

Business Strategy Meeting Q&A Session (September 10, 2025)

[Regarding the Automotive Suspension Springs Business]

Q: With respect to profitability improvement for suspension springs in the United States, will you focus on enhancing productivity or appropriate pricing of transactions?

A: To improve profitability, we are emphasizing enhancing in-house productivity. Specifically, we have set target KPIs for productivity improvement, headcount reduction, scrap reduction, and auxiliary material cost reduction, and we are working to meet these targets. At the same time, our policy of selling at appropriate prices remains unchanged.

Q: Regarding productivity improvement at your North American sites, which processes are you targeting and what measures are you taking?

A: Since the coiling process, in which the spring shape is formed, takes the most time, we have set a goal of shortening the coiling time. In addition, as the amount of equipment downtime due to malfunctions has been increasing, we are enhancing maintenance of the equipment that causes such issues.

Q: Could you explain the background behind the adoption of the new XT coil springs manufacturing technology at your overseas sites?

A: XT coil springs are highly suitable for pickup trucks, as they allow for a wider stroke and can accommodate the large variations in vehicle height that occur depending on the load. Leveraging this characteristic, they were adopted for use in the United States and Thailand, which are the major pickup truck markets.

Q: What is your sales expansion strategy for XT coil springs and Raw Material Forming?

A: XT coil springs are designed to address space-saving requirements. We aim to expand sales not only for pickup trucks but for one-box cars and similar vehicles. Going forward, we also plan to promote them to Japanese car makers.

As for Raw Material Forming, this processing technology leverages the advantages of both cold forming and hot forming. Since heat treatment of raw materials can be performed after forming, we aim to improve profitability by bringing the heat treatment process in-house.

Q: Could you tell us about the operating rate of the Yokohama Plant (Suspension Springs)?

A: The current operating rate is around 80%. This is due both to fluctuations in

order volumes and to the fact that certain product types can only be produced on specific lines.

Q: For product types with smaller production volumes, are their unit prices set appropriately compared to those with larger volumes? Also, are you working to reduce the number of product types?

A: Prices are set in line with production volumes. We are working on consolidating product types.

Q: I understand that you had been jointly developing materials for suspension springs with material manufacturers. Are you still doing so?

A: Regarding coil springs, until about 10 years ago, we jointly developed original materials with material manufacturers. However, as customers began to demand general steel, which has a lower price, we shifted to using general steel and made improvements in processing methods to ensure that product performance was comparable to that of products made with original materials. That said, due to rising demand for further weight reduction, we have reached the limits of what can be accomplished with general steel, so in some cases we have resumed development of original materials.

Q: What are the differences between NHK Spring's suspension springs and those made by Chinese manufacturers and used by Chinese car makers?

A: Their prices are extremely low and thus present a threat, but we believe NHK Spring has a clear advantage in terms of quality.

Q: What is NHK Spring's policy for the future expansion of the Automotive suspension springs business and the vision you aim to achieve?

A: We position our business in India as one of our key measures for improving profitability. Since we have business relationships with all Japanese car makers as well as overseas car makers, we will first work to increase sales volumes and then improve profitability by reducing manufacturing costs through productivity enhancements.

[Regarding the Automotive Seating Business]

Q: How will NHK Spring respond to the closure of Nissan's Oppama Plant?

A: The seats we currently produce will be transferred to a group company plant in Kyushu, so we do not expect any impact on profitability. However, since the production base change will affect staffing at the Yokohama Plant, we recognize the need to secure new business.

Q: Could you tell us about NHK Spring's response to environmental regulations on seating products?

A: The European ELV Directive will come into effect in 2030, requiring the use of at least 20% recycled materials. Through recycling of resin parts used in seats and the adoption of biomass materials, we expect to achieve the target of at least 20% for the entire seat.

Q: What is the in-house production ratio for the urethane used in seats?

A: The ratio is approximately 50%. About half is special urethane developed and produced in-house, while the other half is general-purpose urethane purchased externally.

Q: Regarding the proposal of "Suspension springs + Seats for BEVs," could you tell us about your approach to promoting this to customers and your pricing policy?

A: We are currently making proposals to various car makers. By highlighting the synergies between our different business products, we aim to promote NHK Spring's future potential to our customers. As for pricing, in line with our policy of fair transactions, we will set unit prices commensurate with the added value.

Q: Is automation progressing in the sewing process and the urethane foaming process for seats?

A: In the sewing process, we have automated some processes such as embroidery although it is difficult to make progress with automation because each piece of fabric varies in thickness. In the urethane foaming process, workers currently set the parts into the molds and remove the foamed products from the molds, but we are advancing automation of the part-setting process.

Q: It seems that parts inventory takes up a large proportion of space in the seat plant. What is your approach to inventory management?

A: We need storage space particularly for components imported from overseas, which take longer to deliver. For other inventory, we manage it appropriately under the standard of keeping several hours' worth of stock, including safety stock. In addition to the Yokohama Plant, the concept of safety stock is applied in the same way at other sites.

Q: What activities are you pursuing to win business for the driver's seat area, beyond just the seats themselves?

A: We are working with interior suppliers to make proposals to customers regarding interior modules. In particular, we are focusing on design-oriented proposals.

Q: What are the differences between Chinese seat manufacturers used by Chinese car makers and NHK Spring?

A: Chinese seat manufacturers are extremely low-cost and thus pose a threat, but we believe Japanese seat manufacturers have a clear advantage in terms of quality, such as durability. Rather than competing solely on price, we intend to market our products in a way that customers come to recognize NHK Spring's strengths.

Q: What is your future policy and vision for the Automotive seating business?

A: We are working to streamline our profitability structure by consolidating unprofitable products and sites. At the same time, we are developing proprietary products and seats that meet customer needs, thereby building up our capabilities. Customers have evaluated our development products very highly, and we believe there is a high possibility that this will lead to improved profitability in the near future.