

Translation

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



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Tokyo Stock Exchanges in Japan

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Payment date of cash dividends : —
Supplemental materials prepared for financial results : No
Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

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

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

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	155,036	9.4	5,962	(3.3)	12,381	43.8	8,591	52.8
June 30, 2021	141,662	—	6,164	—	8,611	—	5,621	—

Note: Comprehensive income Three months ended June 30, 2022 (16,599 million 12.4 %)
Three months ended June 30, 2021 (14,765 million — %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
Three months ended		
June 30, 2022	37.68	—
June 30, 2021	24.65	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	596,065	351,932	56.2
March 31, 2022	588,091	338,847	54.9

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
As of June 30, 2022 334,851 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	—				
Fiscal year ending March 31, 2023 (Forecast)		15.00	—	—	—

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 income		Ordinary income		Profit attributable to owners of parent		Net income per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	308,000	10.4	15,700	52.5	16,700	23.3	10,000	18.8	43.86
Full year	635,000	8.2	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: No

4. Others

- (1) Changes of significant subsidiaries in the first 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 June 30, 2022	244,066,144 shares
As of March 31, 2022	244,066,144 shares

[2] Number of treasury stock

As of June 30, 2022	16,048,274 shares
As of March 31, 2022	16,048,264 shares

[3] Average number of shares

1st quarter of fiscal year ending March 31, 2023	228,017,873 shares
1st quarter of fiscal year ending March 31, 2022	228,018,881 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

Overviewing the three months ended on June 30, 2022, the global economy continued to face an uncertain outlook due to factors such as new coronavirus infections, tight supply for semiconductor demands, and the effects of soaring various material prices, and Russia's invasion to Ukraine, despite the economy's tendency showing a positive trend toward recovery.

In the automotive-related market, which is one of the main business fields of our group, automotive production trends by regions are as follows.

Region	Automotive Production (Thousand units)	Year-on-year comparison
Japan	1,616	(12.0%)
North America	2,860	18.1%
China	6,510	12.3%
Thai land	473	21.0%

*Units are totaled accounting to the fiscal year end of each location.

In the information and telecommunications market, our other major business field, global production of HDDs (hard disk drives) declined year-on-year, resulting in a decrease in overall demand for suspensions, our main product.

Under the above business environment, net sales were 155,036 million yen (up 9.4% year-on-year), operating income was 5,962 million yen (down 3.3% year-on-year), ordinary income was 12,381 million yen (up 43.8% year-on-year) due to an increase in foreign exchange gains, and net profit attributable to owners of parent was 8,591 million yen (up 52.8% year-on-year).

Information by segments are as follows.

[Automotive Suspension Spring]

In the automotive suspension spring segment, sales increased 10.8% year-on-year to 31,605 million yen due to a recovery from the impact of the spread of the new coronavirus infections, despite the impact of production adjustments by automotive manufacturers due to semiconductor supply shortages and other factors. On the other hand, the impact of soaring raw material prices and logistics costs was significant, resulting in an operating loss of 1,265 million yen (operating income of 400 million yen for the same period last year).

[Automotive Seating]

In the automotive seating segment, sales increased 10.0% year-on-year to 57,568 million yen and operating income was 215 million yen (operating loss of 100 million yen in the same period of the previous year), reflecting a recovery from the impact of the spread of the new coronavirus infections, despite production adjustments by automotive manufacturers due to semiconductor supply shortages and the impact of soaring raw material prices and logistics costs.

[Precision Springs and Components]

In the precision spring and components segment, the automotive-related business was affected by semiconductor supply shortages and other factors, soaring raw material prices and logistics costs, as well as the automotive suspension spring and automotive seating segments. In the information and telecommunications related business, sales increased 7.0% year-on-year to 39,456 million yen and operating income increased 27.2% to 4,200 million yen due to the effect of a weaker yen, despite a decrease in the volume of HDD suspension products.

[Industrial Machinery and Others]

In the industrial machinery and others segment, sales increased 10.3% to 26,405 million yen and operating income increased 9.7% to 2,811 million yen due to a recovery in the automotive-related business from the impact of the spread of the new coronavirus infections and strong orders for semiconductor process components.

(2) Explanation of Consolidated Financial Position

Regarding total assets at the end of the first quarter ended on June 30, 2022, cash and deposits decreased due to dividend payments and debt repayments. On the other hand, inventories increased due to production adjustments by automotive manufacturers and other factors, and in addition, inventories and tangible assets of the overseas subsidiaries increased mainly because a weaker yen pushed up the yen value of them. As a result, total assets increased 7,974 million yen from the end of the previous fiscal year to 596,065 million yen.

Liabilities amounted to 244,133 million yen, down 5,111 million yen from the end of the previous fiscal year due to debt repayments and income tax payments.

Net assets increased by 13,085 million yen from the end of the previous fiscal year to 351,932 million yen, mainly due to an increase in retained earnings from foreign currency translation adjustments and net income attributable to owners of parent.

(3) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

The consolidated earnings forecasts for the first half of the fiscal year ending March 31, 2023 and the full year ending March 31, 2023 remain unchanged from those announced on May 13, 2022.

In the event that future trends affect our business performance, we will promptly disclose such information in accordance with the timely disclosure rules.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

	FYE 2022 (As of 31 March, 2022)	FYE 2023 (As of 30 June, 2022)
(Unit: Millions of yen)		
Assets		
Current assets		
Cash and deposits	92,130	87,214
Notes, accounts receivable - trade and contract assets	138,124	138,060
Merchandise and finished goods	24,461	26,214
Work in process	11,487	12,973
Raw materials and supplies	27,244	30,143
Partly-finished goods	10,680	11,177
Other	21,277	22,200
Allowance for doubtful accounts	(126)	(138)
Total current assets	325,279	327,845
Non-current assets		
Property, plant and equipment		
Buildings and structures	157,256	160,811
Accumulated depreciation	(103,227)	(105,895)
Buildings and structures, net	54,028	54,915
Machinery, equipment and vehicles	283,793	295,182
Accumulated depreciation	(222,507)	(232,043)
Machinery, equipment and vehicles, net	61,286	63,139
Land	30,483	30,968
Leased assets	1,337	1,298
Accumulated depreciation	(818)	(835)
Leased assets, net	518	462
Construction in progress	10,275	10,528
Other	84,040	88,374
Accumulated depreciation	(74,415)	(78,482)
Other, net	9,624	9,892
Total property, plant and equipment	166,217	169,907
Intangible assets	3,034	3,584
Investments and other assets		
Investment securities	58,703	58,316
Long-term loans receivable	1,670	1,710
Deferred tax assets	10,050	10,445
Net defined benefit asset	13,199	13,911
Other	10,839	11,314
Allowance for doubtful accounts	(904)	(970)
Total investments and other assets	93,559	94,728
Total non-current assets	262,811	268,219
Total assets	588,091	596,065

	(Unit: Millions of yen)	
	FYE 2022	FYE 2023
	(As of 31 March, 2022)	(As of 30 June, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	80,027	84,617
Electronically recorded obligations - operating	31,162	30,825
Short-term loans payable	28,672	19,797
Income taxes payable	12,652	4,601
Provision for directors' bonuses	247	137
Notes payable - facilities	2,281	2,159
Other	32,281	38,566
Total current liabilities	187,325	180,705
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	11,110	10,830
Lease obligations	721	870
Deferred tax liabilities	12,712	12,977
Net defined benefit liability	22,262	23,699
Provision for directors' retirement benefits	614	557
Provision for officers' retirement benefits	843	927
Other	3,654	3,566
Total non-current liabilities	61,919	63,427
Total liabilities	249,244	244,133
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,679	19,679
Retained earnings	260,692	265,863
Treasury stock	(14,296)	(14,296)
Total shareholders' equity	283,085	288,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,292	24,544
Foreign currency translation adjustment	11,592	19,365
Remeasurements of defined benefit plans	2,644	2,684
Total accumulated other comprehensive income	39,529	46,594
Non-controlling interests	16,232	17,081
Total net assets	338,847	351,932
Total liabilities and net assets	588,091	596,065

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Three Months Ended June 30, 2022)

(Unit: Millions of yen)

	FYE 2022 (3 months Ended June 30, 2021)	FYE 2023 (3 months Ended June 30, 2022)
Net sales	141,662	155,036
Cost of sales	123,611	136,597
Gross profit	18,050	18,439
Selling, general and administrative expenses	11,886	12,476
Operating profit	6,164	5,962
Non-operating income		
Interest income	112	131
Dividend income	764	1,256
Share of profit of entities accounted for using equity method	354	83
Foreign exchange gains	876	5,144
Other	801	448
Total non-operating income	2,909	7,064
Non-operating expenses		
Interest expenses	77	84
Other	385	561
Total non-operating expenses	462	646
Ordinary profit	8,611	12,381
Profit before income taxes	8,611	12,381
Income taxes	2,551	3,390
Profit	6,059	8,990
Profit attributable to non-controlling interests	438	399
Profit attributable to owners of parent	5,621	8,591

(Quarterly Consolidated Statements of Comprehensive Income)
(Three Months Ended June 30, 2022)

	FYE 2022 (3 months ended June 30, 2021)	(Unit: Millions of yen) FYE 2023 (3 months ended June 30, 2022)
Profit	6,059	8,990
Other comprehensive income		
Valuation difference on available-for-sale securities	3,781	(749)
Foreign currency translation adjustment	4,744	7,469
Remeasurements of defined benefit plans, net of tax	1	37
Share of other comprehensive income of entities accounted for using equity method	179	850
Total other comprehensive income	8,706	7,608
Comprehensive income	14,765	16,599
Comprehensive income attributable to:		
Owners of parent	13,943	15,656
Non-controlling interests	821	943

(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 fixed assets increased 421 million yen, other current liabilities increased 257 million yen, and lease obligations under fixed liabilities increased 162 million yen as of June 30, 2022. The effect of this change on profitability for the three months ended on June 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 First Quarter of the Year ended March 2022 (Three Months ended June 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	28,529	52,332	36,870	23,929	141,662	-	141,662
Inter-segment Sales	406	46	367	2,453	3,273	(3,273)	-
Net Sales	28,935	52,379	37,237	26,382	144,925	(3,273)	141,662
Segment Income (Loss)	400	(100)	3,302	2,562	6,164	-	6,164

(Note 1) Adjustment for inter-segment sales of ¥3,273 million is elimination of the inter-segment transaction.

(Note 2) Segment income (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 First Quarter of the Year ending March 2023 (Three Months ended June 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	31,605	57,568	39,456	26,405	155,036	-	155,036
Inter-segment Sales	427	52	337	2,709	3,526	(3,526)	-
Net Sales	32,033	57,620	39,794	29,114	158,563	(3,526)	155,036
Segment Income (Loss)	(1,265)	215	4,200	2,811	5,962	-	5,962

(Note 1) Adjustment for inter-segment sales of ¥3,526 million is elimination of the inter-segment transaction.

(Note 2) Segment income (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 First Quarter of the Year Ended March 2022 (Three Months ended June 30, 2021)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	79,729	42,925	19,007	141,662	-	141,662
Inter-segment Sales	7,123	925	132	8,181	(8,181)	-
Net Sales	86,852	43,850	19,140	149,843	(8,181)	141,662
Segment Income (Loss)	4,351	3,594	(1,781)	6,164	-	6,164

(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 First Quarter of the Year ending March 2023 (Three Months ended June 30, 2022)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	82,516	48,170	24,349	155,036	-	155,036
Inter-segment Sales	8,634	996	402	10,033	(10,033)	-
Net Sales	91,150	49,166	24,752	165,069	(10,033)	155,036
Segment Income (Loss)	3,669	3,938	(1,644)	5,962	-	5,962

(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