 | | 9,662 |
| Profit | | 39,752 | | 49,955 |
| Profit attributable to non-controlling interests | | 564 | | 1,788 |
| Profit attributable to owners of parent | | 39,188 | | 48,167 |

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Profit | 39,752 | 49,955 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,142 | (7,504) |
| Foreign currency translation adjustment | 11,344 | 9,997 |
| Remeasurements of defined benefit plans, net of tax | 12,689 | (4,407) |
| Share of other comprehensive income of entities accounted for using equity method | 936 | 303 |
| Total other comprehensive income | * | * |
| Comprehensive income | 71,866 | 48,344 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 70,785 | 45,807 |
| Comprehensive income attributable to non-controlling interests | 1,081 | 2,537 |

(iii) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 17,009 | 19,826 | 275,386 | (15,703) | 296,518 |
| Changes during period | | | | | |
| Dividends of surplus | | | (7,708) | | (7,708) |
| Profit attributable to owners of parent | | | 39,188 | | 39,188 |
| Purchase of treasury shares | | | | (7,355) | (7,355) |
| Disposal of treasury shares | | | | 3 | 3 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 76 | | | 76 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 76 | 31,480 | (7,351) | 24,205 |
| Balance at end of period | 17,009 | 19,903 | 306,866 | (23,055) | 320,723 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 27,217 | 21,018 | 4,468 | 52,703 | 16,638 | 365,860 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (7,708) |
| Profit attributable to owners of parent | | | | | | 39,188 |
| Purchase of treasury shares | | | | | | (7,355) |
| Disposal of treasury shares | | | | | | 3 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | 76 |
| Net changes in items other than shareholders' equity | 7,119 | 11,783 | 12,692 | 31,594 | (1,085) | 30,508 |
| Total changes during period | 7,119 | 11,783 | 12,692 | 31,594 | (1,085) | 54,713 |
| Balance at end of period | 34,336 | 32,801 | 17,160 | 84,297 | 15,552 | 420,574 |

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 17,009 | 19,903 | 306,866 | (23,055) | 320,723 |
| Changes during period | | | | | |
| Dividends of surplus | | | (11,991) | | (11,991) |
| Profit attributable to owners of parent | | | 48,167 | | 48,167 |
| Purchase of treasury shares | | | | (32,273) | (32,273) |
| Disposal of treasury shares | | 94 | | 946 | 1,040 |
| Cancellation of treasury shares | | (2,118) | (15,496) | 17,615 | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 76 | | | 76 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (1,948) | 20,678 | (13,712) | 5,018 |
| Balance at end of period | 17,009 | 17,954 | 327,545 | (36,768) | 325,741 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 34,336 | 32,801 | 17,160 | 84,297 | 15,552 | 420,574 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (11,991) |
| Profit attributable to owners of parent | | | | | | 48,167 |
| Purchase of treasury shares | | | | | | (32,273) |
| Disposal of treasury shares | | | | | | 1,040 |
| Cancellation of treasury shares | | | | | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | 76 |
| Net changes in items other than shareholders' equity | (7,513) | 9,571 | (4,417) | (2,360) | (60) | (2,420) |
| Total changes during period | (7,513) | 9,571 | (4,417) | (2,360) | (60) | 2,597 |
| Balance at end of period | 26,822 | 42,372 | 12,743 | 81,937 | 15,492 | 423,172 |

(iv) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 56,825 | 59,617 |
| Depreciation | 28,671 | 29,324 |
| Impairment losses | 7,034 | 431 |
| Increase (decrease) in net defined benefit asset(debt) | (1,173) | (1,873) |
| Interest and dividend income | (4,520) | (5,329) |
| Interest expenses | 184 | 385 |
| Foreign exchange losses (gains) | (692) | (402) |
| Share of loss (profit) of entities accounted for using equity method | (1,803) | (2,379) |
| Loss (gain) on sale and retirement of property, plant and equipment | 119 | 1,276 |
| Loss (gain) on sale of investment securities | (16,394) | (387) |
| Loss (gain) on valuation of investments in capital of subsidiaries and associates | 349 | - |
| Settlement income | - | (2,000) |
| Loss (gain) on sale of businesses | - | 299 |
| Decrease (increase) in trade receivables | (12,988) | 4,019 |
| Decrease (increase) in inventories | 8,640 | (8,255) |
| Increase (decrease) in trade payables | 2,905 | (6,141) |
| Other, net | 1,589 | 618 |
| Subtotal | 68,747 | 69,203 |
| Interest and dividends received | 5,774 | 6,192 |
| Interest paid | (225) | (385) |
| Settlement received | - | 2,000 |
| Income taxes paid | (7,590) | (21,296) |
| Net cash provided by (used in) operating activities | 66,706 | 55,713 |
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 5,858 | (4,212) |
| Purchase of property, plant and equipment | (33,320) | (42,162) |
| Proceeds from sale of property, plant and equipment | 578 | 1,425 |
| Purchase of intangible assets | (600) | (1,082) |
| Proceeds from sale of intangible assets | - | 351 |
| Purchase of investment securities | (474) | (1,368) |
| Proceeds from sale of investment securities | 17,464 | 711 |
| Loan advances | (449) | (386) |
| Proceeds from collection of loans receivable | 583 | 567 |
| Other, net | 9 | (1,629) |
| Net cash provided by (used in) investing activities | (10,349) | (47,784) |

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (8,547) | (232) |
| Proceeds from long-term borrowings | 14,000 | 24,000 |
| Repayments of long-term borrowings | (9,817) | (10,784) |
| Proceeds from issuance of bonds | 1,000 | 1,000 |
| Proceeds from issuance of commercial papers | 8,000 | 38,000 |
| Redemption of commercial papers | (8,000) | (28,000) |
| Purchase of treasury shares | (7,355) | (32,273) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (1,618) | (1,603) |
| Repayments of lease liabilities | (478) | (820) |
| Dividends paid | (7,708) | (11,991) |
| Dividends paid to non-controlling interests | (471) | (918) |
| Net cash provided by (used in) financing activities | (20,996) | (23,625) |
| Effect of exchange rate change on cash and cash equivalents | (139) | 4,435 |
| Net increase (decrease) in cash and cash equivalents | 35,220 | (11,260) |
| Cash and cash equivalents at beginning of period | 57,845 | 93,065 |
| Cash and cash equivalents at end of period | * 93,065 | * 81,805 |

[Notes to Consolidated Financial Statements]

(Significant matters forming the basis for preparation of consolidated financial statements)

(1) Scope of consolidation

(a) Number of consolidated subsidiaries: 38

The names of consolidated subsidiaries are omitted here because they are provided in “4. Overview of subsidiaries and associates” under “1. Overview of the Company.”

(b) Names of major non-consolidated subsidiaries

AYASE SEIMITSU Co., Ltd.

FNK China Co., Ltd.

NHK Automotive Components India Private Limited

Reason for exclusion from the scope of consolidation

These non-consolidated subsidiaries are small in size and their total assets, sales, net income or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others, and do not have a significant impact on the consolidated financial statements.

(2) Application of the equity method

(a) Number of non-consolidated subsidiaries accounted for using equity method: 3

Name of companies

AYASE SEIMITSU Co., Ltd.

FNK China Co., Ltd.

NHK Automotive Components India Private Limited

(b) Number of associates accounted for using equity method: 5

Name of companies

SINDAI CO., LTD.

FAURECIA-NHK CO., LTD.

Ibérica de Suspensiones, S.L.

RASSINI-NHK AUTOPEÇAS LTDA.

Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd.

(c) Of the non-consolidated subsidiaries or associates not accounted for using the equity method, name of the principal company

Nippatsu Harmony Co., Ltd.

Reasons for not applying the equity method

The non-consolidated subsidiaries and associates not accounted for using the equity method are excluded from the scope of application of the equity method, because their impact on net income (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and others of the fiscal year under review, is minor and also has no significance as a whole.

(d) For the companies accounted for using the equity method whose closing dates differ from the consolidated closing date, the financial statements for the respective fiscal year of those companies are used for the consolidation purpose.

(3) Fiscal year, etc. of consolidated subsidiaries

Of consolidated subsidiaries, the closing date of NHK Spring (Thailand) Co., Ltd., NHK Manufacturing (Malaysia) SDN. BHD., NAT Peripheral (H.K.) Co., Ltd., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., NAT Peripheral (Dongguan) Co., Ltd., NHK Spring (China) Co., Ltd., NHK Seating (Hubei)

Co., Ltd., Topura America Fastener, Inc. and NHK Spring Mexico, S.A. DE. C.V. is December 31 of every year.

In preparing the consolidated financial statements, we use financial statements as of their closing dates and make necessary adjustments for consolidation regarding significant transactions that occur between the consolidated closing date and their closing dates.

(4) Accounting policies

(a) Standards and methods for valuation of important assets

(i) Inventory

Mainly stated at cost using the weighted average method (Balance sheet value is calculated using the book value write-down method based on declining profitability).

(ii) Securities

Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market prices

Mainly stated at cost using the moving average method.

(iii) Derivatives

Stated at fair value.

(b) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Principally, the declining-balance method is applied.

Buildings and structures at the Company's headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 by the straight-line method.

(ii) Small-amount depreciable assets (excluding leased assets)

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are equally amortized over three years.

(iii) Intangible assets (excluding leased assets)

Principally, the straight-line method is applied. Computer software for internal use is amortized on a straight-line basis over the estimated internal useful life (five years) of the software.

(iv) Leased assets

Finance lease transactions that do not transfer ownership

The straight-line method with no residual value is applied, regarding the term as useful life.

(c) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount measured by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables is recorded.

- (ii) Provision for bonuses
To prepare for the payment of bonuses to employees, the portion of the estimated bonuses incurred during the fiscal year under review is recorded.
 - (iii) Provision for bonuses for directors (and other officers)
To prepare for the payment of bonuses to directors (and other officers), the portion of the estimated bonuses incurred during the fiscal year under review is recorded.
 - (iv) Provision for retirement benefits for directors (and other officers)
To prepare for the payment of retirement benefits to directors (and other officers), the domestic consolidated subsidiaries record the amount to be paid at the end of the fiscal year in accordance with the directors' retirement benefit regulations or internal rules.
 - (v) Provision for officers' retirement benefits
To prepare for the payment of officers' retirement benefits, the Company and its domestic consolidated subsidiaries record the amount to be paid at the end of the fiscal year in accordance with the officers' retirement benefit regulations or internal rules.
- (d) Accounting methods for retirement benefits
- (i) Method of attributing expected retirement benefit to periods
In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.
 - (ii) Method of amortization of actuarial gains and losses and past service costs
Past service cost is amortized using the straight-line method over a certain number of years (mainly 15 to 16 years) within employees' average remaining service period when incurred.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining service period when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.
 - (iii) Application of simplified method by small-scale companies
In calculating the retirement benefit liability and retirement benefit expenses, certain of the Company's consolidated subsidiaries apply the simplified method in which the amount of retirement benefits payable at the end of the fiscal year for voluntary resignations is the retirement benefit obligation.
- (e) Standards for recognition of significant revenues and expenses
- The Group's main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components, as well as the sale of information equipment-related products and parts, and logistics and other service business activities related to these businesses.
- The Group's performance obligation is primarily to supply finished products to customers. In principle, the performance obligations are deemed satisfied when control is transferred to the customer at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.
- The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.
- In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

(f) Significant hedge accounting methods

(i) Hedge accounting method

Deferred hedge accounting is applied. Allocation method (furiate-shori) is applied to some forward exchange contracts and currency swaps qualifying for such accounting treatment. Exceptional treatment (tokurei-shori) is applied to interest rate swaps qualifying for such exceptional accounting.

(ii) Hedging instruments and hedged items

| Hedging instruments | Hedged items |
|----------------------------------|--|
| Forward exchange contract | Forecasted transaction in foreign currency |
| Interest rate swaps | Borrowings |
| Interest rate and currency swaps | Borrowings |
| Currency swaps | Loans receivable |

(iii) Hedging policy

Based on the Group's internal regulations, the "Cash Management Regulations," these hedging instruments are in principle to be used for the purpose of hedging against exchange rate and interest rate fluctuation risk.

Regarding the exchange rate fluctuations on foreign currency-denominated accounts receivable, which constitutes a major risk, we have entered comprehensive foreign currency forward contracts to avoid this risk, and execute such transactions within a range based on factors considering export performance related to normal foreign currency-denominated business transactions.

(iv) Method of evaluating effectiveness of hedges

We evaluate the effectiveness of forward exchange transactions by confirming that they comply with its internal regulations, the "Cash Management Regulations," at the time of concluding such contracts. For interest rate swaps to which the special method is applied, we have omitted the effectiveness evaluation based on the Accounting Standards for Financial Instruments.

(g) Scope of cash and cash equivalents in consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily convertible into cash and are subject to insignificant risk of fluctuation in value and have a maturity of three months or less from the date of acquisition.

(Significant accounting estimates)

Impairment losses in property, plant and equipment in the automotive suspension springs business in the United States

(1) Amount recorded on the consolidated financial statements

| | (Millions of yen) | |
|-------------------------------|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
| Impairment losses | 157 | - |
| Property, plant and equipment | 10,569 | 9,667 |

(2) Other information that contributes to the understanding of users of the consolidated financial statements

(i) Method of calculation

NHK of America Suspension Components, Inc. and New Mather Metals, Inc., the Group's consolidated subsidiaries in U.S. engaged in the automotive suspension springs business, have been recording continuous operating losses due to rising raw material costs, labor costs, and resource and energy prices. Therefore, we have considered the possibility of the impairment of property, plant and equipment. No impairment loss was recorded because the results of the recoverability test indicated that the total fair value exceeded the carrying amount of the asset group.

Both companies adopt US GAAP and the calculation of undiscounted future cash flows is based on business plans approved by the Board of Directors.

The fair value was calculated using a combination of income, cost, and market approaches, etc., and was based on real estate appraisals and other valuations provided by third parties.

(ii) Key assumptions

The key assumptions for estimating undiscounted future cash flows used for recoverability tests and fair value calculations are sales volume, selling price and gross profit margin.

Sales volume is based on the expected quantity of orders received from customers. Selling prices and gross profit margin include improvements in selling prices and manufacturing costs that are planned to be implemented in the business plan.

The key assumptions in the fair value calculations are the unit price per area in real estate appraisals and the consideration of functional and economic depreciation factors.

Regarding the impact of increasing raw material costs, labor costs, and resource and energy prices, etc., we expect to recover costs thereof from customers based on information available at the end of the fiscal year under review as well as assume that the impact will continue for a certain period of time from the next fiscal year onwards.

(iii) Impact on consolidated financial statements for the next fiscal year and thereafter

The above-mentioned key assumptions may be affected by changes in the business conditions of both companies due to factors such as a significant increase in raw material prices, a significant decrease in automobile production in the U.S. due to changes in the economic environment, etc., future uncertain economic conditions, including U.S. tariff policy, and worsening competitive conditions.

Due to these factors, there is a possibility that impairment losses will be recorded in the next fiscal year or thereafter.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," Etc.)

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"). This change in accounting policies has no impact on the consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal

year under review. This change in accounting policies has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(New accounting standards not yet applied)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, ASBJ)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ), Etc.

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled date of adoption

To be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application of the accounting standards

The impact from the application of the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statements of income)

“Loss on sale of non-current assets,” which were included in “Other” under Non-operating expenses until the previous fiscal year, are presented separately in the fiscal year under review because they became more significant in amount. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 906 million yen presented as “Other” under non-operating expenses in the consolidated statement of income for the previous fiscal year has been reclassified as “Loss on sale of non-current assets” of 32 million yen and “Other” of 873 million yen.

(Additional information)

(Stock compensation plan for Directors)

In accordance with a resolution adopted at the 102nd Annual General Meeting of Shareholders held on June 28, 2022, the Company has introduced a Board Benefit Trust (BBT: “the Plan”) for Directors of the Company (excluding External Directors).

(1) Outline of transaction

In the Plan, a trust, which is established by the Company by contributing money to the trust (“the Trust”), will acquire the Company’s shares, and the Company’s shares are delivered to Directors through the Trust according to the number of points granted in accordance with the Company Rules

Governing the Stock Compensation Plan for Directors. In principle, Directors receive the Company's shares at the time when they retire from the Board.

(2) Company's shares remaining in Trust

The Company's shares remaining in the Trust are recorded as treasury shares under Net assets based on their carrying amount in the Trust (excluding incidental expenses). The carrying amount and number of such treasury shares were 178 million yen and 196,000 shares at the end of the previous fiscal year and are 178 million yen and 196,000 shares at the end of the fiscal year under review.

(Consolidated balance sheet)

*1 Notes regarding non-consolidated subsidiaries and associates

Of the amounts included in each item, those for non-consolidated subsidiaries and associates are as follows.

| | (Millions of yen) | |
|--|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Investment securities (shares) | 10,737 | 11,447 |
| Investments and other assets, other (investments in capital) | 8,597 | 9,750 |

2 Guarantee obligations

The Company has guaranteed borrowings from financial institutions by companies other than consolidated subsidiaries or by employees as follows.

| | (Millions of yen) | |
|--|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Non-consolidated subsidiaries and associates | 120 | 118 |
| Employees | 6 | 4 |
| Total | 126 | 123 |

3 Contingent liabilities

In November 2020, the Company received a penalty payment order (TWD 285 million) from the Taiwan Fair Trade Commission (TFTC) for violating Taiwan's Fair Trade Act (anti-monopoly law) in relation to its transactions of HDD suspensions. In objection to this, the Company appealed against such order in January 2021, and completely won the case in August 2023.

The TFTC was dissatisfied with this judgement and appealed in September 2023.

*4 Notes maturing at the end of the fiscal year were settled on the clearing date.

As the last day of the previous fiscal year was a bank holiday, the following matured notes at the end of the fiscal year were included in the balance at the end of period.

| | (Millions of yen) | |
|--------------------------|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Notes receivable - trade | 329 | - |
| Notes payable - trade | 20 | - |

*5 Of "Notes and accounts receivable - trade, and contract assets" under "Current assets," the amounts of receivables arising from contracts with customers are as follows.

| | (Millions of yen) | |
|-----------------------------|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Notes receivable - trade | 16,310 | 17,832 |
| Accounts receivable - trade | 149,328 | 148,624 |

*6 Of “Other” under “Current Liabilities,” the amounts of contract liabilities are as follows.

| | (Millions of yen) | |
|----------------------|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Contract liabilities | 1,683 | 1,360 |

(Consolidated statement of income)

*1 Revenue from contracts with customers

In net sales, revenues arising from contracts with customers and other revenues are not separately presented. The amount of revenues arising from contracts with customers is presented in “Notes (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers” to the consolidated financial statements.

*2 Ending inventory is the amount after writing down book values due to declining profitability, and the following loss on valuation of inventories are included in cost of sales.

| | (Millions of yen) | |
|--|---|---|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| | 734 | 481 |

*3 Main items and amounts of selling, general and administrative expenses are as follows.

| | (Millions of yen) | |
|--|---|---|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| Transportation costs | 4,324 | 5,099 |
| Salaries, allowances and bonuses | 26,172 | 27,926 |
| Retirement benefit expenses | 621 | 329 |
| Provision for retirement benefits for directors (and other officers) | 354 | 894 |
| Provision for officers’ retirement benefits | 279 | 205 |
| Commission expenses | 5,819 | 7,180 |

*4 Research and development costs included in general and administrative expenses and cost of sales

| | (Millions of yen) | |
|--|---|---|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| | 19,335 | 22,740 |

*5 Settlement income

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

Settlement income is due to the settlement of a patent infringement lawsuit against the Company.

*6 Impairment losses

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

The Group recognized impairment losses for the following assets.

(Millions of yen)

| Used for | Location | Category | Amount |
|--------------------------|----------------------|-----------------------------------|--------|
| Production facilities | Komagane-shi, Nagano | Buildings and structures | 0 |
| | | Machinery, equipment and vehicles | 56 |
| | | Construction in progress | 0 |
| | | Other non-current assets | 0 |
| | United States | Buildings and structures | 309 |
| | | Machinery, equipment and vehicles | 245 |
| | | Other non-current assets | 9 |
| | China | Buildings and structures | 1,533 |
| | | Machinery, equipment and vehicles | 2,330 |
| | | Other non-current assets | 236 |
| | | Software | 16 |
| | | Other intangible assets | 321 |
| | Hungary | Machinery, equipment and vehicles | 1,781 |
| Other non-current assets | | 122 | |
| Software | | 3 | |
| Other intangible assets | | 65 | |

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Komagane-shi, Nagano was determined as the net realizable value based on reasonable estimates using value in use.

The recoverable value of the production facilities in the United States was determined at fair value based on reasonable estimates using real estate appraisal value and others.

The recoverable value of the production facilities in China was determined by reasonable estimates based on value in use and real estate appraisal values, etc. The value in use is measured by discounting future cash flows at 12.5% through 13.65%.

The recoverable value of the production facilities in Hungary was determined by reasonable estimates based on real estate appraisal values, etc.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

The Group recognized impairment losses for the following assets.

(Millions of yen)

| Used for | Location | Category | Amount |
|-----------------------|----------------------|-----------------------------------|--------|
| Production facilities | Hungary | Machinery, equipment and vehicles | 8 |
| | | Other non-current assets | 21 |
| | | Construction in progress | 286 |
| | | Software | 2 |
| Idle real estate | Hadano-shi, Kanagawa | Land | 111 |

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

The carrying amount of idle real estate was reduced to the recoverable value because there are no specific plans for future use and the assets are not expected to be used in the future, and the amount of the reduction was recorded as an impairment loss under extraordinary losses.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category. Idle assets are treated as a separate asset group.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Hungary was determined by reasonable estimates based on real estate appraisal values, etc.

Idle real estate in Hadano-shi, Kanagawa is measured at its net realizable value.

*7 Amount of income taxes for global minimum tax included in income taxes - current

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|--|---|---|
| | - | 231 |

(Consolidated statements of comprehensive income)

* Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|---|---|---|
| Valuation difference on available-for-sale securities | | |
| Amount arising during period | 26,417 | (9,882) |
| Reclassification adjustments | (16,104) | (382) |
| Before income taxes and tax effects | 10,313 | (10,264) |
| Income taxes and tax effects relating to other comprehensive income | (3,170) | 2,760 |
| Valuation difference on available-for-sale securities | 7,142 | (7,504) |
| Foreign currency translation adjustment | | |
| Amount arising during period | 11,344 | 9,997 |
| Remeasurements of defined benefit plans, net of tax | | |
| Amount arising during period | 17,892 | (4,585) |
| Reclassification adjustments | 417 | (1,434) |
| Before income taxes and tax effects | 18,310 | (6,019) |
| Income taxes and tax effects relating to other comprehensive income | (5,621) | 1,612 |
| Remeasurements of defined benefit plans, net of tax | 12,689 | (4,407) |
| Share of other comprehensive income of entities accounted for using equity method | | |
| Amount arising during period | 936 | 303 |
| Total other comprehensive income | 32,113 | (1,610) |

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

1 Matters regarding issued shares

| Class of shares | Beginning of fiscal year ended March 31, 2024 | Increase | Decrease | End of fiscal year ended March 31, 2024 |
|------------------------|---|----------|----------|---|
| Common shares (shares) | 244,066,144 | – | – | 244,066,144 |

2 Matters regarding treasury shares

| Class of shares | Beginning of fiscal year ended March 31, 2024 | Increase | Decrease | End of fiscal year ended March 31, 2024 |
|------------------------|---|-----------|----------|---|
| Common shares (shares) | 17,548,689 | 5,059,913 | 3,750 | 22,604,852 |

Note: The number of treasury shares as of the end of the fiscal year ended March 31, 2024 includes 196,250 shares of the Company's stock held by the Stock Benefit Trust Account as trust assets thereof.

(Summary of reason of change)

The breakdown of the increase is as follows.

| | |
|--|------------------|
| Increase due to acquisition of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act. | 5,059,100 shares |
| Increase due to purchasing shares that are less than one unit | 813 shares |

The breakdown of the decrease is as follows.

| | |
|--|--------------|
| Decrease due to grant of shares by the Stock Benefit Trust | 3,750 shares |
|--|--------------|

3 Matters regarding dividends

(1) Dividends paid

| Resolution | Class of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|--|-----------------|-----------------------------------|---------------------------|--------------------|------------------|
| Annual General Meeting of Shareholders on June 28, 2023 (Note 1) | Common shares | 3,854 | 17.0 | March 31, 2023 | June 29, 2023 |
| Board of Directors' meeting on November 13, 2023 (Note 2) | Common shares | 3,854 | 17.0 | September 30, 2023 | December 4, 2023 |

- Notes: 1. The total amount of dividends resolved at the Annual General Meeting of Shareholders on June 28, 2023 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.
2. The total amount of dividends resolved at the Board of Directors meeting on November 13, 2023 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.

(2) Dividends whose effective date falls in the next fiscal year, among dividends whose record dates belongs to the fiscal year under review

| Resolution | Class of shares | Source of dividends | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|-----------------|---------------------|-----------------------------------|---------------------------|----------------|----------------|
| Annual General Meeting of Shareholders on June 25, 2024 | Common shares | Retained earnings | 5,541 | 25.0 | March 31, 2024 | June 26, 2024 |

Note: The total amount of dividends resolved at the Annual General Meeting of Shareholders on June 25, 2024 includes a dividend of 4 million yen on the Company's shares held by the Stock Benefit Trust.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

1 Matters regarding issued shares

| Class of shares | Beginning of fiscal year ended March 31, 2025 | Increase | Decrease | End of fiscal year ended March 31, 2025 |
|------------------------|---|----------|------------|---|
| Common shares (shares) | 244,066,144 | – | 13,000,000 | 231,066,144 |

(Summary of reason of change)

The breakdown of the decrease is as follows.

Decrease due to cancellation of treasury shares 13,000,000 shares

2 Matters regarding treasury shares

| Class of shares | Beginning of fiscal year ended March 31, 2025 | Increase | Decrease | End of fiscal year ended March 31, 2025 |
|------------------------|---|------------|------------|---|
| Common shares (shares) | 22,604,852 | 18,291,866 | 13,756,400 | 27,140,318 |

Note: The number of treasury shares as of the end of the fiscal year ended March 31, 2025 includes 196,250 shares of the Company's stock held by the Stock Benefit Trust Account as trust assets thereof.

(Summary of reason of change)

The breakdown of the increase is as follows.

Increase due to acquisition of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act. 18,288,700 shares

Increase due to free acquisition of shares with transfer restrictions 2,200 shares

Increase due to purchasing shares that are less than one unit 966 shares

The breakdown of the decrease is as follows.

Decrease due to cancellation of treasury shares 13,000,000 shares

Decrease due to disposal of treasury shares as a restricted stock incentive for employee shareholding association 756,400 shares

3 Matters regarding dividends

(1) Dividends paid

| Resolution | Class of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|--|-----------------|-----------------------------------|---------------------------|--------------------|------------------|
| Annual General Meeting of Shareholders on June 25, 2024 (Note 1) | Common shares | 5,541 | 25.0 | March 31, 2024 | June 26, 2024 |
| Board of Directors' meeting on November 13, 2024 (Note 2) | Common shares | 6,450 | 30.0 | September 30, 2024 | December 3, 2024 |

- Notes:
- The total amount of dividends resolved at the Annual General Meeting of Shareholders on June 25, 2024 includes a dividend of 4 million yen on the Company's shares held by the Stock Benefit Trust.
 - The total amount of dividends resolved at the Board of Directors meeting on November 13, 2024 includes a dividend of 5 million yen on the Company's shares held by the Stock Benefit Trust.

- (2) Dividends whose effective date falls in the next fiscal year, among dividends whose record dates belongs to the fiscal year under review

| Resolution | Class of shares | Source of dividends | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|-----------------|---------------------|-----------------------------------|---------------------------|----------------|----------------|
| Annual General Meeting of Shareholders on June 25, 2025 | Common shares | Retained earnings | 7,960 | 39.0 | March 31, 2025 | June 26, 2025 |

- Notes: 1. The total amount of dividends resolved at the Annual General Meeting of Shareholders on June 25, 2025 includes a dividend of 7 million yen on the Company's shares held by the Stock Benefit Trust.
2. The dividend per share includes a special dividend of 6.0 yen.

(Consolidated statements of cash flows)

* Reconciliation between the balance of cash and cash equivalents at the end of the fiscal year on the consolidated balance sheet and those on the consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|---|---|---|
| Cash and deposits | 103,216 | 97,234 |
| Time deposits with maturity over three months | (10,150) | (15,429) |
| Cash and cash equivalents | 93,065 | 81,805 |

(Leases)

(As lessee)

1 Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Components of leased assets

Property, plant and equipment

Leased assets are principally vehicles (machinery, equipment and vehicles) in the transportation business.

(2) Accounting method for depreciation of leased assets

The straight-line method with no residual value is applied, regarding the term as useful life.

2 Operating lease transactions

Future lease payments to be received under non-cancellable leases of operating lease transactions

(Millions of yen)

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|---------------|--|--|
| Within 1 year | 127 | 128 |
| Over 1 year | 309 | 196 |
| Total | 437 | 324 |

3 Impairment losses

There is no impairment loss allocated to leased asset.

(Financial instruments)

1 Status of financial instruments

(1) Policy for financial instruments

The Group limits its fund management to short-term deposits, etc. It also procures funds for short-term working capital through borrowings from financial institution and the issue of commercial papers. Derivatives are used to avoid the risks mentioned below and it is corporate policy not to engage in speculative transactions.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are subject to customer credit risk. In addition, as the Group develops and operates its business around the world, trade receivables denominated in foreign currencies arising from the global operation are exposed to the risk of fluctuations in foreign exchange rates. However, the Group's export transactions, which occupy large part of such trade receivables, are conducted within a reasonable limits based on its export performance and are hedged using forward exchange contracts. Shares, which are investment securities, are exposed to the risk of fluctuations in market price. However, they are mainly shares of companies with which we have business relationships, and their fair values are determined on a quarterly basis.

Most of the trade payables, such as notes and accounts payable - trade and electronically recorded obligations - operating, have payment due within one year. Some of them are denominated in foreign currencies and are exposed to the risk of exchange rate fluctuations, but are always within the range of the accounts receivable balance denominated in the same foreign currency. Borrowings and commercial paper are intended to raise funds necessary for working capital and capital investments. They are exposed to interest rate fluctuation risk when procured at variable interest rates, but we make it a rule to hedge these risks using derivative instruments (interest rate swap transactions).

(3) Risk management framework for financial instruments

(i) Management of credit risk (the risk of contractual counterparty default, etc.)

In accordance with the Accounts Receivable Management Regulations, the Group manages due dates and balances for each customer and business partner and regularly and systematically monitors their credit status.

(ii) Management of market risk (the risk of fluctuations in exchange rates and interest rates, etc.)

The Group uses foreign exchange forward contracts for a certain percentage of its foreign currency-denominated accounts receivable to hedge the risk of exchange rate fluctuations.

The Company basically procures long-term borrowings at fixed interest rates. Even when procuring borrowings at variable interest rates, the Company does not have interest rate fluctuation risk because it uses swap transactions to fix interest rate payments.

(iii) Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

The Group manages liquidity risk by having the Financial Department prepare and update cash flow plans in a timely manner based on reports from each department.

(4) Supplementary explanation of fair value, etc. of financial instruments

There are no matters to report under this item.

2 Fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheet, fair values and the differences between them are as follows. Notes are omitted because cash and deposits, notes and accounts receivable - trade, notes and

accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, commercial papers, income taxes payable, notes payable - facilities are settled in the short term and their fair values approximate their book values.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| | Amount recorded on the consolidated balance sheet | Fair value | Difference |
|--------------------------------|---|------------|------------|
| (1) Investment securities (*1) | | | |
| Available-for-sale securities | 60,393 | 60,393 | – |
| Held-to-maturity securities | 400 | 398 | (1) |
| (2) Long-term loans receivable | 1,953 | 1,946 | (6) |
| Total assets | 62,746 | 62,738 | (8) |
| (3) Bonds payable | 12,000 | 11,930 | (69) |
| (4) Long-term borrowings | 22,009 | 21,962 | (46) |
| (5) Lease liabilities (*2) | 1,420 | 1,372 | (47) |
| Total liabilities | 35,429 | 35,265 | (163) |
| Derivatives (*3) | – | – | – |

(*1) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

| Category | Amount recorded on the consolidated balance sheet |
|--|---|
| Shares of subsidiaries and associates (unlisted) | 10,737 |
| Other unlisted shares | 1,961 |

(*2) The amount of Lease liabilities here are the sum of lease liabilities (under Current liabilities) and lease liabilities (under Non-current liabilities).

(*3) See notes to “Derivatives.”

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| | Amount recorded on the consolidated balance sheet | Fair value | Difference |
|--------------------------------|---|------------|------------|
| (1) Investment securities (*1) | | | |
| Available-for-sale securities | 49,848 | 49,848 | – |
| Held-to-maturity securities | 600 | 574 | (25) |
| (2) Long-term loans receivable | 1,368 | 1,270 | (98) |
| Total assets | 51,817 | 51,694 | (123) |
| (3) Bonds payable | 13,000 | 12,796 | (203) |
| (4) Long-term borrowings | 20,015 | 19,828 | (186) |
| (5) Lease liabilities (*2) | 1,603 | 1,556 | (46) |
| Total liabilities | 34,618 | 34,181 | (436) |

(*1) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

| Category | Amount recorded on the consolidated balance sheet |
|--|---|
| Shares of subsidiaries and associates (unlisted) | 11,447 |
| Other unlisted shares | 1,934 |
| Other | 1,131 |

(*2) The amount of Lease liabilities here are the sum of lease liabilities (under Current liabilities) and lease liabilities (under Non-current liabilities).

Note 1: Scheduled redemption amounts of monetary claims and securities with a maturity date after the fiscal year end

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| | Within 1 year | Over 1 year within 5 years | Over 5 years within 10 years | Over 10 years |
|---------------------------------------|---------------|----------------------------|------------------------------|---------------|
| Cash and deposits | 103,216 | – | – | – |
| Notes and accounts receivable - trade | 165,639 | – | – | – |
| Held-to-maturity securities | – | 200 | 200 | – |
| Long-term loans receivable | – | 1,826 | 98 | 28 |
| Total | 268,855 | 2,026 | 298 | 28 |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| | Within 1 year | Over 1 year within 5 years | Over 5 years within 10 years | Over 10 years |
|---------------------------------------|---------------|----------------------------|------------------------------|---------------|
| Cash and deposits | 97,234 | – | – | – |
| Notes and accounts receivable - trade | 166,457 | – | – | – |
| Held-to-maturity securities | – | 300 | 300 | – |
| Long-term loans receivable | – | 1,093 | 177 | 97 |
| Total | 263,692 | 1,393 | 477 | 97 |

Note 2: Scheduled repayment amounts of bonds, long-term borrowings, lease obligations and other interest-bearing liabilities after the fiscal year end

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| | Within 1 year | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years | Over 5 years |
|-----------------------|---------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| Short-term borrowings | 11,985 | – | – | – | – | – |
| Bonds payable | – | – | 10,000 | 1,000 | 1,000 | – |
| Long-term borrowings | – | 14,894 | 3,415 | 2,900 | 800 | – |
| Lease liabilities | 550 | 316 | 230 | 265 | 56 | – |
| Total | 12,535 | 15,210 | 13,645 | 4,165 | 1,856 | – |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| | Within 1 year | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years | Over 5 years |
|-----------------------|---------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| Short-term borrowings | 27,199 | – | – | – | – | – |
| Commercial papers | 10,000 | – | – | – | – | – |
| Bonds payable | – | 10,000 | 1,000 | 1,000 | 1,000 | – |
| Long-term borrowings | – | 11,015 | 7,000 | 1,400 | 600 | – |
| Lease liabilities | 611 | 424 | 352 | 152 | 62 | – |
| Total | 37,811 | 21,439 | 8,352 | 2,552 | 1,662 | – |

3 Breakdown of financial instruments by level of fair value

The fair value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair values measured using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be measured

Level 2: Fair values measured using observable inputs other than those used to calculate Level 1 fair value

Level 3: Fair values measured using unobservable inputs

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| Category | Fair value | | | |
|-------------------------------|------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | 60,393 | – | – | 60,393 |
| Total assets | 60,393 | – | – | 60,393 |
| Derivatives | – | – | – | – |
| Total liabilities | – | – | – | – |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| Category | Fair value | | | |
|-------------------------------|------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | 49,848 | – | – | 49,848 |
| Total assets | 49,848 | – | – | 49,848 |

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| Category | Fair value | | | |
|--|------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Held-to-maturity securities | | | | |
| Government bonds, local government bonds, etc. | – | 398 | – | 398 |
| Long-term loans receivable | – | 1,946 | – | 1,946 |
| Total assets | – | 2,345 | – | 2,345 |
| Bonds payable | – | 11,930 | – | 11,930 |
| Long-term borrowings | – | 21,962 | – | 21,962 |
| Lease liabilities | – | 1,372 | – | 1,372 |
| Total liabilities | – | 35,265 | – | 35,265 |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| Category | Fair value | | | |
|--|------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Held-to-maturity securities | | | | |
| Government bonds, local government bonds, etc. | – | 574 | – | 574 |
| Long-term loans receivable | – | 1,270 | – | 1,270 |
| Total assets | – | 1,845 | – | 1,845 |
| Bonds payable | – | 12,796 | – | 12,796 |
| Long-term borrowings | – | 19,828 | – | 19,828 |
| Lease liabilities | – | 1,556 | – | 1,556 |
| Total liabilities | – | 34,181 | – | 34,181 |

Note: Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

Fair values of listed stocks held by the Company, which are determined by using quoted prices at stock exchanges, are categorized as Level 1 since they are traded in active markets. However, because the markets for the local government bonds held by the Company are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.

Derivatives

The fair value of interest rate swaps that are accounted for using exceptional accounting is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

Long-term loans receivable

The fair value of long-term loans receivable is measured based on the present value of the expected amount of principal and interest to be received, which reflects the likelihood of recovery, discounted at an appropriate interest rate such as government bond yields, and are classified as Level 2.

Bonds payable

For bonds payable issued by the Company, the fair value of public issues is calculated based on the reference trading statistics published by the Japan Securities Dealers Association, while that of privately placed bonds is calculated by discounting the fair value at a reasonably estimated interest rate that would be applied if a similar bond was issued because they are fully underwritten by the financial institutions involved. Both are classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is measured based on the total amount of principal and interest discounted at the interest rate expected to be applied if similar new borrowings were made. As some long-term borrowings are subject to exceptional accounting of interest rate swaps, the fair value thereof is calculated by discounting the total of principal and interest that were treated as a part of the interest rate swaps at an estimated interest rate that would be applied if similar borrowings were newly made, and is classified as Level 2.

Lease liabilities

The fair value of lease liabilities is measured using the discounted cash flow method based on the total amount of principals and interests, the remaining period of such liabilities, and an interest rate obtained by adding credit risk, and is classified as Level 2.

(Securities)

1 Securities - trading

Fiscal year ended March 31, 2024 (As of March 31, 2024)

There are no matters to report under this item.

Fiscal year ended March 31, 2025 (As of March 31, 2025)

There are no matters to report under this item.

2 Held-to-maturity securities

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| Category | | Amount recorded on the consolidated balance sheet | Fair value | Difference |
|--|--|---|------------|------------|
| Securities whose fair value exceeds amount recorded on the consolidated balance sheets | (i) Government bonds, local government bonds, etc. | 200 | 201 | 1 |
| | (ii) Bonds payable | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 200 | 201 | 1 |
| Securities whose fair value does not exceed amount recorded on the consolidated balance sheets | (i) Government bonds, local government bonds, etc. | 200 | 197 | (2) |
| | (ii) Bonds payable | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 200 | 197 | (2) |
| Total | | 400 | 398 | (1) |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| Category | | Amount recorded on the consolidated balance sheet | Fair value | Difference |
|--|--|---|------------|------------|
| Securities whose fair value exceeds amount recorded on the consolidated balance sheets | (i) Government bonds, local government bonds, etc. | — | — | — |
| | (ii) Bonds payable | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | — | — | — |
| Securities whose fair value does not exceed amount recorded on the consolidated balance sheets | (i) Government bonds, local government bonds, etc. | 600 | 574 | (25) |
| | (ii) Bonds payable | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 600 | 574 | (25) |
| Total | | 600 | 574 | (25) |

3 Available-for-sale securities

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| Category | | Amount recorded on the consolidated balance sheet | Acquisition cost | Difference |
|--|-------------|---|------------------|------------|
| Securities whose amount recorded on the consolidated balance sheets exceeds acquisition cost | (i) Shares | 60,393 | 10,956 | 49,436 |
| | (ii) Bonds | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 60,393 | 10,956 | 49,436 |
| Securities whose amount recorded on the consolidated balance sheets do not exceed acquisition cost | (i) Shares | — | — | — |
| | (ii) Bonds | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | — | — | — |
| Total | | 60,393 | 10,956 | 49,436 |

Note: For impairment of securities, an impairment loss is recorded when the fair value of a security falls by 50% or more compared to its acquisition cost except where it is deemed possible that the fair value will be recovered. If the decline rate is 30% or more but no more than 50%, we determine whether the market value is likely to recover and record an impairment loss if it is determined that there is no possibility of recovery.

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| Category | | Amount recorded on the consolidated balance sheet | Acquisition cost | Difference |
|--|-------------|---|------------------|------------|
| Securities whose amount recorded on the consolidated balance sheets exceeds acquisition cost | (i) Shares | 49,820 | 10,617 | 39,202 |
| | (ii) Bonds | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 49,820 | 10,617 | 39,202 |
| Securities whose amount recorded on the consolidated balance sheets do not exceed acquisition cost | (i) Shares | 28 | 34 | (5) |
| | (ii) Bonds | — | — | — |
| | (iii) Other | — | — | — |
| Subtotal | | 28 | 34 | (5) |
| Total | | 49,848 | 10,651 | 39,197 |

Note: For impairment of securities, an impairment loss is recorded when the fair value of a security falls by 50% or more compared to its acquisition cost except where it is deemed possible that the fair value will be recovered. If the decline rate is 30% or more but no more than 50%, we determine whether the market value is likely to recover and record an impairment loss if it is determined that there is no possibility of recovery.

4 Available-for-sale securities sold

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| Category | Proceeds from sales | Total gain on sales | Total loss on sales |
|--|---------------------|---------------------|---------------------|
| (1) Shares | 17,085 | 16,119 | 15 |
| (2) Bonds | | | |
| (i) Government bonds, local government bonds, etc. | – | – | – |
| (ii) Bonds payable | – | – | – |
| (iii) Other | – | – | – |
| (3) Other | – | – | – |
| Total | 17,085 | 16,119 | 15 |

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| Category | Proceeds from sales | Total gain on sales | Total loss on sales |
|--|---------------------|---------------------|---------------------|
| (1) Shares | 708 | 384 | – |
| (2) Bonds | | | |
| (i) Government bonds, local government bonds, etc. | – | – | – |
| (ii) Bonds payable | – | – | – |
| (iii) Other | – | – | – |
| (3) Other | 4 | 3 | – |
| Total | 712 | 387 | – |

5 Securities for which impairment losses were recognized

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

For the fiscal year ended March 31, 2024, no impairment loss was recognized for investment securities.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

For the fiscal year ended March 31, 2025, no impairment loss was recognized for investment securities.

(Derivatives)

1 Derivatives to which hedge accounting is not applied

Currency derivatives

Fiscal year ended March 31, 2024 (As of March 31, 2024)

There are no matters to report under this item.

Fiscal year ended March 31, 2025 (As of March 31, 2025)

There are no matters to report under this item.

2 Derivatives of which hedge accounting is applied

Interest rate related

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| Hedge accounting method | Type, etc. of derivatives | Major hedged items | Contract amount, etc. | Contract amount, etc. of over 1 year | Fair value |
|--|--|--------------------|-----------------------|--------------------------------------|------------|
| Exceptional accounting for interest rate swaps | Interest rate swaps transactions Payment: fixed/Receipt: floating | Borrowings | 800 | – | (Note) |
| Total | | | 800 | – | (Note) |

Note: The fair value of interest rate swaps that are accounted for using exceptional accounting is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

Fiscal year ended March 31, 2025 (As of March 31, 2025)

There are no matters to report under this item.

(Retirement benefits)

1 Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have corporate pension plans and lump-sum retirement benefit plans as defined benefit and defined contribution plans. They are primarily cash balance plans, with each participant having an individual virtual account. The employers monthly accumulate contribution credits plus interest credits based on market interest rate trends, etc. to the individual virtual account balance. In addition, the Company has established a retirement benefit trust in the corporate pension plan and lump-sum retirement benefit plan.

For lump-sum retirement benefit plans established by certain consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by the simplified method.

Some consolidated subsidiaries participate in multiple employer defined benefit corporate pension fund plans. Of which, the plans whose employer is not able to reasonably calculate the amount of pension assets corresponding to the contributions made by it are accounted for in the same way as defined contribution plans.

2 Defined benefit plans

(1) Changes in the retirement benefit obligations during the years (excluding plans using a simplified method)

| | (Millions of yen) | |
|--|--|--|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| Retirement benefit obligations at beginning of period | 56,287 | 55,138 |
| Service cost | 1,766 | 2,788 |
| Interest cost | 706 | 843 |
| Actuarial gains and losses accrued | (1,309) | (3,165) |
| Retirement benefits paid | (3,476) | (2,987) |
| Other | 1,163 | 1,799 |
| Balance of retirement benefit obligations at end of period | 55,138 | 54,417 |

(2) Changes in the plan assets during the years (excluding plans using a simplified method)

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| Balance of plan assets at beginning of period | 52,372 | 69,634 |
| Expected return on plan assets | 1,359 | 1,369 |
| Actuarial gains and losses accrued | 16,582 | (7,759) |
| Contribution from employer | 955 | 931 |
| Retirement benefits paid | (1,645) | (1,173) |
| Other | 10 | (5) |
| Balance of plan assets at end of period | 69,634 | 62,996 |

(3) Changes in the retirement benefit obligations of plans using simplified method during period

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
| Retirement benefit liability at beginning of period | 4,179 | 4,436 |
| Retirement benefit expenses | 589 | 670 |
| Retirement benefits paid | (189) | (296) |
| Contribution to plan | (143) | (139) |
| Retirement benefit liability at end of period | 4,436 | 4,671 |

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

(Millions of yen)

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|---|---|---|
| Retirement benefit obligations of funded plans | 37,194 | 34,587 |
| Plan assets | (69,634) | (62,996) |
| | (32,440) | (28,408) |
| Retirement benefit obligations of unfunded plans | 22,380 | 24,500 |
| Net amount of liabilities and assets recorded in the consolidated balance sheet | (10,059) | (3,907) |
| Retirement benefit liability | 23,366 | 25,244 |
| Retirement benefit asset | (33,426) | (29,152) |
| Net amount of liabilities and assets recorded in the consolidated balance sheet | (10,059) | (3,907) |

Note: Include plans to which the simplified method was applied.

(5) Amounts of retirement benefit expenses and their components

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|--|--|--|
| Service cost | 1,766 | 2,788 |
| Interest cost | 706 | 843 |
| Expected return on plan assets | (1,359) | (1,369) |
| Amortization of actuarial gains or losses | 247 | (1,776) |
| Amortization of past service cost | 19 | 19 |
| Retirement benefit expenses calculated using the simplified method | 589 | 670 |
| Retirement benefit expenses for defined benefit plans | 1,970 | 1,177 |

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans, net of tax (before tax effects) are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|----------------------------|--|--|
| Past service cost | (19) | (19) |
| Actuarial gains and losses | (18,290) | 6,039 |
| Total | (18,310) | 6,019 |

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before tax effects) are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|---|---|---|
| Unrecognized past service cost | 97 | 78 |
| Unrecognized actuarial gains and losses | (24,477) | (18,438) |
| Total | (24,379) | (18,360) |

(8) Plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows.

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|-----------------|---|---|
| Shares | 64% | 43% |
| Bonds | 17 | 22 |
| General account | 9 | 9 |
| Other | 10 | 26 |
| Total | 100 | 100 |

Note: Total plan assets include 50% of retirement benefit trust for the fiscal year ended March 31, 2024 and 46% for the fiscal year ended March 31, 2025.

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Group takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial assumptions

Major actuarial assumptions

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|-----------------------------------|--|--|
| Discount rate | | |
| Domestic | 0.3%-1.2% | 0.6%-1.9% |
| Overseas | 2.4%-9.5% | 2.1%-9.9% |
| Long-term expected rate of return | | |
| Domestic | 1.5%-2.5% | 1.8%-2.5% |
| Overseas | — | — |

Note: We mainly use the benefit formula method (a method that does not incorporate the element of future salary increases (point increases)).

3 Defined contribution plans

The amount of contribution required for the defined benefit plans at the Company and its consolidated subsidiaries (including multi-employer defined benefit plans, which are accounted for in the same way as defined contribution plans) was 1,704 million yen for the previous fiscal year and 1,717 million yen for the fiscal year under review.

(Tax effect accounting)

1 Major components of deferred tax assets and liabilities

(Deferred tax assets)

(Millions of yen)

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|--|---|---|
| Retirement benefit liability | 6,093 | 5,444 |
| Tax loss carryforwards (Note 1) | 13,938 | 11,307 |
| Accrued expenses | 2,619 | 4,310 |
| Depreciation and accumulated impairment | 6,475 | 5,146 |
| Provision for bonuses | 3,414 | 3,819 |
| Loss on valuation of investment securities and other | 1,691 | 1,835 |
| Loss on valuation of inventories | 875 | 1,121 |
| Other | 5,975 | 5,539 |
| Subtotal of deferred tax assets | 41,084 | 38,522 |
| Valuation allowances for tax loss carryforwards (Note 1) | (13,557) | (10,747) |
| Valuation allowance for total deductible temporary differences | (7,540) | (6,406) |
| Subtotal of valuation allowance | (21,098) | (17,154) |
| Total of deferred tax assets | 19,986 | 21,368 |
| Amount offset against deferred tax liabilities | 9,917 | 12,157 |
| Net deferred tax assets | 10,068 | 9,211 |

(Deferred tax liabilities)

(Millions of yen)

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|---|---|---|
| Valuation difference on available-for-sale securities | (14,847) | (12,087) |
| Retirement benefit asset | (7,754) | (3,006) |
| Reserve for tax purpose reduction entry of non-current assets | (4,004) | (3,995) |
| Other | (5,503) | (6,132) |
| Total of deferred tax liabilities | (32,111) | (25,222) |
| Amount offset against deferred tax assets | (9,917) | (12,219) |
| Net deferred tax liabilities | (22,193) | (13,002) |

Note: 1 Tax loss carryforwards and corresponding deferred tax assets by carryforward period
Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

| | Within 1 year | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years | Over 5 years | Total |
|--------------------------------|------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|--------|
| Tax loss carryforwards (*1) | 766 | 719 | 398 | 425 | 680 | 10,947 | 13,938 |
| Valuation allowance | 766 | 719 | 398 | 425 | 611 | 10,635 | 13,557 |
| Deferred tax assets | – | – | – | – | 68 | 312 | 381 |

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Millions of yen)

| | Within 1 year | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years | Over 5 years | Total |
|-----------------------------|---------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|--------|
| Tax loss carryforwards (*1) | 390 | 723 | 247 | 613 | 679 | 8,653 | 11,307 |
| Valuation allowance | 390 | 723 | 247 | 434 | 627 | 8,323 | 10,747 |
| Deferred tax assets | – | – | – | 178 | 51 | 329 | 559 |

(*1) Tax loss carryforwards are the amounts multiplied by the statutory tax rate.

2 Main components of the difference between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|--|--|--|
| Statutory tax rate of the Reporting Company | – | 30.4% |
| (Adjustments) | | |
| Different tax rates applied to subsidiaries | – | (5.6) |
| Entertainment and other expenses that are never tax deductible | – | 0.6 |
| Dividends and other income that is never taxable | – | (6.3) |
| Dividend income from consolidated subsidiaries and associates | – | 7.2 |
| R&D special tax credits | – | (3.3) |
| Investment tax credits | – | (1.6) |
| Difference in valuation allowance | – | (5.0) |
| Foreign tax credits | – | (0.2) |
| Other | – | 0.0 |
| Effective income tax rate after application of tax-effect accounting | – | 16.2 |

Note: Notes are omitted for the previous fiscal year because the difference between the statutory tax rate and the effective income tax rate is 5% or less of the statutory tax rate.

3 Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, corporate taxes will be increased from the fiscal years beginning on or after April 1, 2026 to boost Japan’s defense spending. Accordingly, the statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will be 31.3% for temporary differences expected to be reversed in or after the fiscal year beginning on April 1, 2026, compared to 30.4% in the past.

As a result of this change in the tax rate, the amount of deferred tax liabilities (the amount after deducting deferred tax assets) increased by 542 million yen, income taxes-deferred decreased by 90 million yen, valuation difference on available-for-sale securities decreased by 346 million yen, and remeasurements of defined benefit plans decreased by 175 million yen.

(Asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of asset retirement obligations

They are liabilities related to the obligation to remove asbestos used in some property, plant and equipment using special methods required by the Ordinance on Prevention of Health Impairment due to Asbestos when removing them, and liabilities related to the obligation to restore some branch offices, sales offices, etc. to their original state based on real estate rental contracts when the office is vacated.

(2) Method of calculating asset retirement obligations

The amount of asset retirement obligations was calculated using the remaining useful life of the fixed asset as the expected period until expenditure occurs, and a discount rate of 2.1%.

(3) Changes in total asset retirement obligations during fiscal year

(Millions of yen)

| | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|--|---|---|
| Beginning balance | 588 | 458 |
| Increase due to change of quotations | 0 | – |
| Adjustment due to passage of time | 0 | 0 |
| Decrease due to settlement of asset retirement obligations | (155) | (20) |
| Other increase (decrease) | 23 | – |
| Ending balance | 458 | 438 |

(Revenue recognition)

1 Information on disaggregation of revenues from contracts with customers

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | | Total |
|---------------------------------------|-------------------------------|--------------------|----------------------------------|--------|--|---------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | |
| Net sales | | | | | | |
| Japan | 66,303 | 180,056 | 59,254 | 24,287 | 107,801 | 437,703 |
| Asia | 45,709 | 75,424 | 20,721 | 42,912 | 2,161 | 186,929 |
| America, Europe & Others | 59,135 | 68,641 | 14,525 | – | – | 142,301 |
| Revenue from contracts with customers | 171,148 | 324,122 | 94,501 | 67,199 | 109,962 | 766,934 |
| Other revenue | – | – | – | – | – | – |
| Sales to external customers | 171,148 | 324,122 | 94,501 | 67,199 | 109,962 | 766,934 |

Notes: 1 Sales by region are based on the location of companies which distribute products.

2 The countries are grouped depending on the geographical proximity.

3 Countries in the groups except Japan

(1) Asia....Thailand, Malaysia, China, India

(2) America, Europe & Others....U.S., Mexico, Netherlands, Hungary

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | | Total |
|---------------------------------------|-------------------------------|--------------------|----------------------------------|---------|--|---------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | |
| Net sales | | | | | | |
| Japan | 67,014 | 180,118 | 61,856 | 34,977 | 113,456 | 457,422 |
| Asia | 40,231 | 60,426 | 26,389 | 76,533 | 1,723 | 205,304 |
| America, Europe & Others | 61,861 | 63,363 | 13,746 | – | – | 138,971 |
| Revenue from contracts with customers | 169,107 | 303,908 | 101,992 | 111,511 | 115,179 | 801,698 |
| Other revenue | – | – | – | – | – | – |
| Sales to external customers | 169,107 | 303,908 | 101,992 | 111,511 | 115,179 | 801,698 |

- Notes:
- Sales by region are based on the location of companies which distribute products.
 - The countries are grouped depending on the geographical proximity.
 - Countries in the groups except Japan
 - Asia...Thailand, Malaysia, China, India
 - America, Europe & Others...U.S., Mexico, Netherlands, Hungary
 - Effective from the fiscal year under review, the classification of reportable segments has changed from the existing “Automotive Suspension Springs Business,” “Automotive Seating Business,” “Precision Springs and Components Business,” and “Industrial Machinery and Equipment, and Other Operations Business” to “Automotive Suspension Springs Business,” “Automotive Seating Business,” “Precision Springs and Components Business,” “DDS (Disk Drive Suspension) Business,” and “Industrial Machinery and Equipment, and Other Operations Business.”
Information that breaks down revenue from contracts with customers for the previous fiscal year is disclosed based on the segment classifications after the change.

2 Information that provides basis for understanding revenue from contracts with customers

The Group recognizes revenue based on the following five-step approach.

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to separate performance obligations.
- Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

The Group’s main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components, as well as the sale of information equipment-related products and parts, and logistics and other service business activities related to these businesses.

The Group’s performance obligation is primarily to supply finished products to customers. In principle, the performance obligations are deemed satisfied when control is transferred to the customer at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

Regarding charged supply transactions to subcontractors that fall under the repurchase agreements, the Group continues to recognize inventories for the supplies that remain at the subcontractors as financial transactions. In addition, the amount equivalent to the end-of-term inventory of the supplies that remains at the subcontractors is recognized as liabilities related to charged supply transactions. In the consolidated balance sheets, the liabilities related to charged supply transactions are included in “Other” under “Current liabilities.” For charged supply transactions from suppliers, the Group recognized revenue in net amount.

3 Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the relevant fiscal year

(1) Contract balance

The balances of receivables and contract liabilities arising from contracts with customers are as follows.

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
| Receivables from contracts with customers | | |
| Notes and accounts receivable - trade | 165,639 | 166,457 |
| Contract liabilities | | |
| Advances received | 638 | 591 |
| Unearned revenue | 1,044 | 769 |

In the consolidated balance sheets, receivables arising from contracts with customers are included in “Notes and accounts receivable - trade, and contract assets” under “Current assets,” while contract liabilities are included in “Other” under “Current liabilities.”

(2) Transaction prices allocated to remaining performance obligations

As the Group has no significant transactions whose expected contract periods exceeding one year, we use a practical expedient and omit information about remaining performance obligations.

In addition, there is no significant amount of consideration arising from contracts with customers that is not included in the transaction prices.

(Segment information, etc.)

[Segment Information]

1 Overview of reportable segments

The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Company has five reportable segments based on the Company’s Production Division: Automotive Suspension Springs; Automotive Seating; Precision Springs and Components; DDS (Disk Drive Suspension); and Industrial Machinery and Equipment, and Other Operations.

The Company resolved to implement the 2026 Medium-Term Management Plan, covering the period from FY2024 to FY2026, at the Board of Directors meeting on May 15, 2024.

Based on the Medium-Term Management Plan, decision-making on resource allocation, performance management classification, and the structure for reporting to management were revised to a form more aligned with business realities. Effective from the fiscal year under review, the classification of reportable segments has changed from the existing “Automotive Suspension Springs Business,” “Automotive Seating Business,” “Precision Springs and Components Business,” and “Industrial Machinery and Equipment, and

Other Operations Business” to “Automotive Suspension Springs Business,” “Automotive Seating Business,” “Precision Springs and Components Business,” “DDS (Disk Drive Suspension) Business,” and “Industrial Machinery and Equipment, and Other Operations Business.”

Segment information for the previous fiscal year is disclosed based on the segment classifications after the change.

The major products in each business segment are as follows.

| Reportable segment | Major products |
|--|--|
| Automotive Suspension Springs | Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others |
| Automotive Seating | Automobile seats, mechanical components for seats, interior components, etc. |
| Precision Springs and Components | HDD mechanical components, wire springs, flat springs, motor cores, fastener (screw), precision machine components and others |
| DDS | HDD suspensions, semiconductor testing probe units and others |
| Industrial Machinery and Equipment, and Other Operations | Semiconductor process components, ceramic products, spring components, piping support equipment, integrated metal substrates, parking equipment, security products, lighting fixtures, golf shafts, electronic remote controls for ships, etc. |

2 Method of calculating net sales, profit or loss, assets and other items by business segment

The accounting method for the operating segments that are reportable is more or less the same as described in “Significant matters forming the basis for preparation of consolidated financial statements.” Profit by business segment is based on operating profit.

Intersegment sales or transfers are based on actual market price.

3 Information on net sales, profit or loss, assets and other items by business segment

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | | | Adjustments | Total |
|---|-------------------------------|--------------------|----------------------------------|--------|--|---------|-------------|---------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | Total | | |
| Net sales | | | | | | | | |
| Sales to external customers | 171,148 | 324,122 | 94,501 | 67,199 | 109,962 | 766,934 | – | 766,934 |
| Intersegment sales or transfers | 1,877 | 274 | 2,202 | – | 12,623 | 16,977 | (16,977) | – |
| Total | 173,025 | 324,396 | 96,704 | 67,199 | 122,585 | 783,912 | (16,977) | 766,934 |
| Segment profit (operating profit) | 1,599 | 19,121 | 660 | 6,456 | 6,813 | 34,652 | – | 34,652 |
| Segment assets | 151,148 | 147,766 | 95,092 | 54,862 | 115,103 | 563,972 | 126,316 | 690,289 |
| Other items | | | | | | | | |
| Depreciation | 6,348 | 5,648 | 4,771 | 6,357 | 3,573 | 26,698 | 1,972 | 28,671 |
| Investments in equity method affiliates | 3,127 | 6,074 | 3,933 | – | – | 13,134 | – | 13,134 |
| Increase in property, plant and equipment and intangible assets | 5,802 | 4,922 | 10,766 | 4,594 | 8,201 | 34,287 | 2,713 | 37,000 |

Note: Adjustments are as follows.

- The adjustment of 126,316 million yen for segment assets includes corporate assets that are not allocated to each business segment. Corporate assets consist mainly of cash and deposits that do not belong to a particular business segment.
- The adjustment of 1,972 million yen for depreciation represents the amortization of the headquarters building, etc.

- 3 The adjustment of 2,713 million yen for increase in property, plant and equipment and intangible assets represents an increase in corporate assets that do not belong to a particular business segment.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | | | Adjustments | Total |
|---|-------------------------------|--------------------|----------------------------------|---------|--|---------|-------------|---------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | Total | | |
| Net sales | | | | | | | | |
| Sales to external customers | 169,107 | 303,908 | 101,992 | 111,511 | 115,179 | 801,698 | – | 801,698 |
| Intersegment sales or transfers | 1,870 | 77 | 2,643 | (1,019) | 13,570 | 17,143 | (17,143) | – |
| Total | 170,977 | 303,985 | 104,635 | 110,491 | 128,750 | 818,841 | (17,143) | 801,698 |
| Segment profit (operating profit) | 464 | 11,227 | 4,289 | 26,673 | 9,505 | 52,160 | – | 52,160 |
| Segment assets | 141,598 | 137,246 | 96,813 | 66,418 | 126,516 | 568,593 | 127,747 | 696,340 |
| Other items | | | | | | | | |
| Depreciation | 5,451 | 5,260 | 5,236 | 6,448 | 4,118 | 26,515 | 2,809 | 29,324 |
| Investments in equity method affiliates | 3,223 | 7,355 | 4,293 | – | – | 14,872 | – | 14,872 |
| Increase in property, plant and equipment and intangible assets | 6,324 | 6,472 | 7,937 | 4,307 | 12,691 | 37,733 | 2,518 | 40,252 |

Note: Adjustments are as follows.

- The adjustment of 127,747 million yen for segment assets includes corporate assets that are not allocated to each business segment. Corporate assets consist mainly of cash and deposits that do not belong to a particular business segment.
- The adjustment of 2,809 million yen for depreciation represents the amortization of the headquarters building, etc.
- The adjustment of 2,518 million yen for increase in property, plant and equipment and intangible assets represents an increase in corporate assets that do not belong to a particular business segment.

[Reference Information]

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

1 Information about products and services

The information is omitted because the same information is disclosed in “Segment information.”

2 Information about geographical areas

(1) Net sales

(Millions of yen)

| Japan | United States | Thailand | Other | Total |
|---------|---------------|----------|--------|---------|
| 388,428 | 135,331 | 150,464 | 92,710 | 766,934 |

(2) Property, plant and equipment

(Millions of yen)

| Japan | United States | Thailand | Other | Total |
|---------|---------------|----------|--------|---------|
| 105,940 | 27,004 | 21,562 | 20,187 | 174,694 |

3 Information about major customers

Information about major customers is omitted because no single customer accounts for 10% or more of the sales to external customers.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

1 Information about products and services

The information is omitted because the same information is disclosed in “Segment information.”

2 Information about geographical areas

(1) Net sales

(Millions of yen)

| Japan | United States | Thailand | Other | Total |
|---------|---------------|----------|---------|---------|
| 398,186 | 128,315 | 162,692 | 112,503 | 801,698 |

(2) Property, plant and equipment

(Millions of yen)

| Japan | United States | Thailand | Other | Total |
|---------|---------------|----------|--------|---------|
| 113,051 | 25,179 | 23,231 | 23,896 | 185,359 |

3 Information about major customers

Information about major customers is omitted because no single customer accounts for 10% or more of the sales to external customers.

[Information about Impairment Loss of Non-current Assets by Reportable Segment]

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | | | Corporate or elimination | Total |
|-------------------|-------------------------------|--------------------|----------------------------------|-----|--|-------|--------------------------|-------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | Total | | |
| Impairment losses | 3,819 | 1,043 | 2,112 | – | 58 | 7,034 | – | 7,034 |

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | | | Corporate or elimination | Total |
|-------------------|-------------------------------|--------------------|----------------------------------|-----|--|-------|--------------------------|-------|
| | Automotive Suspension Springs | Automotive Seating | Precision Springs and Components | DDS | Industrial Machinery and Equipment, and Other Operations | Total | | |
| Impairment losses | 319 | – | 111 | – | – | 431 | – | 431 |

[Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment]

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

There are no matters to report under this item.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

There are no matters to report under this item.

[Related Party Information]

1 Transactions with related parties

(1) Transactions between the Reporting Company and related parties

Non-consolidated subsidiaries and associates of the Reporting Company

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

| Category | Name | Location | Share capital or investments in capital (Millions of yen) | Business or occupation | Ratio of owning (owned) voting rights, etc. (%) | Relationship with related parties | Transaction details | Amount (Millions of yen) | Account items | Balance at end of period (Millions of yen) |
|------------|------------------------|-------------------|---|-----------------------------|---|-----------------------------------|---------------------|--------------------------|-----------------------------|--|
| Associates | FAURECIA-NHK CO., LTD. | Naka-ku, Yokohama | 400 | Automotive Seating Business | (Direct ownership) 50% | Sale of products | Sale of products | 23,088 | Accounts receivable - trade | 6,582 |

- Notes:
1. Transaction terms and method of determining transaction terms, etc.
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.
 2. Allowance for doubtful accounts of 344 million yen is recorded against long-term loans to affiliated companies.
Reversal of allowance for doubtful accounts of 104 million yen was recorded for the fiscal year under review.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

| Category | Name | Location | Share capital or investments in capital (Millions of yen) | Business or occupation | Ratio of owning (owned) voting rights, etc. (%) | Relationship with related parties | Transaction details | Amount (Millions of yen) | Account items | Balance at end of period (Millions of yen) |
|------------|------------------------|-------------------|---|-----------------------------|---|-----------------------------------|---------------------|--------------------------|-----------------------------|--|
| Associates | FAURECIA-NHK CO., LTD. | Naka-ku, Yokohama | 400 | Automotive Seating Business | (Direct ownership) 50% | Sale of products | Sale of products | 23,447 | Accounts receivable - trade | 5,621 |

- Notes:
1. Transaction terms and method of determining transaction terms, etc.
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.
 2. Allowance for doubtful accounts of 274 million yen is recorded against long-term loans to affiliated companies.
Reversal of allowance for doubtful accounts of 70 million yen was recorded for the fiscal year under review.

(2) Transactions between the consolidated subsidiaries of the Reporting Company and related parties

Non-consolidated subsidiaries and associates of the Reporting Company

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

| Category | Name | Location | Share capital or investments in capital (Millions of yen) | Business or occupation | Ratio of owning (owned) voting rights, etc. (%) | Relationship with related parties | Transaction details | Amount (Millions of yen) | Account items | Balance at end of period (Millions of yen) |
|------------|------------------------|-------------------|---|-----------------------------|---|-----------------------------------|---------------------|--------------------------|-----------------------------|--|
| Associates | FAURECIA-NHK CO., LTD. | Naka-ku, Yokohama | 400 | Automotive Seating Business | (Direct ownership) 50% | Sale of products | Sale of products | 46,384 | Accounts receivable - trade | 7,260 |

- Note: Transaction terms and method of determining transaction terms, etc.
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

There are no significant items to be stated.

2 Notes regarding parent company and major associates

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

There are no matters to report under this item.

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

There are no matters to report under this item.

(Per Share Information)

Net assets per share, basis for calculation of net assets per share, net income per share and basis for calculation of net income per share are as follows.

| Item | Fiscal year ended March 31, 2024 (As of March 31, 2024) | Fiscal year ended March 31, 2025 (As of March 31, 2025) |
|--|--|--|
| (1) Net assets per share | 1,828.86 yen | 1,999.16 yen |
| (Basis for calculation) | | |
| Total net assets (Millions of yen) | 420,574 | 423,172 |
| Amount deducted from total net assets (Millions of yen) | 15,552 | 15,492 |
| (Of which, non-controlling interests) | [15,552] | [15,492] |
| Net assets related to common share at end of period (Millions of yen) | 405,021 | 407,679 |
| Number of common shares issued (Thousand shares) | 244,066 | 231,066 |
| Number of common shares held in treasury (Thousand shares) | 22,604 | 27,140 |
| Number of common shares used in calculation of net assets per share at end of period (Thousand shares) | 221,461 | 203,925 |

| Item | Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024) | Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025) |
|--|---|---|
| (2) Basic earnings per share | 173.27 yen | 224.73 yen |
| (Basis for calculation) | | |
| Profit attributable to owners of parent on the consolidated statements of income (Millions of yen) | 39,188 | 48,167 |
| Amount not attributable to common shareholders (Millions of yen) | – | – |
| Profit attributable to owners of parent pertaining to common shares (Millions of yen) | 39,188 | 48,167 |
| Average number of common shares during the period (Thousands of shares) | 226,171 | 214,330 |

- Notes: 1 Information on diluted earnings per share is omitted due to an absence of potential shares.
- 2 The Company has introduced a stock compensation plan using a trust for its Directors (excluding External Directors). The Company's shares held by the Stock Benefit Trust Account are included in treasury stock which are deducted from the total number of shares issued and outstanding at the end of the fiscal year in the calculation of "net assets per share" (196,000 shares in the previous fiscal year, 196,000 shares in the fiscal year under review). In the calculation of "net income per share," such shares are included in treasury shares which are deducted from the calculation of the average number of shares during the period (197,000 shares in the previous fiscal year, 196,000 shares in the fiscal year under review).

(Significant subsequent events)

There are no matters to report under this item.

(v) Annexed Consolidated Detailed Schedules

[Consolidated Detailed Schedule of Corporate Bonds]

| Name of companies | Issue | Date of issuance | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Interest rate (%) | Collateral | Maturity |
|----------------------|---|--------------------|--|--|-------------------|------------|--------------------|
| NHK SPRING CO., LTD. | 9th Series Unsecured Bonds (with inter-bond pari passu clause) | September 21, 2021 | 10,000 [-] | 10,000 [-] | 0.12 | - | September 18, 2026 |
| NHK SPRING CO., LTD. | 10th Series Unsecured Bond (guaranteed by The Hachijuni Bank Ltd. and limited to qualified institutional investors) | February 28, 2023 | 1,000 [-] | 1,000 [-] | 0.62 | - | February 28, 2028 |
| NHK SPRING CO., LTD. | 11th Series Unsecured Bond (guaranteed by The Hachijuni Bank Ltd. and limited to qualified institutional investors) | October 31, 2023 | 1,000 [-] | 1,000 [-] | 0.74 | - | October 31, 2028 |
| NHK SPRING CO., LTD. | 12th Series Unsecured Bond (guaranteed by The Hachijuni Bank Ltd. and limited to qualified institutional investors) | October 31, 2024 | - | 1,000 [-] | 0.77 | - | October 31, 2029 |
| Total | - | - | 12,000 [-] | 13,000 [-] | - | - | - |

Notes: 1 The amount in parentheses in “Balance at beginning of period” and “Balance at end of period” columns is the amount scheduled to be redeemed within one year.

2 The scheduled amount of redemption of bonds within five years after the fiscal year-end date on a yearly basis

(Millions of yen)

| Within 1 year | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years |
|---------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| - | 10,000 | 1,000 | 1,000 | 1,000 |

[Consolidated Detailed Schedule of Borrowings]

| Category | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Average interest rate (%) | Payment due |
|--|--|--|---------------------------|-----------------------|
| Short-term borrowings | 4,701 | 4,705 | 1.280 | - |
| Current portion of long-term borrowings | 7,284 | 22,494 | 0.342 | - |
| Current portion of lease liabilities | 550 | 611 | - | - |
| Long-term borrowings (excluding current portion) | 22,009 | 20,015 | 0.391 | FY2026 through FY2029 |
| Lease liabilities (excluding current portion) | 869 | 991 | - | FY2026 through FY2030 |
| Other interest-bearing debt/ Commercial papers (due within one year) | - | 10,000 | 0.645 | - |
| Total | 35,414 | 58,817 | - | - |

Notes: 1 “Average interest rate” represents weighted average interest rate with respect to the ending balance of borrowings, etc.

2 The repayment schedule of long-term borrowings (excluding current portion) and lease obligations (excluding current portion) within five years after the fiscal year-end date is as follows:

(Millions of yen)

| Category | Over 1 year within 2 years | Over 2 years within 3 years | Over 3 years within 4 years | Over 4 years within 5 years |
|----------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Long-term borrowings | 11,015 | 7,000 | 1,400 | 600 |
| Lease liabilities | 424 | 352 | 152 | 62 |

- 3 As the current portion of lease liabilities and the lease liabilities (excluding those due within one year) are presented using the interest-inclusive method at some subsidiaries, “Average interest rate” is not stated.

[Consolidated Detailed Schedule of Asset Retirement Obligations]

The information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the fiscal year under review were not more than 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year under review, respectively.

(2) Other

(i) Mid-term information for the fiscal year under review

| | | Six months ended September 30, 2024 | Fiscal year ended March 31, 2025 |
|--|----------------------|--|----------------------------------|
| Net sales | (Millions of yen) | 391,230 | 801,698 |
| Profit before tax | (Millions of yen) | 28,972 | 59,617 |
| Profit attributable to owners of parent | (Millions of yen) | 21,545 | 48,167 |
| Basic earnings per share | (Yen) | 99.77 | 224.73 |

(ii) Litigation

In July 2019, the Company entered into a plea agreement with the U.S. Department of Justice and paid a penalty for violating the U.S. Sherman Act (antitrust law) regarding the manufacture and sale of suspensions for hard disk drives (HDDs).

For this case, consumer class actions seeking damages have been filed in the United States and Canada.

2. Non-consolidated Financial Statements and Primary Notes

(1) Non-consolidated financial statements

(i) Non-consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,084 | 26,871 |
| Notes receivable - trade | *1, *3 6,640 | *1 9,418 |
| Accounts receivable - trade, and contract assets | *1 72,858 | *1 74,204 |
| Accounts receivable - other | 18,790 | 19,049 |
| Short-term loans receivable | *1 31,033 | *1 23,285 |
| Merchandise and finished goods | 8,478 | 9,117 |
| Work in process | 6,938 | 8,315 |
| Raw materials and supplies | 7,020 | 8,013 |
| Partly-finished goods | 7,577 | 7,048 |
| Prepaid expenses | 1,924 | 2,332 |
| Other | *1 8,694 | *1 13,404 |
| Allowance for doubtful accounts | (37) | (12) |
| Total current assets | 202,003 | 201,048 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 26,715 | 26,612 |
| Structures | 1,052 | 1,030 |
| Machinery and equipment | 18,211 | 20,105 |
| Vehicles | 157 | 273 |
| Tools, furniture and fixtures | 2,936 | 3,189 |
| Land | 11,275 | 11,403 |
| Construction in progress | 8,245 | 11,397 |
| Total property, plant and equipment | 68,594 | 74,012 |
| Intangible assets | | |
| Software | 245 | 660 |
| Other | 2 | 2 |
| Total intangible assets | 247 | 663 |
| Investments and other assets | | |
| Investment securities | 59,354 | 49,769 |
| Shares of subsidiaries and associates | 54,899 | 60,891 |
| Investments in capital of subsidiaries and associates | 12,625 | 10,596 |
| Long-term loans receivable from subsidiaries and associates | *1 31,668 | *1 16,101 |
| Long-term prepaid expenses | 68 | 742 |
| Prepaid pension costs | 11,350 | 13,777 |
| Other | 507 | 1,624 |
| Allowance for doubtful accounts | (1,981) | (1,708) |
| Total investments and other assets | 168,493 | 151,794 |
| Total non-current assets | 237,336 | 226,470 |
| Total assets | 439,340 | 427,518 |

(Millions of yen)

| | As of March 31, 2024 | | As of March 31, 2025 | |
|---|----------------------|----------------|----------------------|----------------|
| Liabilities | | | | |
| Current liabilities | | | | |
| Notes payable - trade | | 16 | | – |
| Electronically recorded obligations - operating | *1 | 12,286 | *1 | 7,407 |
| Accounts payable - trade | *1 | 63,443 | *1 | 70,084 |
| Short-term borrowings | | 62,373 | | 65,831 |
| Commercial papers | | – | | 10,000 |
| Current portion of long-term borrowings | | 7,284 | | 22,494 |
| Accounts payable - other | *1 | 4,709 | *1 | 4,343 |
| Accrued expenses | *1 | 6,452 | *1 | 7,269 |
| Income taxes payable | | 6,758 | | 554 |
| Deposits received | *1 | 1,297 | *1 | 1,161 |
| Provision for bonuses | | 6,145 | | 7,041 |
| Provision for bonuses for directors (and other officers) | | 108 | | 175 |
| Other | | 282 | | 295 |
| Total current liabilities | | 171,156 | | 196,657 |
| Non-current liabilities | | | | |
| Bonds payable | | 12,000 | | 13,000 |
| Long-term borrowings | | 22,009 | | 20,015 |
| Long-term income taxes payable | | – | | 231 |
| Deferred tax liabilities | | 6,990 | | 5,916 |
| Provision for transfer pricing adjustments | | 16,707 | | – |
| Provision for share awards for directors (and other officers) | | 26 | | 46 |
| Provision for officers' retirement benefits | | 659 | | 718 |
| Long-term accounts payable - other | | 38 | | 37 |
| Total non-current liabilities | | 58,433 | | 39,964 |
| Total liabilities | | 229,590 | | 236,622 |
| Net assets | | | | |
| Shareholders' equity | | | | |
| Share capital | | 17,009 | | 17,009 |
| Capital surplus | | | | |
| Legal capital surplus | | 17,295 | | 17,295 |
| Other capital surplus | | 2,024 | | – |
| Total capital surplus | | 19,319 | | 17,295 |
| Retained earnings | | | | |
| Legal retained earnings | | 3,633 | | 3,633 |
| Other retained earnings | | | | |
| Reserve for tax purpose reduction entry of non-current assets | | 7,147 | | 6,799 |
| Retained earnings brought forward | | 152,681 | | 157,616 |
| Total retained earnings | | 163,462 | | 168,049 |
| Treasury shares | | (22,969) | | (36,681) |
| Total shareholders' equity | | 176,822 | | 165,673 |
| Valuation and translation adjustments | | | | |
| Valuation difference on available-for-sale securities | | 32,927 | | 25,222 |
| Total valuation and translation adjustments | | 32,927 | | 25,222 |
| Total net assets | | 209,750 | | 190,896 |
| Total liabilities and net assets | | 439,340 | | 427,518 |

(ii) Non-consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2024 | | Fiscal year ended March 31, 2025 | |
|---|-------------------------------------|---------|-------------------------------------|---------|
| Net sales | *3 | 321,540 | *3 | 359,434 |
| Cost of sales | *1, *3 | 289,884 | *3 | 306,874 |
| Gross profit | | 31,655 | | 52,559 |
| Selling, general and administrative expenses | *2, *3 | 25,991 | *2, *3 | 29,638 |
| Operating profit | | 5,664 | | 22,921 |
| Non-operating income | | | | |
| Interest and dividend income | | 12,641 | | 18,464 |
| Rental income from real estate | | 568 | | 577 |
| Foreign exchange gains | | 5,754 | | – |
| Other | | 1,099 | | 699 |
| Total non-operating income | *3 | 20,064 | *3 | 19,741 |
| Non-operating expenses | | | | |
| Interest expenses | | 710 | | 1,024 |
| Rental costs on real estate | | 189 | | 165 |
| Loss on retirement of non-current assets | | 183 | | 209 |
| Foreign exchange losses | | – | | 877 |
| Other | | 868 | | 981 |
| Total non-operating expenses | *3 | 1,951 | *3 | 3,258 |
| Ordinary profit | | 23,776 | | 39,404 |
| Extraordinary income | | | | |
| Gain on sale of investment securities | | 15,881 | | 382 |
| Gain on sale of shares of subsidiaries and associates | | 133 | | – |
| Settlement income | | – | *4 | 2,000 |
| Total extraordinary income | | 16,014 | | 2,382 |
| Extraordinary losses | | | | |
| Loss on valuation of investments in capital of subsidiaries | | – | | 2,573 |
| Loss on valuation of other investments | | 2 | | 1 |
| Impairment losses | *5 | 58 | | – |
| Loss on sale of businesses | | – | | 299 |
| Total extraordinary losses | | 60 | | 2,873 |
| Profit before income taxes | | 39,730 | | 38,913 |
| Income taxes - current | | 8,585 | | 4,791 |
| Income taxes for global minimum tax | | – | | 231 |
| Income taxes - deferred | | (764) | | 1,815 |
| Total income taxes | | 7,820 | | 6,837 |
| Profit | | 31,910 | | 32,075 |

(iii) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|---|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings |
| | | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special account for tax purpose reduction entry of non-current assets | Retained earnings brought forward | |
| Balance at beginning of period | 17,009 | 17,295 | 2,024 | 19,319 | 3,633 | 3,726 | 4,875 | 127,024 | 139,260 |
| Changes during period | | | | | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | | | | | 3,607 | | (3,607) | – |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | (186) | | 186 | – |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | | | | | | (4,875) | 4,875 | – |
| Dividends of surplus | | | | | | | | (7,708) | (7,708) |
| Profit | | | | | | | | 31,910 | 31,910 |
| Purchase of treasury shares | | | | | | | | | |
| Disposal of treasury shares | | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | – | – | – | – | – | 3,420 | (4,875) | 25,656 | 24,201 |
| Balance at end of period | 17,009 | 17,295 | 2,024 | 19,319 | 3,633 | 7,147 | – | 152,681 | 163,462 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | (15,617) | 159,972 | 26,448 | 26,448 | 186,421 |
| Changes during period | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | - | | | - |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | - | | | - |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | - | | | - |
| Dividends of surplus | | (7,708) | | | (7,708) |
| Profit | | 31,910 | | | 31,910 |
| Purchase of treasury shares | (7,355) | (7,355) | | | (7,355) |
| Disposal of treasury shares | 3 | 3 | | | 3 |
| Net changes in items other than shareholders' equity | | | 6,479 | 6,479 | 6,479 |
| Total changes during period | (7,351) | 16,849 | 6,479 | 6,479 | 23,328 |
| Balance at end of period | (22,969) | 176,822 | 32,927 | 32,927 | 209,750 |

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings |
| | | | | | | Reserve for tax purpose reduction entry of non-current assets | Retained earnings brought forward | |
| Balance at beginning of period | 17,009 | 17,295 | 2,024 | 19,319 | 3,633 | 7,147 | 152,681 | 163,462 |
| Changes during period | | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | (261) | 261 | – |
| Decrease in reserves due to the change of effective tax rate | | | | | | (85) | 85 | – |
| Dividends of surplus | | | | | | | (11,991) | (11,991) |
| Profit | | | | | | | 32,075 | 32,075 |
| Purchase of treasury shares | | | | | | | | |
| Disposal of treasury shares | | | 94 | 94 | | | | |
| Cancellation of treasury shares | | | (2,118) | (2,118) | | | (15,496) | (15,496) |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | – | – | (2,024) | (2,024) | – | (347) | 4,934 | 4,587 |
| Balance at end of period | 17,009 | 17,295 | – | 17,295 | 3,633 | 6,799 | 157,616 | 168,049 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | (22,969) | 176,822 | 32,927 | 32,927 | 209,750 |
| Changes during period | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | – | | | – |
| Decrease in reserves due to the change of effective tax rate | | – | | | – |
| Dividends of surplus | | (11,991) | | | (11,991) |
| Profit | | 32,075 | | | 32,075 |
| Purchase of treasury shares | (32,273) | (32,273) | | | (32,273) |
| Disposal of treasury shares | 946 | 1,040 | | | 1,040 |
| Cancellation of treasury shares | 17,615 | – | | | – |
| Net changes in items other than shareholders' equity | | | (7,704) | (7,704) | (7,704) |
| Total changes during period | (13,712) | (11,148) | (7,704) | (7,704) | (18,853) |
| Balance at end of period | (36,681) | 165,673 | 25,222 | 25,222 | 190,896 |

[Notes to Non-consolidated Financial Statements]

(Significant accounting policies)

1 Standards and methods for valuation of assets

(1) Inventory

Stated at cost using the weighted average method.

(Balance sheet value is calculated using the book value write-down method based on declining profitability.)

(2) Securities

Shares of subsidiaries and associates

Stated at cost using the moving average method.

Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market prices

Stated at cost using the moving average method.

(3) Derivatives

Stated at fair value.

2 Depreciation or amortization method for non-current assets

(1) Property, plant and equipment

They are depreciated mainly using the declining-balance method, while some machinery and equipment is depreciated in a shorter period of time calculated by the Company.

However, buildings and structures at the headquarters (main building, research and development building, welfare building) are depreciated using the straight-line method.

In addition, the straight-line method is used for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016.

(2) Small amount depreciable assets

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are equally amortized over three years.

(3) Intangible assets

The straight-line method is applied.

Computer software for internal use is amortized on a straight-line basis over the estimated internal useful life (five years) of the software.

(4) Long-term prepaid expenses

The straight-line method is applied.

3 Standards for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is recorded at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the portion of the estimated bonuses incurred at the end of the fiscal year under review is recorded.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors and other officers, the portion of the estimated bonuses incurred at the end of the fiscal year under review is recorded.

(4) Provision for stock benefit for directors

To prepare for the future payment of Company shares to Directors pursuant to the stock payment regulations, the Company records the expected amount of stock payment obligations as of the end of the fiscal year.

(5) Provision for retirement benefit

To prepare for the payment of retirement benefits to employees, the amount accrued at the end of the fiscal year is recorded based on the retirement benefit obligations and pension assets at the end of the fiscal year.

Past service cost is amortized using the straight-line method over a certain number of years (15 years) within employees' average remaining service period when incurred.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (15 years) within employees' average remaining service period when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.

(6) Provision for officers' retirement benefits

To prepare for the payment of officers' retirement benefits, the Company records the amount to be paid at the end of the fiscal year in accordance with the officers' retirement benefit regulations.

4 Standards for recognizing revenue and expenses

The Company's main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components as well as the sale of information equipment-related products and parts.

The Company considers its performance obligations are primarily to supply finished products to customers. In principle, we determine that control of products is transferred to the customer and that performance obligations are satisfied at the time the products are delivered, and we recognize revenue at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

5 Hedge accounting method

(1) Hedge accounting method

Deferred hedge accounting is applied.

Allocation method (furiate-shori) is applied to some forward exchange contracts and currency swaps qualifying for such accounting treatment. Exceptional treatment (tokurei-shori) is applied to interest rate swaps qualifying for such exceptional accounting.

(2) Hedging instruments and hedged items

| Hedging instruments | Hedged items |
|----------------------------------|--|
| Forward exchange contract | Forecasted transaction in foreign currency |
| Interest rate swaps | Borrowings |
| Interest rate and currency swaps | Borrowings |
| Currency swaps | Loans receivable |

(3) Hedging policy

Based on the Company's internal regulations, the "Cash Management Regulations," these hedging instruments are in principle to be used for the purpose of hedging against exchange rate and interest rate fluctuation risk.

Regarding the exchange rate fluctuations on foreign currency-denominated accounts receivable, which constitutes a major risk, the Company has entered comprehensive foreign currency forward contracts to avoid this risk.

In addition, the Company executes such transactions within a range based on factors considering export performance related to normal foreign currency-denominated business transactions.

(4) Method of evaluating effectiveness of hedges

We evaluate the effectiveness of forward exchange transactions by confirming that they comply with its internal regulations, the "Cash Management Regulations," at the time of concluding such contracts.

As all interest rate swaps satisfy the requirements of the special method, we have omitted the effectiveness evaluation based on the Accounting Standards for Financial Instruments.

6 Significant matters forming the basis for preparation of financial statements

Accounting for retirement benefits

The accounting methods for unrecognized actuarial gains and losses and unrecognized past service costs relating to retirement benefits differ from those used in the consolidated financial statements.

(Significant accounting estimates)

Impairment loss on property, plant and equipment at Komagane Plant of the Industrial Machinery and Equipment, and Other Operations Business

(1) Amount recorded on the financial statements

(Millions of yen)

| | | Previous fiscal year | Fiscal year under review |
|---|-------------------------------|----------------------|--------------------------|
| Komagane Plant, Industrial Machinery and Equipment Division | Impairment losses | - | - |
| | Property, plant and equipment | 3,251 | 3,874 |

(2) Other information that contributes to the understanding of users of the non-consolidated financial statements

(i) Method of calculation

Komagane Plant of the Company's Industrial Machinery and Equipment, and Other Operations Business has been continuously posting operating losses due to upfront investments and

increased expenses to expand orders, and the Company has reviewed its non-current assets for impairment.

No impairment loss was recorded for this plant because the total amount of undiscounted future cash flows from the asset group exceeded the carrying amount of the asset group.

The plant's future cash flows are based on the business plan approved by the Board of Directors.

(ii) Key assumptions

The key assumptions used in the impairment review and calculation of future cash flows are sales volume, selling price and gross profit margin.

Sales volume is based on estimated quantities of orders from customers and is considered conservatively, although demand for integrated metal substrates for power modules for EVs is expected to increase. In addition, selling price and gross profit margin are based on selling prices planned to be implemented in the business plan.

(iii) Impact on non-consolidated financial statements for the next fiscal year and thereafter

The key assumptions in the above may be affected by increases in raw material costs, personnel expenses, resource and energy prices, etc., future changes in uncertain economic conditions, progress in the electrification of automobiles, and deterioration of competitive conditions.

Due to these factors, there is a possibility that impairment losses will be recorded in the next fiscal year or thereafter.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," Etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022.

This change in accounting policies has no impact on the non-consolidated financial statements.

(Additional information)

(Stock compensation plan for Directors)

Notes to the stock compensation plan for Directors are omitted because the same details are stated in the "Notes (Additional Information)" section of the consolidated financial statements.

(Non-consolidated balance sheets)

*1 Assets and liabilities of affiliated companies

The amounts of monetary claims and liabilities to affiliated companies are as follows.

| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
|---------------------------------|--|--|
| Short-term monetary claims | 64,977 | 55,038 |
| Long-term monetary claims | 31,668 | 16,101 |
| Short-term monetary obligations | 78,130 | 84,826 |

2 Guarantee obligations

- (1) The Company has guaranteed borrowings from financial institutions and other obligations by the following subsidiaries, associates and employees.

| (Millions of yen) | | |
|--|--|--|
| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
| NHK Manufacturing (Malaysia) SDN. BHD. | 215 | – |
| Employees | 6 | 4 |
| Total | 221 | 4 |

- (2) The Company has guaranteed payment obligations by the following subsidiaries and associates for their purchase of goods.

| (Millions of yen) | | |
|-------------------------------|--|--|
| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
| Topura Co., Ltd. | 1,981 | – |
| Sumihatsu Co., Ltd. | 917 | – |
| YOKOHAMA KIKO CO., LTD. | 806 | – |
| NHK TRANSPORT CO., LTD. | 793 | – |
| NHK MEC Corporation | 684 | – |
| NHK Spring Production Company | 476 | – |
| NIPPATSU SERVICE Co., Ltd. | 333 | – |
| TOHOKU NIPPATSU CO., LTD. | 270 | 34 |
| NHK Precision Co., Ltd. | 257 | – |
| NHK FLEX Co., Ltd. | 49 | – |
| ITES CO., LTD. | 39 | – |
| Total | 6,609 | 34 |

- (3) The Company has guaranteed repayment obligations by its overseas subsidiaries for the government subsidies in the event that they fail to perform the conditions of the subsidies.

| (Millions of yen) | | |
|-------------------------|--|--|
| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
| NHK Spring Hungary KFT. | 559 | 545 |
| Total | 559 | 545 |

*3 Notes maturing at the end of the fiscal year were settled on the clearing date.

As the last day of the previous fiscal year was a bank holiday, the following matured notes at the end of the fiscal year were included in the balance at the end of the previous fiscal year.

| (Millions of yen) | | |
|--------------------------|--|--|
| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
| Notes receivable - trade | 30 | – |

4 Contingent liabilities

In November 2020, the Company received a penalty payment order (TWD 285 million) from the Taiwan Fair Trade Commission (TFTC) for violating Taiwan's Fair Trade Act (anti-monopoly law) in relation to its transactions of HDD suspensions. In objection to this, the Company appealed against such order in January 2021, and completely won the case in August 2023.

The TFTC was dissatisfied with this judgement and appealed in September 2023.

(Non-consolidated statements of income)

*1 Transfer pricing adjustments

Previous fiscal year (April 1, 2023 through March 31, 2024)

Due to the decrease of profits and losses at the U.S. subsidiaries and the weakening of the yen, the Company recorded an additional transfer pricing adjustment of 7,439 million yen.

As a result of this additional recording, gross profit, operating profit, ordinary profit and income before taxes for the fiscal year under review decreased by 7,439 million yen.

- *2 The approximate proportion of expenses attributed to selling expenses was 38% in the previous fiscal year and 34% in the fiscal year under review, while the approximate proportion of expenses attributed to general and administrative expenses was 62% in the previous fiscal year and 66% in the fiscal year under review.

Main items and amounts of selling, general and administrative expenses are as follows.

| | (Millions of yen) | |
|------------------------------------|---|---|
| | Previous fiscal year (April 1, 2023 through March 31, 2024) | Fiscal year under review (April 1, 2024 through March 31, 2025) |
| Transportation costs | 4,348 | 4,423 |
| Employees' salaries and allowances | 6,678 | 7,117 |
| Bonus | 3,119 | 3,594 |
| Retirement benefit expenses | 246 | (47) |
| Depreciation | 1,033 | 1,958 |
| Commission expenses | 3,725 | 4,285 |

*3 Transactions with subsidiaries and associates

| | (Millions of yen) | |
|--|---|---|
| | Previous fiscal year (April 1, 2023 through March 31, 2024) | Fiscal year under review (April 1, 2024 through March 31, 2025) |
| Amount of operating transactions | | |
| Net sales | 78,249 | 90,172 |
| Purchase of goods | 96,337 | 99,983 |
| Selling, general and administrative expenses | 7,338 | 7,547 |
| Transactions from non-operating transactions | | |
| Interest and dividends income | 10,705 | 16,634 |
| Other | 1,439 | 1,617 |

*4 Settlement income

Fiscal year under review (April 1, 2024 through March 31, 2025)

Settlement income is due to the settlement of a patent infringement lawsuit against the Company.

*5 Impairment losses

Previous fiscal year (April 1, 2023 through March 31, 2024)

The Company recognized impairment loss on the following assets.

(Millions of yen)

| Used for | Location | Category | Amount |
|-----------------------|----------------------|-------------------------------|--------|
| Production facilities | Komagane-shi, Nagano | Buildings | 0 |
| | | Structures | 0 |
| | | Machinery and equipment | 56 |
| | | Tools, furniture and fixtures | 0 |
| | | Construction in progress | 0 |

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Komagane-shi, Nagano was determined as the net realizable value based on reasonable estimates using value in use.

(Securities)

Shares of subsidiaries and associates

Amount of shares, etc. without market prices recorded on the balance sheets

(Millions of yen)

| Category | Previous fiscal year | Fiscal year under review |
|------------------------|----------------------|--------------------------|
| Shares of subsidiaries | 53,471 | 59,463 |
| Shares of associates | 1,427 | 1,427 |
| Total | 54,899 | 60,891 |

(Tax effect accounting)

1 Major components of deferred tax assets and liabilities

(Deferred tax assets)

(Millions of yen)

| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
|--|--|--|
| Loss on valuation of investment securities and other | 19,211 | 20,506 |
| Depreciation and accumulated impairment | 3,340 | 2,967 |
| Provision for transfer pricing adjustments | 5,079 | 132 |
| Provision for bonuses | 2,146 | 2,451 |
| R&D costs, currently not deductible | 1,261 | 1,130 |
| Allowance for doubtful accounts | 612 | 538 |
| Provision for retirement benefit | – | 320 |
| Other | 1,409 | 1,266 |
| Subtotal of deferred tax assets | 33,062 | 29,313 |
| Valuation allowance | (19,437) | (20,697) |
| Total of deferred tax assets | 13,624 | 8,615 |
| Amount offset against deferred tax liabilities | (13,624) | (8,615) |
| Net deferred tax assets | – | – |

(Deferred tax liabilities)

(Millions of yen)

| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
|---|--|--|
| Valuation difference on available-for-sale securities | (14,092) | (11,202) |
| Reserve for tax purpose reduction entry of non-current assets | (3,121) | (3,093) |
| Foreign exchange gains and losses | (2,020) | (235) |
| Prepaid pension costs | (1,380) | – |
| Total of deferred tax liabilities | (20,615) | (14,531) |
| Amount offset against deferred tax assets | 13,624 | 8,615 |
| Net deferred tax liabilities | (6,990) | (5,916) |

2 Main components of the difference between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

| | Previous fiscal year (As of March 31, 2024) | Fiscal year under review (As of March 31, 2025) |
|--|--|--|
| Statutory tax rate of the Reporting Company | 30.4% | 30.4% |
| (Adjustments) | | |
| Entertainment and other expenses that are never tax deductible | 0.6 | 0.4 |
| Dividends and other income that is never taxable | (5.5) | (9.4) |
| Foreign tax credits | (0.4) | (0.4) |
| Change in valuation allowance | (0.2) | 1.7 |
| Income special tax credits | (4.9) | (5.7) |
| Increase in year-end deferred tax assets due to change in tax rate | – | (0.0) |
| Other | (0.3) | 0.6 |
| Effective income tax rate after application of tax-effect accounting | 19.7 | 17.6 |

3 Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, corporate taxes will be increased from the fiscal years beginning on or after April 1, 2026 to boost Japan’s defense spending. Accordingly, the statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will be 31.3% for temporary differences expected to be reversed in or after the fiscal year beginning on April 1, 2026, compared to 30.4% in the past.

As a result of this change in the tax rate, the amount of deferred tax liabilities (the amount after deducting deferred tax assets) increased by 307 million yen, income taxes-deferred decreased by 14 million yen, and valuation difference on available-for-sale securities decreased by 322 million yen.

(Revenue recognition)

Notes to the information that provides a basis for understanding revenue from contracts with customers are omitted because the same details are stated in the “Notes (Revenue Recognition)” section of the consolidated financial statements.

(Significant subsequent events)

There are no significant items to be stated.

(iv) Annexed Detailed Schedules

[Schedule of Property, Plant and Equipment]

(Millions of yen)

| Category | Type of assets | Beginning book value | Increase in period | Decrease in period | Depreciation in period | Ending book value | Accumulated depreciation | Acquisition cost at the end of period |
|-------------------------------|-------------------------------|----------------------|--------------------|--------------------|------------------------|-------------------|--------------------------|---------------------------------------|
| Property, plant and equipment | Buildings | 26,715 | 1,770 | 4 | 1,869 | 26,612 | 52,359 | 78,971 |
| | Structures | 1,052 | 113 | 8 | 127 | 1,030 | 4,403 | 5,434 |
| | Machinery and equipment | 18,211 | 8,815 | 166 | 6,755 | 20,105 | 99,708 | 119,813 |
| | Vehicles | 153 | 214 | 1 | 96 | 270 | 645 | 916 |
| | Tools, furniture and fixtures | 2,936 | 2,608 | 1 | 2,353 | 3,189 | 27,660 | 30,850 |
| | Land | 11,275 | 127 | – | – | 11,403 | – | 11,403 |
| | Leased assets | 3 | – | – | 0 | 2 | 2 | 4 |
| | Construction in progress | 8,245 | 16,674 | 13,522 | – | 11,397 | – | 11,397 |
| | Total | 68,594 | 30,325 | 13,703 | 11,203 | 74,012 | 184,779 | 258,792 |
| Intangible assets | Software | 245 | 509 | – | 94 | 660 | – | – |
| | Other | 2 | – | – | 0 | 2 | – | – |
| | Total | 247 | 509 | – | 94 | 663 | – | – |

Notes: 1. Major components of the increase in period are as follows.

| | | (Millions of yen) |
|--------------------------|--|--|
| Buildings | Renovation of Komagane Plant | 750 |
| | Expansion and renovation of Miyada Plant | 115 |
| Machinery and equipment | Production facilities for automotive suspension springs | 650 |
| | Production facilities for automotive seating | 1,046 |
| | Production facilities for precision springs and components | 1,035 |
| | Production facilities for DDS products | 1,204 |
| | Production facilities for industrial machinery and equipment, and other operations | 2,860 |
| | R&D facilities at headquarters | 1,965 |
| | Tools, furniture and fixtures | Molds and tools for production of automotive seating |
| | Molds and tools for production of precision springs and components | 407 |
| | Molds and tools for production of DDS products | 571 |
| Land | Acquisition of land for Komagane Plant | 100 |
| | Acquisition of land for Miyada Plant | 27 |
| Construction in progress | Production facilities for automotive suspension springs | 2,373 |
| | Production facilities for automotive seating | 3,219 |
| | Production facilities for precision springs and components | 2,608 |
| | Production facilities for DDS products | 2,234 |
| | Production facilities for industrial machinery and equipment, and other operations | 4,655 |

2. Major components of the decrease in period are as follows.

| | | (Millions of yen) |
|--------------------------|--|-------------------|
| Machinery and equipment | Sale of production facilities for DDS products | 54 |
| | Disposal of R&D facilities at headquarters | 34 |
| Construction in progress | Production facilities for automotive suspension springs | 965 |
| | Production facilities for automotive seating | 2,418 |
| | Production facilities for precision springs and components | 1,697 |
| | Production facilities for DDS products | 1,893 |
| | Production facilities for industrial machinery and equipment, and other operations | 3,899 |

[Schedule of Provisions]

| (Millions of yen) | | | | |
|--|-------------------|--------------------|--------------------|----------------|
| Category | Beginning balance | Increase in period | Decrease in period | Ending balance |
| Allowance for doubtful accounts | 2,018 | 143 | 440 | 1,721 |
| Provision for bonuses | 6,145 | 7,041 | 6,145 | 7,041 |
| Provision for bonuses for directors (and other officers) | 108 | 175 | 108 | 175 |
| Provision for transfer pricing adjustments | 16,707 | 4,372 | 21,080 | - |
| Provision for stock benefit for directors | 26 | 19 | - | 46 |
| Provision for officers' retirement benefits | 659 | 195 | 137 | 718 |

(2) Details of Major Assets and Liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other

In July 2019, the Company entered into a plea agreement with the U.S. Department of Justice and paid a penalty for violating the U.S. Sherman Act (antitrust law) regarding the manufacture and sale of suspensions for hard disk drives (HDDs).

For this case, consumer class actions seeking damages have been filed in the United States and Canada.

VI. Share-related Administration of Reporting Company

| | |
|---|---|
| Fiscal year | From April 1 to March 31 |
| Annual General Meeting of Shareholders | In June |
| Record date | March 31 |
| Record date for dividends of surplus | September 30, March 31 |
| The number of shares constituting one unit | 100 shares |
| Purchase or sale of shares less than one unit | |
| Business handling office | (Special account) Marunouchi 1-4-5, Chiyoda-ku, Tokyo Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation |
| Shareholder register administrator | (Special account) Marunouchi 1-4-5, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation |
| Offices available for repurchase | – |
| Charge for repurchase | No charge |
| Method of public notice | Electronic public notice posted on the following website; provided, however, that in the event that electronic public notice is unavailable due to an accident or any other unavoidable reason, the public notice shall be given in the manner of the publication in the Nikkei (Nihon Keizai Shimbun) newspaper. The Company's website for public notices: https://www.nhkspg.co.jp |
| Shareholders privileges | - |

Note: Shareholders of the Company shall not exercise any rights except for the following rights with respect to shares less than one unit held by them.

- 1 the rights listed in each item of Article 189, paragraph (2) of the Companies Act;
- 2 the right to make a request under Article 166, paragraph (1) of the Companies Act;
- 3 the right to receive the allotment of shares for subscription and share options for subscription, according to the number of shares held by them; and
- 4 the right to make a request to sell the shares less than one unit held by them.

VII. Reference Information on Reporting Company

1. Information on Parent Company or Equivalent of Reporting Company

The Company has no parent company or equivalent as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company filed the following documents in the period from the beginning of the fiscal year under review to the date of submission of the Annual Securities Report.

(1) Annual Securities Report and its attachments and Confirmation Letter

The 104th fiscal year (April 1, 2023 through March 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(2) Internal Control Report and its attachments

The 104th fiscal year (April 1, 2023 through March 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(3) Semi-annual Securities Report and Confirmation Letter

First half of the 105th fiscal year (April 1, 2024 through September 30, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on November 14, 2024

(4) Extraordinary Report

(i) Extraordinary report based on Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs (Change to major shareholders)

Filed with the Director-General of the Kanto Local Finance Bureau on May 29, 2024

(ii) Extraordinary report based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Meeting of Shareholders)

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024

(iii) Extraordinary report based on Article 19, paragraph (2), item (ix) of the Cabinet Office Order on Disclosure of Corporate Affairs (Change to Representative Director)

Filed with the Director-General of the Kanto Local Finance Bureau on February 12, 2025

(5) Securities Registration Statement (Disposal of treasury shares through third-party allotment) and attached documents

Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2024

(6) Amendment Report for Securities Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2024, November 14, 2024, and January 15, 2025

Amendment Report for Securities Registration Statement filed on August 7, 2024.

(7) Share Buyback Report

(i) Reporting period from June 1, 2024 through June 30, 2024: Filed with Director-General of the Kanto Local Finance Bureau on July 11, 2024

- (ii) Reporting period from July 1, 2024 through July 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on August 7, 2024
- (iii) Reporting period from August 1, 2024 through August 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on September 11, 2024
- (iv) Reporting period from September 1, 2024 through September 30, 2024: Filed with Director-General of the Kanto Local Finance Bureau on October 10, 2024
- (v) Reporting period from October 1, 2024 through October 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on November 11, 2024
- (vi) Reporting period from November 1, 2024 through November 30, 2024: Filed with Director-General of the Kanto Local Finance Bureau on December 12, 2024
- (vii) Reporting period from December 1, 2024 through December 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on January 15, 2025
- (viii) Reporting period from January 1, 2025 through January 31, 2025: Filed with Director-General of the Kanto Local Finance Bureau on February 10, 2025
- (ix) Reporting period from February 1, 2025 through February 28, 2025: Filed with Director-General of the Kanto Local Finance Bureau on March 10, 2025
- (x) Reporting period from March 1, 2025 through March 31, 2025: Filed with Director-General of the Kanto Local Finance Bureau on April 10, 2025
- (xi) Reporting period from April 1, 2025 through April 30, 2025: Filed with Director-General of the Kanto Local Finance Bureau on May 13, 2025
- (xii) Reporting period from May 1, 2025 through May 31, 2025: Filed with Director-General of the Kanto Local Finance Bureau on June 12, 2025

Part II. Information on Guarantors, etc. for Reporting Company

There are no matters to report under this item.

Note: This document has been translated from the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.