

Translation

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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (Japanese GAAP)



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Tokyo Stock Exchanges in Japan

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Supplemental materials prepared for financial results : Yes
Earnings announcement for financial results : Yes (Intended for securities analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Second Quarter of Fiscal Year Ending March 31, 2023 (April 1, 2022 through September 30, 2022)

(1) Consolidated Financial Results (Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	332,612	19.2	17,282	67.9	27,987	106.7	19,871	136.1
September 30, 2021	278,927	—	10,292	—	13,542	—	8,414	—

Note: Comprehensive income
Six months ended September 30, 2022 (32,080 million 115.6 %)
Six months ended September 30, 2021 (14,880 million — %)

	Net income per share, Basic		Net income per share, Diluted	
	Yen	Yen	Yen	Yen
Six months ended				
September 30, 2022	87.15	—	—	—
September 30, 2021	36.90	—	—	—

Note: Since “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. have been applied from the beginning of the fiscal year ended March 31, 2022, the above amounts of consolidated results reflect the application of the accounting standard, etc.
Therefore, the rate of change in “Net sales” for the six months ended September 30, 2021 is not stated.

(2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity to total assets	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of						
September 30, 2022	615,494	367,413	367,413	56.8		
March 31, 2022	588,091	338,847	338,847	54.9		

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
As of September 30, 2022 349,509 million yen
As of March 31, 2022 322,614 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2022	—	12.00	—	15.00	27.00
Fiscal year ending					
March 31, 2023	—	15.00	—	—	—
Fiscal year ending					
March 31, 2023 (Forecast)	—	—	—	17.00	32.00

Note: Revisions to the forecast of dividends since the latest announcement: Yes

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share, Basic	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	700,000	19.3	38,000	77.9	40,000	30.4	24,000	(25.0)	105.25	

Notes: Revisions to the forecast of consolidated results since the latest announcement: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year ending March 31, 2023 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : Yes
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares

As of September 30, 2022	244,066,144 shares
As of March 31, 2022	244,066,144 shares

[2] Number of treasury stock

As of September 30, 2022	16,048,363 shares
As of March 31, 2022	16,048,264 shares

[3] Average number of shares (Cumulative)

Six months ended September 30, 2022	228,017,862 shares
Six months ended September 30, 2021	228,018,827 shares

* This quarterly report is out of the scope of the quarterly review.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters
Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Attached Documents

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1. Qualitative Information related to Consolidated Financial Results

(1) Explanation of Consolidated Financial Results

During the six months ended September 30, 2022 (hereinafter the “period under review”), the global economy showed signs of recovery, but the outlook remained uncertain due to the COVID-19 pandemic, the impact of supply shortages for semiconductors, soaring material prices, foreign exchange fluctuations, and the Russian invasion of Ukraine, among other factors.

In the automotive market, one of the main business fields of the Group, the production volume in Japan was 3,614 thousand units, an increase of 1.2% from the same period last year. In addition, in North America (U.S. and Canada), 5,825 thousand units were manufactured, up 11.8% from the same period last year. In China, 12,303 thousand units were manufactured, down 0.7% from the same period last year, whereas in Thailand, 858 thousand units were manufactured, up 1.6% from the same period last year. (All calculations are based on the figures of each region at the end of the quarter.)

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

As a result of the business environment mentioned above, the Group recorded net sales of 332,612 million yen (up 19.2% year-on-year), operating profit of 17,282 million yen (up 67.9% year-on-year), ordinary profit of 27,987 million yen (up 106.7% year-on-year) mainly due to an increase in foreign exchange gains and profit attributable to owners of parent of 19,871 million yen (up 136.1% year-on-year).

Results by segment are as follows:

[Automotive Suspension Spring]

In the automotive suspension spring segment, net sales increased 25.4% year-on-year to 68,179 million yen. The business benefitted from signs of recovery from the fallout of the COVID-19 pandemic, the progress made in passing on higher raw material costs to selling prices, and an increase in the yen value of overseas subsidiaries resulting from the weaker yen, despite being affected by production adjustments at automakers caused by supply shortages for semiconductors and other factors. On the other hand, the segment recorded an operating loss of 1,771 million yen (compared to an operating loss of 1,574 million yen in the same period last year) due to rising costs of raw materials, logistics, and power and utilities.

[Automotive Seating]

In the automotive seating segment, net sales of 124,748 million yen (up 26.8% year-on-year) and operating profit of 2,596 million yen (compared to an operating loss of 1,876 million yen in the same period last year). The business benefitted from signs of recovery from the fallout of the COVID-19 pandemic, and an increase in the yen value of overseas subsidiaries resulting from the weaker yen, despite being affected by production adjustments at automakers caused by supply shortages for semiconductors and other factors, as well as rising costs of raw materials, logistics, and power and utilities.

[Precision Springs and Components]

In the precision springs and components segment, the automotive-related business was affected by production adjustments at automakers caused by supply shortages for semiconductors and other factors, as well as rising costs of raw materials, logistics, and power and utilities. The information and data communications-related business benefitted from the weaker yen, despite a decline in the sales volume of HDD suspensions. As a result, the segment generated net sales of 84,058 million yen (up 8.7% year-on-year) and operating profit of 9,831 million yen (up 13.3% year-on-year).

[Industrial Machinery and Others]

In the industrial machinery and others segment, net sales increased by 13.8% year-on-year to 55,626 million yen and operating profit increased by 30.8% to 6,625 million yen, thanks to signs of recovery from the fallout of the COVID-19 pandemic in the automotive-related business, strong orders for semiconductor process components, and the yen's depreciation.

(2) Explanation of Consolidated Financial Position

Total assets at the end of the period under review increased by 27,402 million yen from the end of the previous fiscal year to 615,494 million yen. This is mainly attributable to an increase in trade receivables resulting from higher net sales, and an increase in the yen value of inventories and property, plant and equipment at overseas subsidiaries due to the weaker yen, which were partially offset by a decrease in cash and deposits due to payments of dividends and repayments of borrowings.

Liabilities decreased by 1,163 million yen from the end of the previous fiscal year to 248,080 million yen. This is mainly attributable to repayments of borrowings and payments of income taxes, which were partially offset by an increase in trade payables resulting from increased purchases.

Net assets increased by 28,566 million yen from the end of the previous fiscal year to 367,413 million yen. This is mainly attributable to an increase in foreign currency translation adjustment, and an increase in retained earnings owing to profit attributable to owners of parent.

(3) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

In view of the consolidated operating performance during the period under review and trends in foreign exchange rates, we have revised the consolidated earnings forecast for the fiscal year ending March 31, 2023, announced on May 13, 2022, as follows.

The assumed exchange rates for the fiscal year ending March 31, 2023 are JPY 136.5/US dollar and JPY 3.7/Thai Baht.

<The Fiscal Year ending March 31, 2023>

	Net Sales	Operating Profit	Ordinary Profit	Profit Attribute to Owners of Parent	Earning Per Share
	million yen	million yen	million yen	million yen	yen
Previous Forecast (A) (May 13, 2022)	635,000	38,000	40,000	24,000	105.25
Latest Forecast (B)	700,000	38,000	40,000	24,000	105.25
Variance (B-A)	65,000	-	-	-	-
Ratio (%)	10.2%	-	-	-	-
(Reference) Result for Fiscal year ended March 31, 2022	586,903	21,359	30,674	31,998	140.33

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	92,130	83,197
Notes and accounts receivable - trade, and contract assets	138,124	152,853
Merchandise and finished goods	24,461	27,524
Work in process	11,487	14,224
Raw materials and supplies	27,244	33,458
Partly-finished goods	10,680	11,558
Other	21,277	22,822
Allowance for doubtful accounts	△126	△149
Total current assets	325,279	345,491
Non-current assets		
Property, plant and equipment		
Buildings and structures	157,256	163,340
Accumulated depreciation	△103,227	△107,898
Buildings and structures, net	54,028	55,441
Machinery, equipment and vehicles	283,793	303,371
Accumulated depreciation	△222,507	△236,557
Machinery, equipment and vehicles, net	61,286	66,813
Land	30,483	31,289
Leased assets	1,337	1,314
Accumulated depreciation	△818	△832
Leased assets, net	518	482
Construction in progress	10,275	9,746
Other	84,040	90,694
Accumulated depreciation	△74,415	△81,029
Other, net	9,624	9,665
Total property, plant and equipment	166,217	173,440
Intangible assets	3,034	3,600
Investments and other assets		
Investment securities	58,703	55,633
Long-term loans receivable	1,670	1,890
Deferred tax assets	10,050	10,477
Retirement benefit asset	13,199	14,247
Other	10,839	11,647
Allowance for doubtful accounts	△904	△933
Total investments and other assets	93,559	92,962
Total non-current assets	262,811	270,003
Total assets	588,091	615,494

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	80,027	93,855
Electronically recorded obligations - operating	31,162	34,388
Short-term borrowings	28,672	17,269
Income taxes payable	12,652	5,628
Provision for bonuses for directors (and other officers)	247	135
Notes payable - facilities	2,281	2,969
Other	32,281	33,827
Total current liabilities	187,325	188,075
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	11,110	5,600
Lease liabilities	721	842
Deferred tax liabilities	12,712	13,941
Retirement benefit liability	22,262	24,663
Provision for retirement benefits for directors (and other officers)	614	563
Provision for retirement benefits for officer	843	994
Other	3,654	3,398
Total non-current liabilities	61,919	60,004
Total liabilities	249,244	248,080
Net assets		
Shareholders' equity		
Share capital	17,009	17,009
Capital surplus	19,679	19,684
Retained earnings	260,692	277,143
Treasury shares	△14,296	△14,301
Total shareholders' equity	283,085	299,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,292	22,286
Foreign currency translation adjustment	11,592	24,951
Remeasurements of defined benefit plans	2,644	2,735
Total accumulated other comprehensive income	39,529	49,973
Non-controlling interests	16,232	17,904
Total net assets	338,847	367,413
Total liabilities and net assets	588,091	615,494

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Six Months Ended September 30, 2022)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	278,927	332,612
Cost of sales	242,745	290,492
Gross profit	36,181	42,120
Selling, general and administrative expenses	25,889	24,837
Operating profit	10,292	17,282
Non-operating income		
Interest income	241	310
Dividend income	862	1,256
Share of profit of entities accounted for using equity method	614	85
Foreign exchange gains	1,600	9,230
Other	1,263	819
Total non-operating income	4,582	11,702
Non-operating expenses		
Interest expenses	160	174
Loss on disaster	418	203
Other	753	620
Total non-operating expenses	1,332	998
Ordinary profit	13,542	27,987
Extraordinary losses		
Loss on sales of investments in capital of subsidiaries and affiliates	288	—
Total extraordinary losses	288	—
Profit before income taxes	13,254	27,987
Income taxes	4,180	7,330
Profit	9,073	20,656
Profit attributable to non-controlling interests	658	785
Profit attributable to owners of parent	8,414	19,871

(Quarterly Consolidated Statements of Comprehensive Income)
 (Six Months Ended September 30, 2022)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	9,073	20,656
Other comprehensive income		
Valuation difference on available-for-sale securities	1,927	△3,010
Foreign currency translation adjustment	3,312	13,054
Remeasurements of defined benefit plans, net of tax	165	88
Share of other comprehensive income of entities accounted for using equity method	401	1,291
Total other comprehensive income	5,807	11,424
Comprehensive income	14,880	32,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,832	30,314
Comprehensive income attributable to non-controlling interests	1,048	1,765

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	13,254	27,987
Depreciation	14,027	13,952
Increase (decrease) in net defined benefit asset(debt)	437	18
Interest and dividend income	△1,104	△1,567
Interest expenses	160	174
Foreign exchange losses (gains)	△770	△1,551
Share of loss (profit) of entities accounted for using equity method	△614	△85
Loss (gain) on sale and retirement of property, plant and equipment	88	73
Loss on sales of investments in capital of subsidiaries and affiliates	288	—
Decrease (increase) in trade receivables	20,560	△8,520
Decrease (increase) in inventories	△7,490	△7,732
Increase (decrease) in trade payables	△12,324	12,470
Other, net	△109	△2,844
Subtotal	26,403	32,375
Interest and dividends received	1,125	2,009
Interest paid	△168	△225
Income taxes paid	△3,372	△12,115
Net cash provided by (used in) operating activities	23,987	22,044
Cash flows from investing activities		
Decrease (increase) in time deposits	58	△3,670
Purchase of property, plant and equipment	△14,018	△10,248
Proceeds from sale of property, plant and equipment	78	100
Purchase of intangible assets	△395	△273
Purchase of investment securities	△8	△1,009
Proceeds from sale of investments in capital of subsidiaries and affiliates resulting in change in scope of consolidation	1,320	—
Loan advances	△146	△191
Proceeds from collection of loans receivable	596	645
Other, net	△197	△10
Net cash provided by (used in) investing activities	△12,711	△14,657

Cash flows from financing activities		
Proceeds from short-term borrowings	11,766	2,164
Repayments of short-term borrowings	△16,032	△11,749
Repayments of long-term borrowings	△11,426	△8,091
Proceeds from issuance of bonds	10,000	—
Proceeds from issuance of commercial papers	6,000	—
Redemption of commercial papers	△6,000	—
Purchase of treasury shares	△0	△0
Proceeds from sale of treasury shares	0	0
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△1,012	—
Repayments of lease liabilities	△205	△360
Dividends paid	△2,736	△3,420
Dividends paid to non-controlling interests	△197	△94
Net cash provided by (used in) financing activities	△9,843	△21,552
Effect of exchange rate change on cash and cash equivalents	1,580	1,266
Net increase (decrease) in cash and cash equivalents	3,013	△12,898
Cash and cash equivalents at beginning of period	78,986	91,894
Cash and cash equivalents at end of period	81,999	78,995

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Changes in Accounting Policies)

(Application of "FASB ASC Topic 842")

The consolidated subsidiaries in the U.S. have applied FASB ASC Topic 842, "Leases," from the beginning of the first quarter of the current fiscal year.

FASB ASC Topic 842 requires a lessee to recognize right-of-use assets and lease liabilities for substantially all leases on the balance sheet. In applying FASB ASC Topic 842, the Company recognizes the cumulative effect of this change in accounting policy at the date of adoption in accordance with the transitional treatment.

As a result, intangible assets under non-current assets increased 370 million yen, other under current liabilities increased 220 million yen, and lease liabilities under non-current liabilities increased 149 million yen as of September 30, 2022. The effect of this change on profitability for the six months ended on September 30, 2022, was immaterial.

(Application of "Implementation Guidance on Fair Value Measurement")

"Implementation Guidance on Fair Value Measurement" (ASBJ Guidance No.31, issued on June 17, 2021; "Fair Value Measurement Implementation Guidance") was applied from the beginning of the first quarter of the current fiscal year.

The Company has applied prospectively the new accounting policy prescribed by the Fair Value Measurement Implementation Guidance in accordance with the transitional treatment prescribed in paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This change has no impact on the quarterly consolidated financial statements.

(Business Segment Information)

<Business Segment Information>

1. Result of Second Quarter of the Year ended March 31, 2022 (Six Months ended September 30, 2021)

Information regarding the Amount of Net Sales and Profit or Loss by Business Segment

	Reportable Segment					Adjustments	Consolidated Total
	Automotive Suspension Spring	Automotive Seating	Precision Springs & Components	Industrial Machinery & Others	Total		
Sales:	(Millions of yen)						
Sales to External Customers	54,353	98,351	77,358	48,863	278,927	-	278,927
Inter-segment Sales	778	85	747	5,032	6,643	(6,643)	-
Net Sales	55,131	98,436	78,106	53,896	285,570	(6,643)	278,927
Segment Profit (Loss)	(1,574)	(1,876)	8,679	5,064	10,292	-	10,292

(Note 1) Adjustment for inter-segment sales of ¥6,643 million is elimination of the inter-segment transaction.

(Note 2) Segment profit (loss) is in accordance with operating profit (loss) in the quarterly consolidated statement of income.
 There is no amount of the adjustment.

2. Result of Second Quarter of the Year ending March 31, 2023 (Six Months ended September 30, 2022)

Information regarding the Amount of Net Sales and Profit or Loss by Business Segment

	Reportable Segment					Adjustments	Consolidated Total
	Automotive Suspension Spring	Automotive Seating	Precision Springs & Components	Industrial Machinery & Others	Total		
Sales:	(Millions of yen)						
Sales to External Customers	68,179	124,748	84,058	55,626	332,612	-	332,612
Inter-segment Sales	878	102	711	5,663	7,355	(7,355)	-
Net Sales	69,057	124,850	84,770	61,290	339,968	(7,355)	332,612
Segment Profit (Loss)	(1,771)	2,596	9,831	6,625	17,282	-	17,282

(Note 1) Adjustment for inter-segment sales of ¥7,355 million is elimination of the inter-segment transaction.

(Note 2) Segment profit (loss) is in accordance with operating profit (loss) in the quarterly consolidated statement of income.
 There is no amount of the adjustment.

(Reference Information)

<Region Segment Information>

1. Result of Second Quarter of the Year ended March 31, 2022 (Six Months ended September 30, 2021)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	160,085	83,873	34,967	278,927	-	278,927
Inter-segment Sales	14,937	1,373	280	16,592	(16,592)	-
Net Sales	175,023	85,247	35,248	295,519	(16,592)	278,927
Segment Profit (Loss)	8,639	6,134	(4,481)	10,292	-	10,292

(Note 1) The countries are grouped depending on the geographical proximity.

(Note 2) Countries in the groups except Japan

(1) Asia Thailand, Malaysia, China, India

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

2. Result of Second Quarter of the Year ending March 31, 2023 (Six Months ended September 30, 2022)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	184,280	94,859	53,472	332,612	-	332,612
Inter-segment Sales	17,127	1,960	831	19,919	(19,919)	-
Net Sales	201,408	96,819	54,303	352,531	(19,919)	332,612
Segment Profit (Loss)	12,378	7,494	(2,590)	17,282	-	17,282

(Note 1) The countries are grouped depending on the geographical proximity.

(Note 2) Countries in the groups except Japan

(1) Asia Thailand, Malaysia, China, India

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