

Translation

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



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Tokyo Stock Exchanges in Japan

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Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal Year Ending March 31, 2023 (April 1, 2022 through December 31, 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	%
Nine months ended								
December 31, 2022	511,332	19.5	24,754	51.6	34,677	56.4	23,681	66.8
December 31, 2021	427,771	—	16,324	—	22,169	—	14,197	—

Note: Comprehensive income
 Nine months ended December 31, 2022 (36,433 million 88.3 %)
 Nine months ended December 31, 2021 (19,353 million — %)

	Earnings per share, Basic		Earnings per share, Diluted	
	Yen	Yen	Yen	Yen
Nine months ended				
December 31, 2022	103.86	—	—	—
December 31, 2021	62.26	—	—	—

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 nine months ended December 31, 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						
December 31, 2022	622,584	368,342	368,342	368,342	56.2	56.2
March 31, 2022	588,091	338,847	338,847	338,847	54.9	54.9

Reference: Shareholders' equity (Net assets excluding non-controlling interests)

As of December 31, 2022 350,070 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: No

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		Earnings per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	680,000	15.9	32,000	49.8	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 third 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 December 31, 2022	244,066,144 shares
As of March 31, 2022	244,066,144 shares

[2] Number of treasury stock

As of December 31, 2022	16,048,624 shares
As of March 31, 2022	16,048,264 shares

[3] Average number of shares (Cumulative)

Nine months ended December 31, 2022	228,017,775 shares
Nine months ended December 31, 2021	228,018,699 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 nine months ended December 31, 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 5,660 thousand units, an increase of 1.0% from the same period last year. In addition, in North America (U.S. and Canada), 8,659 thousand units were manufactured, up 12.0% from the same period last year. In China, 19,881 thousand units were manufactured, up 6.7% from the same period last year. In Thailand, 1,345 thousand units were manufactured, up 11.4% 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 511,332 million yen (up 19.5% year-on-year), operating profit of 24,754 million yen (up 51.6% year-on-year), ordinary profit of 34,677 million yen (up 56.4% year-on-year) mainly due to an increase in foreign exchange gains and profit attributable to owners of parent of 23,681 million yen (up 66.8% year-on-year).

Results by segment are as follows:

[Automotive Suspension Springs Business]

In the automotive suspension springs business, net sales increased 29.7% year-on-year to 106,326 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 3,315 million yen (compared to an operating loss of 3,535 million yen in the same period last year) due to rising costs of raw materials, logistics, and power and utilities.

[Automotive Seating Business]

In the automotive seating business, net sales of 196,128 million yen (up 29.8% year-on-year) and operating profit of 4,341 million yen (compared to an operating loss of 2,751 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 Business]

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 volumes declined due to production adjustments by HDD manufacturers. Impact of an increase in the yen value of overseas subsidiaries due to the weaker yen resulted in segment generated net sales of 123,531 million yen (up 3.6% year-on-year) and operating profit of 13,496 million yen (down 6.8% year-on-year).

[Industrial Machinery and Equipment, and Other Operations]

In industrial machinery and equipment, and other operations, net sales increased by 13.1% year-on-year to 85,346 million yen and operating profit increased by 26.0% to 10,231 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 34,493 million yen from the end of the previous fiscal year to 622,584 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 payments of corporate tax.

Liabilities increased by 4,997 million yen from the end of the previous fiscal year to 254,242 million yen. This is mainly attributable to an increase in purchases and an increase in the yen value of trade payables in overseas subsidiaries due to the weaker yen.

Net assets increased by 29,495 million yen from the end of the previous fiscal year to 368,342 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

As for the business environment surrounding the Group, in the automotive-related business, the impact of production adjustments by automobile manufacturers due to semiconductor supply shortages and other factors is continuing, and the effects of price hikes in raw materials, logistics, power and utilities, and other factors are becoming more significant.

The Information Technology business has also been affected by production adjustments at HDD manufacturers.

Taking into account these effects, consolidated results for the first nine months of the current fiscal year, and trends in foreign exchange rates, we have revised our full-year forecasts for the fiscal year ending March 31, 2023, which were announced on November 10, 2022, as shown below.

The assumed exchange rates for the fiscal year ending March 31, 2023 are JPY 134.0/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	Earnings Per Share
	million yen	million yen	million yen	million yen	yen
Previous Forecast (A) (November 10, 2022)	700,000	38,000	40,000	24,000	105.25
Latest Forecast (B)	680,000	32,000	40,000	24,000	105.25
Variance (B-A)	(20,000)	(6,000)	—	—	—
Ratio (%)	(2.9)	(15.8)	—	—	—
(Reference) Result for Fiscal year ended March 31, 2022	586,903	21,359	30,674	31,998	140.33

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	92,130	85,478
Notes and accounts receivable - trade, and contract assets	138,124	146,784
Merchandise and finished goods	24,461	34,277
Work in process	11,487	14,770
Raw materials and supplies	27,244	33,560
Partly-finished goods	10,680	11,495
Other	21,277	27,086
Allowance for doubtful accounts	△126	△141
Total current assets	325,279	353,312
Non-current assets		
Property, plant and equipment		
Buildings and structures	157,256	162,298
Accumulated depreciation	△103,227	△108,351
Buildings and structures, net	54,028	53,947
Machinery, equipment and vehicles	283,793	300,933
Accumulated depreciation	△222,507	△237,279
Machinery, equipment and vehicles, net	61,286	63,654
Land	30,483	31,173
Leased assets	1,337	1,236
Accumulated depreciation	△818	△780
Leased assets, net	518	455
Construction in progress	10,275	12,638
Other	84,040	89,800
Accumulated depreciation	△74,415	△80,512
Other, net	9,624	9,288
Total property, plant and equipment	166,217	171,158
Intangible assets	3,034	3,428
Investments and other assets		
Investment securities	58,703	57,814
Long-term loans receivable	1,670	1,947
Deferred tax assets	10,050	9,807
Retirement benefit asset	13,199	14,536
Other	10,839	11,514
Allowance for doubtful accounts	△904	△935
Total investments and other assets	93,559	94,685
Total non-current assets	262,811	269,272
Total assets	588,091	622,584

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	80,027	91,304
Electronically recorded obligations - operating	31,162	24,762
Short-term borrowings	28,672	21,026
Income taxes payable	12,652	2,407
Provision for bonuses for directors (and other officers)	247	188
Notes payable - facilities	2,281	2,086
Other	32,281	49,135
Total current liabilities	187,325	190,913
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	11,110	7,720
Lease liabilities	721	791
Deferred tax liabilities	12,712	14,993
Retirement benefit liability	22,262	24,650
Provision for retirement benefits for directors (and other officers)	614	586
Provision for officers' retirement benefits	843	1,044
Other	3,654	3,542
Total non-current liabilities	61,919	63,328
Total liabilities	249,244	254,242
Net assets		
Shareholders' equity		
Share capital	17,009	17,009
Capital surplus	19,679	19,684
Retained earnings	260,692	277,530
Treasury shares	△14,296	△14,301
Total shareholders' equity	283,085	299,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,292	23,526
Foreign currency translation adjustment	11,592	23,814
Remeasurements of defined benefit plans	2,644	2,805
Total accumulated other comprehensive income	39,529	50,147
Non-controlling interests	16,232	18,272
Total net assets	338,847	368,342
Total liabilities and net assets	588,091	622,584

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Nine Months Ended December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	427,771	511,332
Cost of sales	372,948	448,301
Gross profit	54,822	63,031
Selling, general and administrative expenses	38,497	38,276
Operating profit	16,324	24,754
Non-operating income		
Interest income	349	503
Dividend income	1,622	2,095
Share of profit of entities accounted for using equity method	828	704
Foreign exchange gains	3,386	6,611
Other	1,939	1,275
Total non-operating income	8,126	11,191
Non-operating expenses		
Interest expenses	238	251
Loss on disaster	704	257
Other	1,338	759
Total non-operating expenses	2,281	1,268
Ordinary profit	22,169	34,677
Extraordinary losses		
Loss on sales of investments in capital of subsidiaries and affiliates	288	—
Litigation settlement	—	1,388
Total extraordinary losses	288	1,388
Profit before income taxes	21,881	33,288
Income taxes	6,834	8,369
Profit	15,046	24,919
Profit attributable to non-controlling interests	849	1,237
Profit attributable to owners of parent	14,197	23,681

(Quarterly Consolidated Statements of Comprehensive Income)
 (Nine Months Ended December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	15,046	24,919
Other comprehensive income		
Valuation difference on available-for-sale securities	2,492	△1,761
Foreign currency translation adjustment	1,071	12,068
Remeasurements of defined benefit plans, net of tax	346	161
Share of other comprehensive income of entities accounted for using equity method	395	1,046
Total other comprehensive income	4,306	11,514
Comprehensive income	19,353	36,433
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,172	34,299
Comprehensive income attributable to non-controlling interests	1,180	2,134

(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 270 million yen, other under current liabilities increased 148 million yen, and lease liabilities under non-current liabilities increased 121 million yen as of December 31, 2022. The effect of this change on profitability for the nine months ended on December 31, 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 Third Quarter of the Year ended March 31, 2022 (Nine Months ended December 31, 2021)

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

	Reportable Segment				Total	Adjustments	Consolidated Total
	Automotive Suspension Springs	Automotive Seating	Precision Springs & Components	Industrial Machinery & Equipment, & Other Operations			
Sales:	(Millions of yen)						
Sales to External Customers	81,980	151,151	119,187	75,452	427,771	-	427,771
Inter-segment Sales	1,152	120	1,097	7,683	10,053	(10,053)	-
Net Sales	83,132	151,271	120,285	83,135	437,825	(10,053)	427,771
Segment Profit (Loss)	(3,535)	(2,751)	14,488	8,122	16,324	-	16,324

(Note 1) Adjustment for inter-segment sales of ¥10,053 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 Third Quarter of the Year ending March 31, 2023 (Nine Months ended December 31, 2022)

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

	Reportable Segment				Total	Adjustments	Consolidated Total
	Automotive Suspension Springs	Automotive Seating	Precision Springs & Components	Industrial Machinery & Equipment, & Other Operations			
Sales:	(Millions of yen)						
Sales to External Customers	106,326	196,128	123,531	85,346	511,332	-	511,332
Inter-segment Sales	1,306	186	1,131	9,369	11,993	(11,993)	-
Net Sales	107,633	196,315	124,662	94,715	523,326	(11,993)	511,332
Segment Profit (Loss)	(3,315)	4,341	13,496	10,231	24,754	-	24,754

(Note 1) Adjustment for inter-segment sales of ¥11,993 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 Third Quarter of the Year ended March 31, 2022 (Nine Months ended December 31, 2021)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	248,717	123,118	55,935	427,771	-	427,771
Inter-segment Sales	22,023	2,152	417	24,593	(24,593)	-
Net Sales	270,740	125,270	56,353	452,364	(24,593)	427,771
Segment Profit (Loss)	14,307	9,108	(7,091)	16,324	-	16,324

(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 Third Quarter of the Year ending March 31, 2023 (Nine Months ended December 31, 2022)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	285,416	143,919	81,996	511,332	-	511,332
Inter-segment Sales	23,397	3,082	1,288	27,768	(27,768)	-
Net Sales	308,814	147,002	83,284	539,101	(27,768)	511,332
Segment Profit (Loss)	18,607	10,972	(4,825)	24,754	-	24,754

(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