

Financial Highlights 2019

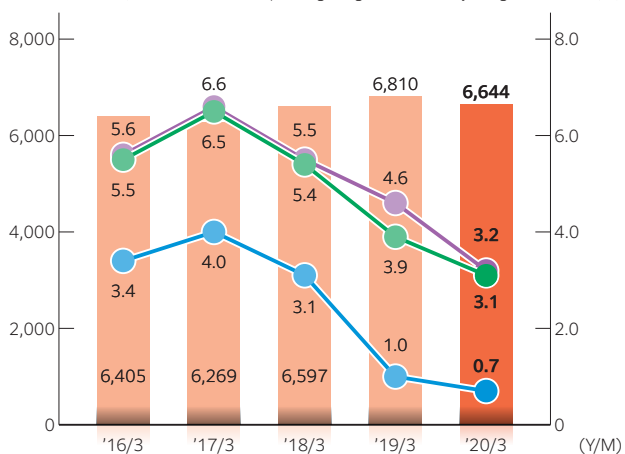
(Consolidated five-year summary)

Operating Results	Accounting Period	Year ended in March 2016	Year ended in March 2017	Year ended in March 2018	Year ended in March 2019	Year ended in March 2020
Net sales	(Millions of Yen)	640,516	626,950	659,730	681,006	664,499
Operating income	(Millions of Yen)	35,041	40,613	35,541	26,650	20,715
Operating margin	(%)	5.5	6.5	5.4	3.9	3.1
Ordinary income	(Millions of Yen)	36,111	41,640	36,421	31,457	21,266
Ordinary margin	(%)	5.6	6.6	5.5	4.6	3.2
Profit attributable to owners of parent	(Millions of Yen)	21,592	25,098	20,495	7,104	4,612
Return on sales	(%)	3.4	4.0	3.1	1.0	0.7
Profitability						
ROE	(%)	8.3	9.3	7.2	2.5	1.7
ROA	(%)	7.0	8.0	6.6	5.5	3.8
EPS	(Yen)	88.90	103.70	86.45	29.97	19.46
PER	(Times)	12.12	11.85	13.01	33.17	36.38
PBR	((Times)	1.0	1.0	0.9	0.8	0.6
Financial Condition						
Total assets	(Millions of Yen)	506,221	537,909	568,380	573,198	532,615
Stockholders' equity	(Millions of Yen)	257,243	279,699	292,836	281,134	270,988
Stockholders' equity to total assets ratio	(%)	50.8	52.0	51.5	49.0	50.9
Capital expenditure	(Millions of Yen)	27,392	25,637	34,010	44,975	39,850
Depreciation & Amortization	(Millions of Yen)	23,582	23,137	24,141	25,001	26,408
Research & development	(Millions of Yen)	16,328	16,130	16,119	16,822	18,407
R&D per sales ratio	(%)	2.5	2.6	2.4	2.5	2.8
Shareholder return (cash dividends / payout ratio)						
Cash dividends	(Yen)	22	23	23	24	17
Dividend payout ratio	(%)	24.7	22.2	26.6	80.1	87.4
Amount of treasury stock acquired	(Millions of Yen)	—	—	—	—	1,350
Cash flows						
Net cash provided by operating activities	(Millions of Yen)	42,674	55,664	49,811	36,794	36,621
Net cash used in investing activities	(Millions of Yen)	(35,127)	(27,753)	(32,955)	(42,299)	(45,809)
Net cash provided by financing activities	(Millions of Yen)	(13,672)	(16,916)	(5,960)	7,327	(16,950)
Cash and cash equivalents at end of year	(Millions of Yen)	72,238	82,493	95,007	98,403	74,314

*Partial Amendments to the Accounting Standard for Tax Effect Accounting and other statutory changes went into effect at the beginning of FY2019. We have applied these indicators to the indicators for the term from FY2016 to FY2018 retroactively.

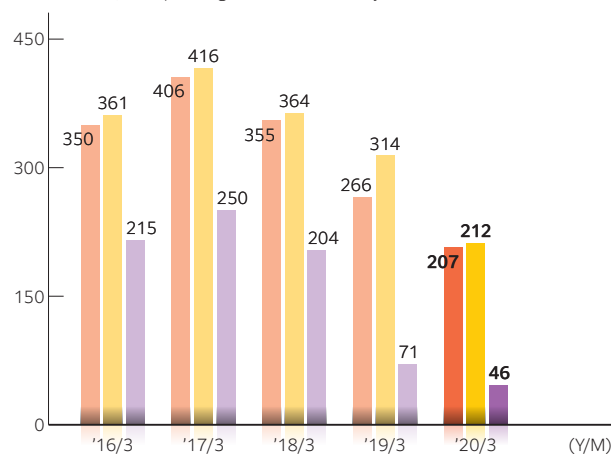
● Net sales

(¥ hundred million) ■ Net sales ● Operating margin ◆ Ordinary margin ● ROS (%)

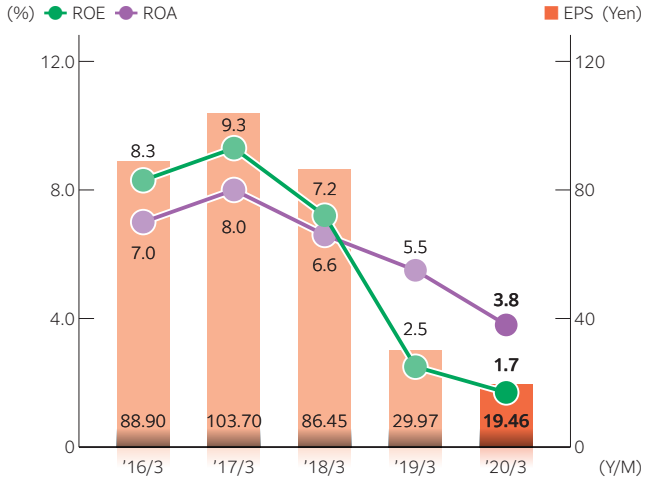


● Operating income, Ordinary income, Profit attributable to owners of parent

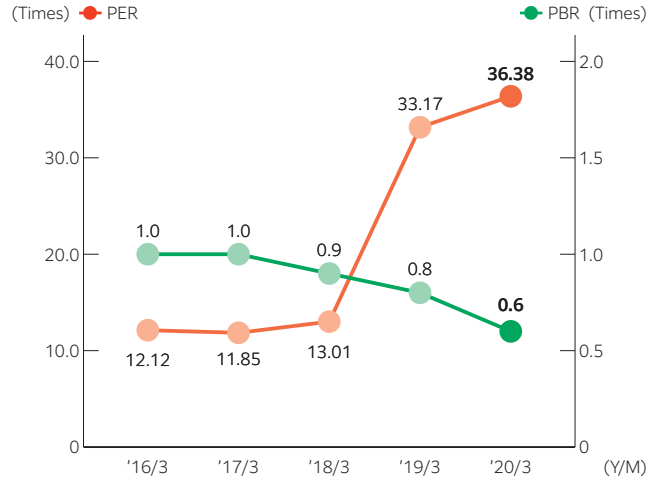
(¥ hundred million) ■ Operating income ■ Ordinary income ■ Net income



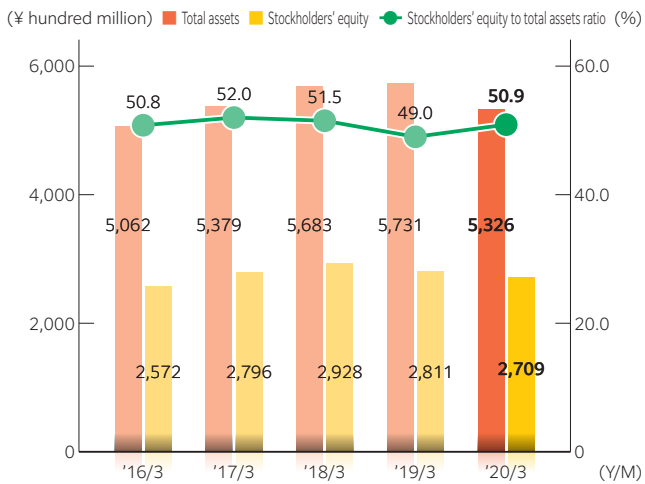
Profitability (ROE/ROA/EPS)



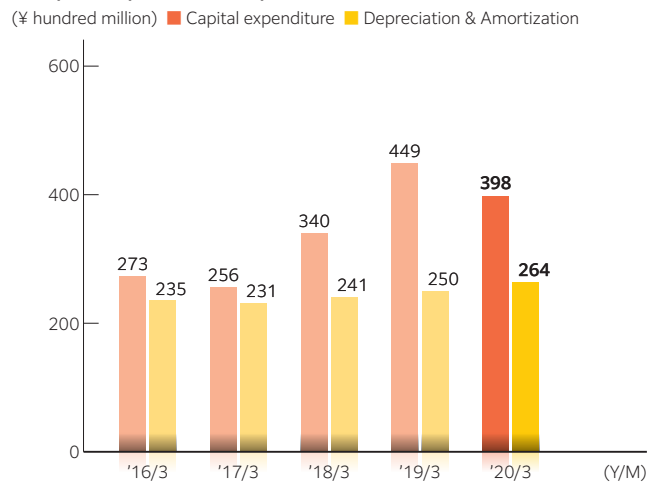
Profitability (PER/PBR)



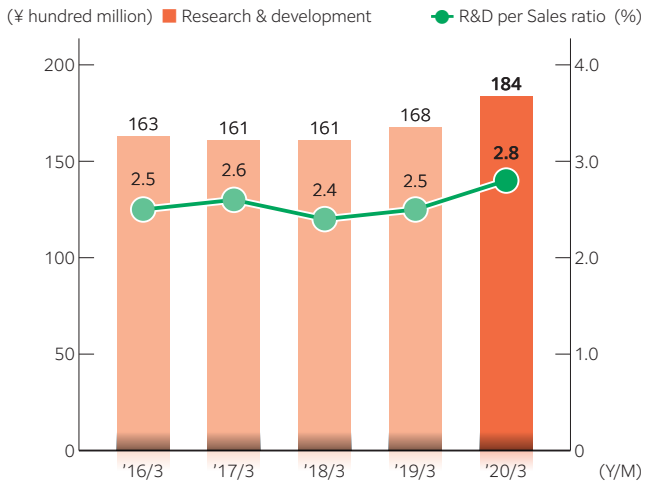
Financial Condition



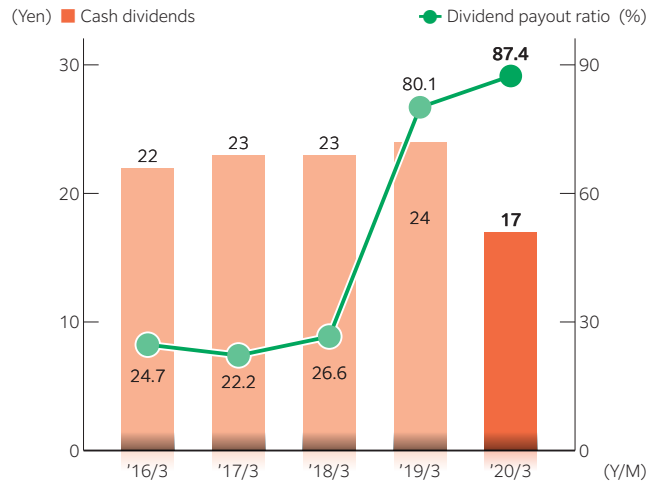
Capital expenditure/Depreciation & Amortization



Research & development



Shareholder return (cash dividends / dividend payout ratio)



Financial Highlights 2019

(Analysis of results)

FY2019 Operating results

Although some weakness in exports and production was shown in the Japanese economy during this consolidated fiscal year, there was a tone of gradual recovery. In terms of the global economy, the U.S. continued to recover as personal consumption increased. In the Asian region, China slowed slightly as Thailand and India also showed some weakness. Meanwhile, the worldwide economy has been characterized by harsh conditions since March 2020 due to the impact of the COVID-19 pandemic.

In automotive markets, a primary business area for our group, domestic automotive sales volume decreased by 4.2% from the previous year to 5.039 million units. Completed vehicle exports also decreased by 2.5% from the previous year to 4.714 million units compared to the previous year. Domestic automotive production volume has been stagnant due to increase of the consumption tax to 10% since October 2019.

To achieve ongoing sustainable growth in this economic

environment, NHK Spring Group has stayed focused on a targeted approach to carrying out our group management policy: restoring and growing profitability, developing new income-generating products and technologies, increasing manufacturing capabilities, and building a safe, secure, rewarding and work-friendly work environment.

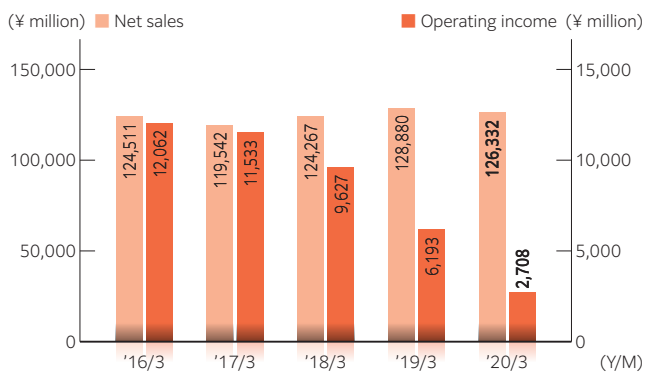
Recent years have seen increasingly intense competition on a global scale with rivals in automotive-related markets. This has been a major factor influencing our Group's profitability. Recovering and increasing profitability is a critical issue for NHK Spring, and we are working toward solutions in a unified effort by our production and sales departments, as well as corporate headquarters.

We recorded net sales of ¥664,499 million (down 2.4% year-on-year), operating income of ¥20,715 million (down 22.3% year-on-year) and ordinary income of ¥21,266 million (down 32.4% year-on-year). Net income attributable to owners of the parent company were ¥4,612 million (down 35.1% year-on-year) due to a total of ¥4,687 million in impairment losses recorded as an extraordinary loss, and to ¥3,202 million in losses associated with antitrust laws.

FY2019 Segment information

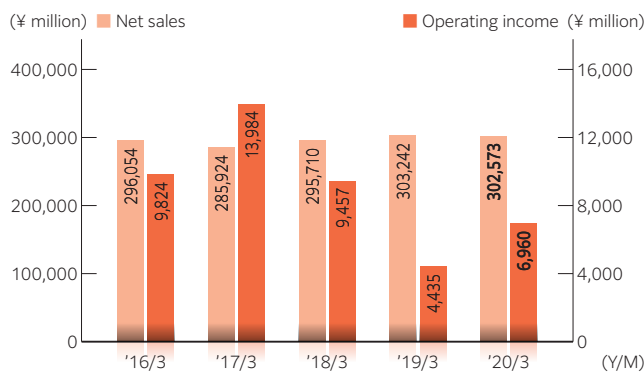
Suspension springs

Suspension springs business operations generated net sales of ¥126,332 million (down 2.0% year-on-year), and operating income of ¥2,708 million (down 56.3% year-on-year) due to increases in fixed costs in the U.S. and Europe, and product mix changes.



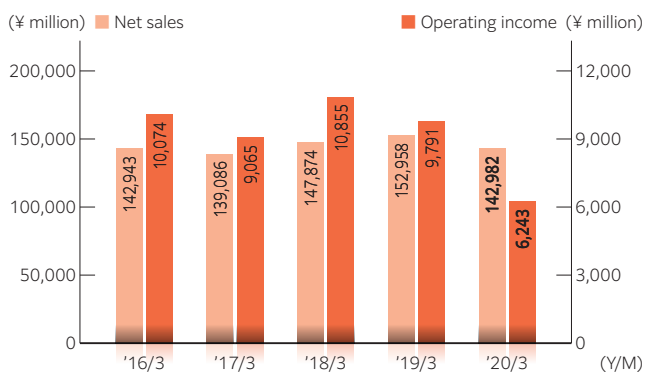
Seating

Seating-related business operations generated net sales of ¥302,573 million (down 0.2% year-on-year), and operating income of ¥6,960 million (up 56.9% year-on-year) due to changes in the mix of vehicle model orders.



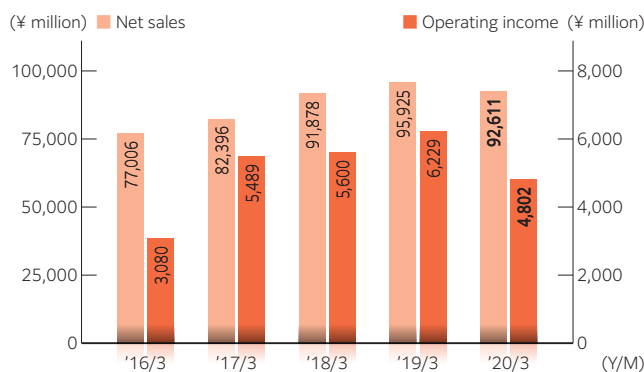
Precision springs and components

Precision springs and components generated net sales of ¥142,982 million (down 6.5% year-on-year) due to decline in the number of orders received, and operating income of ¥6,243 million (down 36.2% year-on-year).



Industrial machinery and equipment, and other operations

Industrial machinery and equipment, and other operations generated net sales of ¥92,611 million (down 3.5% year-on-year) due to reductions in semiconductor processing components volume, and operating income of ¥4,802 million (down 22.9% year-on-year).



Cash flow

Cash and cash equivalents during this consolidated fiscal year were 74,314 million, down 24.5% from the previous year.

Incomings from operating activities decreased by ¥173 million from the previous year to ¥36,621 million. This was primarily due to lower corporate tax payments resulting from a decrease in net income for the current fiscal year before adjustments such as taxes, as well as a decrease in accounts payable.

Outgoings from investing activities increased by ¥3,510 million from the previous year to ¥45,809 million. This was primarily due to acquisition of tangible fixed assets.

Outgoings from financing activities increased by ¥24,278 million from the previous year to ¥16,950 million. This was largely due to repayment of long-term borrowings and redemption of convertible corporate bonds with stock subscription rights.

The free cash flow was -¥9,188 million less after subtracting cash flow in investment activities from cash flow in operating activities.

As a result of the foregoing, cash and cash equivalents at end of the period decreased by ¥24,088 million at the end of the previous period to ¥74,314 million. Interest-bearing debt decreased ¥10,623 million compared to the end of the previous year, to ¥57,591 million.

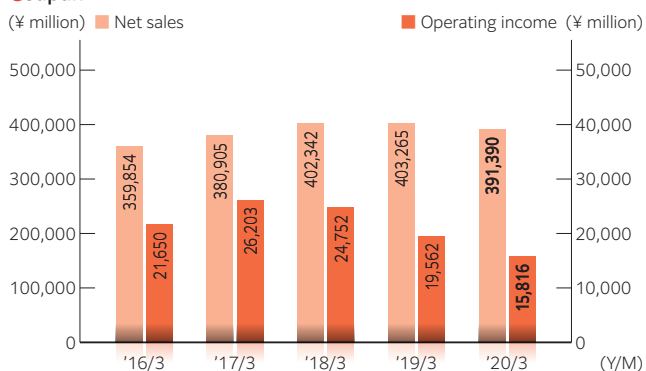
Basic financial strategy concept

In order to increase corporate value, NHK Spring Group bases its financial strategy on the timely and appropriate allocation of management resources. We believe that it is crucial to maintain a robust financial structure together with high capital efficiency. Our Group maintains a stockholders' equity to total assets ratio of about 50% and a "Single A-" credit rating (Rating & Investment Information Inc. [R&I]). In order to further improve this status, we are working to increase our risk tolerance.

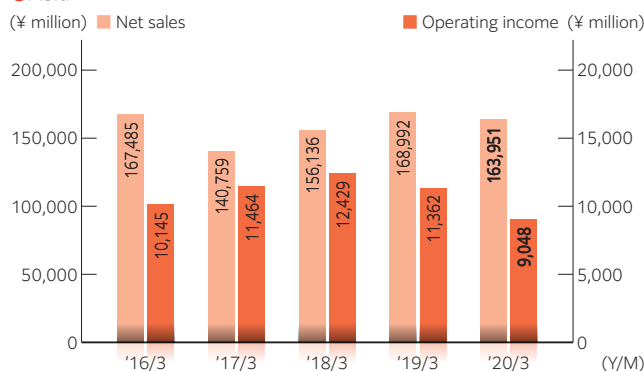
In addition, we attend to our capacity to repay debt from operating cash flow through the effective use of external borrowings from financial institutions in efforts to reduce capital costs.

(Reference) Segment by location

Japan



Asia



North America and Europe, etc.

