Consolidated Financial Statements

NHK Spring Co., Ltd.
and Consolidated Subsidiaries

For the years ended March 31, 2022 and 2021
with Independent Auditor's Report

Independent Auditor’s Report

The Board of Directors
NHK Spring Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of NHK Spring Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Impairment of property, plant and equipment allocated to the automotive suspension springs business in the United States</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>Property, plant and equipment in the amount of ¥166,218 million was recorded on the consolidated balance sheet as of March 31, 2022, which represented 28.26% of total assets.</td><td>We involved the component auditors and received their reports on the following audit procedures, among others and assessed whether sufficient and appropriate audit evidence was obtained on the measurement of impairment loss on property, plant and equipment of the automotive suspension springs business in the United States:
・ We compared the cash flow projection period with the remaining economic lives of major assets in the asset group.</td></tr>
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As described in the notes to the consolidated financial statements (Significant Accounting Estimates), NHK Spring Co., Ltd. (the Company) determined that there was an indication of impairment for the asset group corresponding to fixed assets in its consolidated subsidiaries (NHK of America Suspension Components, Inc. and New Mather Metals, Inc.), which operate the automotive suspension springs business in the United States. These companies have continuously recorded operating losses due to a decline in automobile production resulting from the impact of the COVID-19 pandemic and the semiconductor shortage. Both companies adopt US GAAP, and as a result of the recoverability test, the carrying amounts of the asset group were reduced to fair value because the aggregate undiscounted future net cash flows of the asset group were less than their carrying amounts. This reduction was recorded as an impairment loss of ¥1,259 million, and the balance of property, plant and equipment after impairment was ¥9,522 million. Future cash flows used in the recoverability test and in determining the fair value of the asset group are estimated based on the business plan approved by the Board of Directors, and the fair value is determined through a combination of methods such as the income approach, cost approach, and market approach based on factors such as real estate appraisal values provided by third parties. Significant assumptions in estimating the undiscounted future cash flows used in the recoverability test and in determining fair value are sales prices and gross margin ratio corresponding to sales growth, which include sales price and manufacturing cost improvements planned for in the business plan. Further, significant assumptions used in determining fair value are, in addition to the above, price per unit area in real estate appraisals and considerations of the functional and economic elements of depreciation. Given that the significant assumptions used to estimate the future cash flows are subject to uncertainty and require management's judgement, and that estimates of fair value involve a high level of expertise, we determined impairment of property, plant and equipment allocated to the automotive suspension springs business in the United States to be a key audit matter.	• We evaluated the consistency of the estimated future cash flows with the business plan approved by the Board of Directors. • We compared the business plan for prior years with actual results to evaluate the effectiveness of management's estimation process used in formulating business plans. • In order to assess the rationality of sales growth linked to sales prices, which are a significant assumption and serve as the basis of the business plan, we made inquiries of management and inspected contracts with customers. • Regarding gross margin ratio, in order to assess the rationality of estimated cost reductions, we made inquiries of management about manufacturing cost improvement measures planned for in the business plan, and evaluated management's assumptions by considering the feasibility of such measures. • In order to evaluate the rationality of the estimate of fair value, we involved valuation specialists from our network firms to consider the consistency of the valuation method with accounting standards and the consistency of significant assumptions with external information.

<table>
<tr><th colspan="2">Impairment of property, plant and equipment allocated to the Atsugi Plant and Ina Plant in the precision spring and components business of NHK Spring Co., Ltd.</th></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>Property, plant and equipment in the amount of ¥166,218 million was recorded on the consolidated balance sheet as of March 31, 2022, which represented 28.26% of total assets.

As described in the notes to the consolidated financial statements (Significant Accounting Estimates), the Company assessed the impairment of fixed assets for the asset group corresponding to fixed assets in the Atsugi Plant and Ina Plant in its precision spring and components business because the Company has continuously recorded for these plants due to a decline in automobile production resulting from the impact of the COVID-19 pandemic and the semiconductor shortage.

As a result, no impairment loss was recognized for the asset group corresponding to the Atsugi Plant (¥7,811 million) because the aggregate undiscounted future net cash flows of the asset group exceeded the carrying amount.

However, the carrying amount of the asset group corresponding to the Ina Plant was reduced to the recoverable amount because the aggregate undiscounted future net cash flows of the asset group were less than the carrying amount. This reduction was recorded as an impairment loss of ¥3,384 million, and the balance of property, plant and equipment after impairment was ¥5,108 million.

Estimates of future cash flows of the plants are based on the business plan approved by the Board of Directors. Value in use is used for the recoverable amount of the Ina Plant, and the recoverable amount is determined using the present discounted value of future cash flows generated from the continuing use of the asset group and the present discounted value of net realizable value based on real estate appraisal value at the end of the remaining economic life.

Significant assumptions in estimating value in use are sales volume, sales prices, and gross margin ratio, which serve as the basis of the business plan, as well as the discount rate.</td><td>We mainly performed the following audit procedures in considering the impairment of property, plant and equipment allocated to the Atsugi Plant and Ina Plant in the precision spring and components business of NHK Spring Co., Ltd.:

・ We compared the cash flow projection period with the remaining economic lives of major assets.

・ We evaluated the consistency of the estimated future cash flows with the business plan approved by the Board of Directors.

・ We compared the business plan for prior years with actual results to evaluate the effectiveness of management’s estimation process used in formulating business plans.

・ In order to assess the rationality of sales volume, which is a significant assumption serving as the basis of the business plan, we held discussions with management and evaluated the consistency with volume information that could be obtained from customers in a timely manner.

・ We assessed the rationality of estimates of sales prices by discussing the estimates with management and comparing past estimates with actual results. Additionally, we performed sensitivity analysis considering future fluctuation risks.

・ We assessed the rationality of the gross margin ratio by discussing the ratio with management and performing trend analysis of the cost ratio as it relates to future cost forecasts.

・ With regard to determinations of whether to recognize impairment and measurements of impairment loss, which are based on real estate appraisals, we evaluated the reliability of specialists used by management. In addition, we inspected these real estate appraisals and considered the appraisal methods adopted as well as the assumptions used in determining appraisal values.</td></tr>
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Sales volume is based on the expected quantity of orders received from customers. Although demand is expected to rise for motor cores for electric vehicles, and such motor cores are the primary product manufactured at the Atsugi Plant, the Company takes a conservative approach to calculating sales volume. Additionally, sales prices and gross margin ratio include sales price and manufacturing cost improvements planned for in the business plan. The discount rate is calculated using the weighted average cost of capital. Given that the significant assumptions used to estimate the future cash flows and the recoverable amount are subject to uncertainty and require management's judgement, we determined impairment of property, plant and equipment allocated to the Atsugi Plant and Ina Plant in the precision spring and components business of the Company to be a key audit matter.	• With regard to the valuation method for value in use and the discount rate, we involved valuation specialists from our network firm to consider the consistency of the valuation method with accounting standards and the consistency of the input information used in determining the discount rate with external information.

Other Information

The other information comprises the information included in Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Board Member and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 5 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 27, 2022

柴　田　憲　一

Kenichi Shibata
Designated Engagement Partner
Certified Public Accountant

吉　岡　昌　樹

Masaki Yoshioka
Designated Engagement Partner
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NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	At March 31, 2022	At March 31, 2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Assets			
Current assets:			
Cash and bank deposits *(Notes 6 and 22)*	¥ 92,131	¥ 79,331	$ 752,766
Notes and accounts receivable, trade *(Note 22)*	–	140,634	–
Notes and accounts receivable, trade, and contract assets *(Notes 7 and 22)*	138,125	–	1,128,564
Allowance for doubtful notes and accounts	(126)	(193)	(1,034)
Inventories *(Note 8)*	73,873	54,818	603,587
Other current assets	21,277	19,971	173,848
Total current assets	325,280	294,561	2,657,731
Investments and long-term receivables:			
Investment securities *(Notes 10 and 22)*	49,577	47,504	405,072
Investments in unconsolidated subsidiaries and affiliated companies *(Note 22)*	16,586	13,869	135,519
Long-term loans receivable *(Note 22)*	1,671	2,938	13,650
Deferred tax assets *(Note 17)*	10,050	9,952	82,117
Net defined benefit asset *(Note 12)*	13,200	10,195	107,852
Other investments	3,380	4,172	27,619
Allowance for doubtful receivables	(904)	(1,121)	(7,388)
Total investments and long-term receivables	93,560	87,509	764,441
Property, plant and equipment:			
Buildings and structures	157,256	154,326	1,284,879
Machinery and transport equipment	283,794	277,127	2,318,766
Jigs, tools and equipment	84,041	80,470	686,662
Land	30,484	29,444	249,070
Leased assets	1,337	1,476	10,926
Construction in progress	10,275	13,999	83,954
	567,187	556,842	4,634,257
Less – Accumulated depreciation	(400,969)	(381,175)	(3,276,158)
Net property, plant and equipment	166,218	175,667	1,358,099
Intangible assets	3,034	3,032	24,791
Total assets *(Note26)*	¥588,092	¥560,769	$ 4,805,062

	At March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Notes 13 and 22)*	¥ 13,571	¥ 26,037	$ 110,886
Current portion of long-term debt *(Notes 13,14 and 22)*	15,101	17,017	123,385
Notes and accounts payable, trade *(Note 22)*	111,189	113,670	908,485
Accrued expenses	23,090	21,974	188,656
Accrued income taxes *(Note 22)*	12,652	3,703	103,375
Allowance for directors bonuses	248	245	2,023
Other current liabilities *(Notes 11, 14 and 22)*	11,475	12,029	93,750
Total current liabilities	187,326	194,675	1,530,560
Long-term liabilities:			
Bonds payable *(Notes 13 and 22)*	10,000	–	81,706
Long-term debt *(Notes 13 and 22)*	11,110	26,211	90,775
Net defined benefit liability *(Note 12)*	22,262	23,332	181,896
Accrued retirement benefits for directors and corporate auditors	615	630	5,024
Accrued retirement benefits to corporate officers	843	791	6,891
Deferred tax liabilities *(Note 17)*	12,712	9,838	103,865
Other long-term liabilities *(Notes 14 and 22)*	4,377	5,316	35,759
Total long-term liabilities	61,919	66,118	505,916
Guarantees and contingent liabilities *(Note 19)*			
Net assets:			
Shareholders' equity			
Common stock:			
Authorized: 600,000,000 shares			
Issued: 244,066,144 shares at March 31, 2022;			
244,066,144 shares at March 31, 2021	17,010	17,010	138,978
Capital surplus	19,680	19,580	160,797
Retained earnings *(Notes 18 and 26)*	260,692	234,114	2,130,015
Treasury stock	(14,296)	(14,296)	(116,809)
Total shareholders' equity	283,086	256,408	2,312,981
Accumulated other comprehensive income:			
Unrealized holding gain on securities	25,293	23,740	206,659
Translation adjustments	11,592	4,498	94,714
Retirement benefit liability adjustments *(Note 12)*	2,644	(652)	21,604
Total accumulated other comprehensive income	39,529	27,586	322,977
Non-controlling interests	16,232	15,982	132,628
Total net assets	338,847	299,976	2,768,586
Total liabilities and net assets	¥588,092	¥560,769	$ 4,805,062

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income

	Years ended March 31, 2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Net sales *(Notes 15 and 24)*	¥ 586,904	¥ 572,639	$ 4,795,355
Cost of sales *(Note 16)*	513,100	517,480	4,192,335
Gross profit	73,804	55,159	603,020
Selling, general and administrative expenses *(Note 16)*	52,444	44,695	428,498
Operating profit *(Note 24)*	21,360	10,464	174,522
Other income (expenses):			
Interest income	470	525	3,840
Dividend income	1,742	1,188	14,233
Gain on sales of fixed assets	26,774	206	218,759
Gain on sales of investment securities	209	659	1,709
Real estate rent	669	885	5,465
Interest expenses	(351)	(334)	(2,869)
Loss on disaster	(928)	(2,294)	(7,580)
Loss on retirement of fixed assets	(560)	(397)	(4,577)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,159	982	9,470
Exchange gain, net	6,529	1,229	53,350
Loss on impairment of long-lived assets *(Note 9)*	(7,117)	(434)	(58,151)
Loss on sales of investment securities	(26)	–	(212)
Loss on valuation of shares of subsidiaries and affiliated companies *(Note 10)*	(39)	–	(318)
Loss on sales of investments in capital of subsidiaries and affiliated companies	(288)	–	(2,355)
Other, net	503	2,080	4,110
	28,746	4,295	234,874
Profit before income taxes	50,106	14,759	409,396
Income taxes *(Note 17)*:			
Current	16,018	5,598	130,879
Deferred	813	(1,280)	6,640
	16,831	4,318	137,519
Profit	33,275	10,441	271,877
Profit attributable to non-controlling interests	1,277	1,044	10,431
Profit attributable to owners of parent	¥ 31,998	¥ 9,397	$ 261,446
	(Yen)		*(U.S. dollars)*
Earnings per share *(Notes 1 (20) and 18)*			
– Basic	¥ 140.33	¥ 40.45	$ 1.15
– Diluted	–	–	–
Cash dividends per share	27.00	17.00	0.22

Note: Diluted earnings per share is not presented for the years ended March 31, 2022 and 2021 because there were no dilutive securities.

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Years ended March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Profit	¥ 33,275	¥ 10,441	$ 271,877
Other comprehensive income *(Note 23)*:			
Unrealized holding gain on securities	1,549	9,122	12,659
Translation adjustments	7,089	(3,685)	57,918
Retirement benefit liability adjustments	3,188	5,928	26,048
Share of other comprehensive income (loss) of affiliated companies accounted for by the equity method	690	(76)	5,642
Total other comprehensive income	12,516	11,289	102,267
Comprehensive income	¥ 45,791	¥ 21,730	$ 374,144
Comprehensive income attributable to:			
Owners of parent	¥ 43,908	¥ 20,777	$ 358,759
Non-controlling interests	1,883	953	15,385

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

	Shareholders' equity				
	Common stock	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total shareholders' equity**
	(Millions of yen)				
Balances as of April 1, 2021	¥17,010	¥19,580	¥234,114	¥(14,296)	¥256,408
Cumulative effects of changes in accounting policies			53		53
Restated balance	17,010	19,580	234,167	(14,296)	256,461
Changes during the fiscal year:					
Dividends paid			(5,473)		(5,473)
Profit attributable to owners of parent			31,998		31,998
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		0	0
Change in ownership interest of parent arising from transactions with non-controlling shareholders		100			100
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	100	26,525	(0)	26,625
Balances as of March 31, 2022	¥17,010	¥19,680	¥260,692	¥(14,296)	¥283,086

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	**Translation adjustments**	**Retirement benefit liability adjustments**	**Total accumulated other comprehensive income**	**Non-controlling interests**	**Total net assets**
	(Millions of yen)					
Balances as of April 1, 2021	¥23,740	¥4,498	¥(652)	¥27,586	¥15,982	¥299,976
Cumulative effects of changes in accounting policies						53
Restated balance	23,740	4,498	(652)	27,586	15,982	300,029
Changes during the fiscal year:						
Dividends paid						(5,473)
Profit attributable to owners of parent						31,998
Purchase of treasury stock						(0)
Disposal of treasury stock						0
Change in ownership interest of parent arising from transactions with non-controlling shareholders						100
Net changes of items other than shareholders' equity	1,553	7,094	3,296	11,943	250	12,193
Total changes during the fiscal year	1,553	7,094	3,296	11,943	250	38,818
Balances as of March 31, 2022	¥25,293	¥11,592	¥2,644	¥39,529	¥16,232	¥338,847

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	(Millions of yen)				
Balances as of April 1, 2020	¥17,010	¥19,579	¥227,062	¥(8,868)	¥254,783
Changes during the fiscal year:					
Dividends paid			(2,345)		(2,345)
Profit attributable to owners of parent			9,397		9,397
Purchase of treasury stock				(5,428)	(5,428)
Disposal of treasury stock		(0)		0	0
Change in ownership interest of parent arising from transactions with non-controlling shareholders		1			1
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	1	7,052	(5,428)	1,625
Balances as of March 31, 2021	¥17,010	¥19,580	¥234,114	¥(14,296)	¥256,408

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	(Millions of yen)					
Balances as of April 1, 2020	¥14,643	¥8,117	¥(6,555)	¥16,205	¥15,566	¥286,554
Changes during the fiscal year:						
Dividends paid						(2,345)
Profit attributable to owners of parent						9,397
Purchase of treasury stock						(5,428)
Disposal of treasury stock						0
Change in ownership interest of parent arising from transactions with non-controlling shareholders						1
Net changes of items other than shareholders' equity	9,097	(3,619)	5,903	11,381	416	11,797
Total changes during the fiscal year	9,097	(3,619)	5,903	11,381	416	13,422
Balances as of March 31, 2021	¥23,740	¥4,498	¥(652)	¥27,586	¥15,982	¥299,976

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	(Thousands of U.S. dollars) (Note 5)				
Balances as of April 1, 2021	$138,978	$159,977	$1,912,852	$(116,801)	$2,095,006
Cumulative effects of changes in accounting policies			430		430
Restated balance	138,978	159,977	1,913,282	(116,801)	2,095,436
Changes during the fiscal year:					
Dividends paid			(44,713)		(44,713)
Profit attributable to owners of parent			261,446		261,446
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		(0)		0	0
Change in ownership interest of parent arising from transactions with non-controlling shareholders		820			820
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	820	216,733	(8)	217,545
Balances as of March 31, 2022	$138,978	$160,797	$2,130,015	$(116,809)	2,312,981

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	(Thousands of U.S. dollars) (Note 5)					
Balances as of April 1, 2021	$193,971	$36,750	$(5,328)	$225,393	$130,584	$2,450,983
Cumulative effects of changes in accounting policies						430
Restated balance	193,971	36,750	(5,328)	225,393	130,584	2,451,413
Changes during the fiscal year:						
Dividends paid						(44,713)
Profit attributable to owners of parent						261,446
Purchase of treasury stock						(8)
Disposal of treasury stock						0
Change in ownership interest of parent arising from transactions with non-controlling shareholders						820
Net changes of items other than shareholders' equity	12,688	57,964	26,932	97,584	2,044	99,628
Total changes during the fiscal year	12,688	57,964	26,932	97,584	2,044	317,173
Balances as of March 31, 2022	$206,659	$94,714	$21,604	$322,977	$132,628	$2,768,586

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Years ended March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Cash flows from operating activities:			
Profit before income taxes	¥ 50,106	¥ 14,759	$ 409,396
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	28,301	27,498	231,234
(Decrease) increase in net defined benefit liability	(707)	864	(5,780)
Exchange gain	(2,187)	(206)	(17,866)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(1,159)	(982)	(9,470)
(Gain) loss on disposal of property, plant and equipment	(26,199)	191	(214,062)
Loss on impairment of long-lived assets	7,117	434	58,151
Gain on sales of investment securities	(183)	(659)	(1,497)
Loss on sales of investments in capital of subsidiaries and affiliated companies	288	–	2,355
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable, trade	4,717	(7,030)	38,539
Increase in inventories	(16,555)	(337)	(135,268)
Decrease in notes and accounts payable, trade	(2,852)	(2,599)	(23,299)
Other, net	(6,181)	(2,297)	(50,498)
Net cash provided by operating activities	34,506	29,636	281,935
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	27,473	1,970	224,470
Purchase of property, plant and equipment	(23,374)	(26,436)	(190,978)
Purchase of intangible assets	(793)	(479)	(6,480)
Purchase of investment securities	(545)	(22)	(4,450)
Proceeds from sales of investment securities	402	990	3,287
Decrease (increase) in time deposits	108	(79)	883
Proceeds from sales of investments in capital of subsidiaries and affiliated companies resulting in change in scope of consolidation	1,320	–	10,787
Disbursements for loans receivable	(550)	(720)	(4,497)
Collection of loans receivable	1,118	481	9,132
Other, net	(172)	187	(1,405)
Net cash provided by (used in) investing activities	4,987	(24,108)	40,749
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	–	10,000	–
Proceeds from issuance of bonds	10,000	–	81,706
Repayment of long-term debt	(17,017)	(17,084)	(139,041)
(Decrease) increase in short-term borrowings	(13,015)	22,622	(106,343)
Proceeds from commercial paper	12,000	8,000	98,047
Repayment of commercial paper	(12,000)	(12,000)	(98,047)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,012)	–	(8,270)
Payment for purchase of treasury stock	(1)	(5,427)	(8)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(5,472)	(2,345)	(44,713)
Cash dividends paid to non-controlling shareholders	(737)	(531)	(6,022)
Other, net	(404)	(442)	(3,295)
Net cash (used in) provided by financing activities	(27,658)	2,793	(225,986)
Effect of exchange rate changes on cash and cash equivalents	1,074	(3,650)	8,772
Net increase in cash and cash equivalents	12,909	4,671	105,470
Cash and cash equivalents at beginning of year	78,986	74,315	645,366
Cash and cash equivalents at end of year (*Note 6*)	¥ 91,895	¥ 78,986	$ 750,836
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ (375)	¥ (356)	$ (3,062)
Income taxes	(7,421)	(4,908)	(60,633)

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of NHK Spring Co., Ltd. (the "Company") and consolidated subsidiaries (collectively, the "Group") have been prepared by the Company in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS"). The accounts of the Company and its consolidated subsidiaries in Japan are maintained in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and in conformity with generally accepted accounting principles and practices prevailing in Japan.

Foreign consolidated subsidiaries of the Company maintain their accounts and records in conformity with the requirements of their respective countries of domicile.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

(2) Scope of consolidation and application of equity method

The Company had 69 subsidiaries at March 31, 2022 (70 at March 31, 2021). The accompanying consolidated financial statements for the year ended March 31, 2022 include the accounts of the Company and its 38 significant subsidiaries (39 in 2021).

The accounts of the remaining 31 unconsolidated subsidiaries for the year ended March 31, 2022 (31 in 2021) were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, profit and retained earnings were immaterial in relation to those of the consolidated financial statements of the Group.

The Company had 11 (11 in 2021) affiliated companies at March 31, 2022. For the year ended March 31, 2022, the equity method has been applied to the investments in 4 of the major unconsolidated subsidiaries (4 in 2021) and 5 of the major affiliated companies (5 in 2021). The investments in the remaining unconsolidated subsidiaries and affiliated companies were stated at cost or less because they did not have a material effect on the consolidated financial statements.

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Group have been eliminated.

1. Summary of Significant Accounting Policies (continued)

(2) Scope of consolidation and application of equity method (continued)

The difference between the cost of an investment in a consolidated subsidiary and the amount of the underlying equity in the net assets of the subsidiary is allocated to identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition.

Goodwill is amortized on a straight-line basis over a period within five years.

(3) Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliated companies are translated into Japanese yen at the exchange rates prevailing at the year end. The components of net assets excluding non-controlling interests of foreign subsidiaries and affiliated companies are translated at historical rates. All income and expense accounts are translated at rates prevailing at the time of the transactions. The resulting translation differences are debited or credited to translation adjustments, or non-controlling interests in the consolidated balance sheets. Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the year end and the resulting gains and losses are included in profit or loss for the year.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(5) Inventories

Inventories are mainly stated at the lower of cost, determined by average cost, or market.

(6) Investment securities

Available-for-sale securities categorized as “other securities” under applicable Japanese accounting standards, other than equity securities with no market prices, etc. are stated at fair market value, with unrealized gains or losses reported as a separate component of net assets, net of applicable income taxes. Available-for-sale equity securities with no market prices, etc. are stated at weighted average cost.

(7) Derivative financial instruments and hedge accounting

In accordance with applicable Japanese accounting standards, gains or losses arising from changes in the fair value of derivative financial instruments designated as “hedging instruments” are deferred as an asset or a liability until the gains or losses on the underlying hedged items or transactions are recognized.

1. Summary of Significant Accounting Policies (continued)

(7) Derivative financial instruments and hedge accounting (continued)

In accordance with the exceptional treatment permitted under the Japanese accounting standard for foreign currency translation, the Company does not record certain forward foreign exchange contracts, currency swap contracts, foreign currency option contracts and certain foreign currency interest arrangements at market value but translates the underlying foreign currency denominated assets and liabilities hedged by derivative transactions into yen using the contractual rates under these arrangements, provided that such arrangements meet the hedging criteria specified under applicable Japanese accounting standards.

In addition, in accordance with the special treatment permitted under applicable Japanese accounting standards, the Company does not record certain interest-rate swap arrangements at market value but charges or credits net cash flows arising from the interest-rate swap arrangements, which satisfy the hedging criteria specified under the standard, to interest expenses arising from the hedged interest-bearing debt.

(8) Property, plant and equipment (excluding leased assets)

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the respective assets.
Buildings and structures at the Company's headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 by the straight-line method.

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gains or losses are reflected in income as incurred.

Normal repairs and maintenance, including minor renewals and improvements, are charged to expenses as incurred.

(9) Intangible assets (excluding leased assets)

Intangible assets are amortized on a straight-line basis.

Expenditure related to computer software development for internal use is capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life (five years) of the software.

1. Summary of Significant Accounting Policies (continued)

(10) Leases

Leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by the same depreciation methods as applied to equivalent assets owned by the Group using the economic useful lives of the leased assets.

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated with the residual value of zero by the straight-line method using the terms of the contracts as the useful lives.

(11) Allowance for doubtful accounts

The Group provides an allowance for doubtful accounts at an amount calculated using a bad debt loss ratio primarily based on historical experience, plus the estimated uncollectible amount of individual receivables.

(12) Allowance for directors bonuses

Bonuses to directors are recorded on an accrual basis with a related charge to income.

(13) Retirement benefits for employees

The retirement benefit obligations for employees are attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

Prior service costs are amortized as incurred by the straight-line method over a certain period (mainly 15 to 16 years), which is within the average remaining years of service of the eligible employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over a certain period (10 to 16 years), which is within the average remaining years of service of the eligible employees.

Certain consolidated subsidiaries apply the simplified method where the amount required for voluntary early retirement at the fiscal year end is treated as retirement benefit obligations for calculating net defined benefit liability and retirement benefit expenses.

(14) Accrued retirement benefits for directors and corporate auditors

As is customary practice in Japan, the Company and its domestic consolidated subsidiaries pay lump-sum retirement benefits to retiring directors or corporate auditors, the amounts of which are determined by internal rules. Although the payment of such retirement benefits is subject to approval by shareholders at the time of retirement/resignation, the Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all directors and corporate auditors at the year-end date.

1. Summary of Significant Accounting Policies (continued)

(15) Accrued retirement benefits for corporate officers

The Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all corporate officers at the fiscal year end.

(16) Standards for recording significant revenue and expenses

The Group's main business is the manufacture and sale of automobile-related parts such as suspension springs, seats and seat parts, and precision parts, as well as the sale of information equipment-related products and parts, and logistics and other services related to each of these businesses.

The Group's performance obligation is to supply finished products to customers. In principle, performance obligations are deemed satisfied when control is transferred to customers at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Group estimates variable consideration using the most likely amount method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year after the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

(17) Income taxes

The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(18) Consumption taxes

In Japan, consumption taxes are imposed mainly at a rate of 10% on all domestic consumption of goods and services with certain exceptions. Consumption taxes imposed on the Group's domestic sales to customers are withheld by the Group at the time of sale and are paid to the national government subsequently.

1. Summary of Significant Accounting Policies (continued)

(19) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements in order to make them consistent with the current year's presentation.

(20) Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock, assuming the full exercise of the outstanding subscription rights to shares.

2. Significant Accounting Estimates

(1) Impairment loss on property, plant and equipment allocated to the automotive suspension springs business in the United States

(a) Amounts recorded in the consolidated financial statements for the years ended March 31, 2022 and 2021

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Impairment loss	¥ 1,259	¥ –	$ 10,284
Property, plant and equipment	9,522	10,524	77,802

(b) Other information that contributes to the understanding of users of the consolidated financial statements

1) Method of calculation
The Company considered impairment on property, plant and equipment of its consolidated subsidiaries (NHK of America Suspension Components, Inc. and New Mather Metals, Inc.), which operate the automotive suspension springs business in the United States, because these companies have continuously recorded operating losses due to the COVID-19 pandemic and a decrease in automobile production resulting from the semiconductor supply shortage. As a result of the recoverability test, the aggregate undiscounted future net cash flows were less than the carrying amount of the asset group. Accordingly, the carrying amount was written down to the fair value, and the difference was recorded as an impairment loss.
Both companies adopt US GAAP and the future cash flows used in recoverability tests and calculation of asset group fair value are estimated based on the business plan approved by the Board of Directors. In addition, the calculation of fair value is based on the real estate appraisal value determined by a third party that combines methods such as the income approach, cost approach and market approach.

2. Significant Accounting Estimates (continued)

2) Key assumptions

The key assumptions for estimating undiscounted future cash flows used for recoverability tests and the calculation of fair value are selling prices and gross margin ratio on sales growth.

Selling prices and gross margin ratio are based on selling prices and manufacturing costs, which are expected to improve in the business plan.

In addition to the above, the key assumptions in calculating fair value are the consideration of unit price per area and functional and economic depreciation factors in real estate appraisal.

The accounting estimates used in preparation of the Company's consolidated financial statements for the year ended March 31, 2022 are based on the assumption that the effect of the COVID-19 pandemic and impact of the shortage of semiconductor supply on automobile production will remain for a certain period in the year ending March 31, 2023, using information available as of March 31, 2022.

3) Effects on the consolidated financial statements in the year ending March 31, 2023

The key assumptions above could be affected by a significant decrease in automobile production in the United States due to the COVID-19 pandemic, the prolonged semiconductor supply shortage, a sharp rise in raw material prices and changes in the economic environment, as well as the uncertain future economic conditions, and changes in business environment of both companies due to worsening competitive conditions and other factors.

Due to such factors, these companies may recognize an impairment loss in and after the year ending March 31, 2023.

(2) Impairment loss on property, plant and equipment allocated to the precision springs and components business at Atsugi Plant and Ina Plant

(a) Amounts recorded in the consolidated financial statements for the years ended March 31, 2022 and 2021

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Atsugi Plant:			
Impairment loss	¥ –	¥ –	$ –
Property, plant and equipment	7,811	7,428	63,817
Ina Plant:			
Impairment loss	3,384	–	27,648
Property, plant and equipment	5,109	9,076	41,741

2. Significant Accounting Estimates (continued)

(b) Other information that contributes to the understanding of users of the consolidated financial statements

1) Method of calculation
The Company considered recording an impairment loss on property, plant and equipment of the precision springs and components business at Atsugi Plant and Ina Plant, which have continuously recorded operating losses due to the COVID-19 pandemic and a decrease in automobile production resulting from the semiconductor supply shortage.
No impairment loss was recognized at the Atsugi Plant because the aggregate undiscounted future net cash flows of the asset group exceed their carrying amounts.
On the other hand, at the Ina Plant, the aggregate undiscounted future net cash flows were less than the carrying amount of the asset group. Accordingly, the carrying amount was written down to the recoverable value, and the difference was recorded as an impairment loss.
Future cash flows from both plants are based on the business plan approved by the Board of Directors. The recoverable value of the Ina Plant is based on the value in use. It is calculated by using the discounted present value of future cash flows based on the continued use of the asset group and of net realizable value based on the real estate appraisal value and others after the economic remaining years of use.

2) Key assumptions
The key assumptions used in consideration for impairment and the calculation of the value in use are sales volume, selling prices, gross margin ratio and discount rate.
Sales volume is based on the expected quantity of orders received from customers. Although demand for motor cores for electric vehicles, which are the main product of the Atsugi Plant, was expected to increase, the Company estimated the volume conservatively.
Selling prices and gross margin ratio are based on selling prices and manufacturing costs, which are expected to improve in the business plan, and the discount rate is calculated based on the weighted average cost of capital.
The accounting estimates used in preparation of the Company's consolidated financial statements for the year ended March 31, 2022 are based on the assumption that the effect of the COVID-19 pandemic and impact on automobile production of the semiconductor supply shortage will remain for a certain period in the year ending March 31, 2023, using information available as of March 31, 2022.

3) Effects on the consolidated financial statements in the year ending March 31, 2023
The key assumptions above could be affected by uncertain future economic conditions such as the COVID-19 pandemic, the prolonged impact on automobile production of the semiconductor supply shortage, progress in electrification of automobiles and worsening competitive conditions.
Due to such factors, the Company may recognize an impairment loss in and after the year ending March 31, 2023.

3. Accounting Changes

(1) Application of “Accounting Standard for Revenue Recognition”

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, revised on March 31, 2020; the “Revenue Recognition Accounting Standard”) and the related guidance were applied effective from the beginning of the year ended March 31, 2022. The Company recognizes revenue in the amount to which it expects to be entitled in exchange for a good or service when a customer obtains control of the promised good or service.

Revenue was previously recognized at the time of product delivery, but the method was changed to recognize revenue when control of the product is transferred to the customer.

In addition, regarding charged supply transactions to subcontractors that fall under repurchase agreements, the Company has decided to continue to recognize inventories for the supplies that remain at the subcontractors as financial transactions. For charged supply transactions from suppliers, sales and cost of sales were previously recorded at the time of selling back to the suppliers, but the Company has changed to a method of recognizing revenue in a net amount.

Regarding the application of the Revenue Recognition Accounting Standard and the related guidance, in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative impact of retrospective application of the new accounting policy prior to the beginning of the year ended March 31, 2022 is added to or deducted from retained earnings at the beginning of the year ended March 31, 2022 so that the new accounting policy is applied from the balance at the beginning of the year ended March 31, 2022.

However, the new accounting policy was not retroactively applied to contracts in which almost all revenues have been recognized in accordance with the previous treatment prior to the beginning of the year ended March 31, 2022 since the Company applied the method stipulated in paragraph 86 of the Revenue Recognition Accounting Standard.

As a result, net sales for the year ended March 31, 2022 decreased by ¥38,178 million ($311,938 thousand) and cost of sales decreased by ¥38,270 million ($312,686 thousand). Operating profit and profit before income taxes increased by ¥92 million ($748 thousand). In addition, the balance of retained earnings at the beginning of the period increased by ¥53 million ($431 thousand).

Due to the application of the Revenue Recognition Accounting Standard and the related guidance, “Notes and accounts receivable, trade” under “Current assets” in the consolidated balance sheet as of March 31, 2021 was included in “Notes and accounts receivable, trade, and contract assets” from the year ended March 31, 2022. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Revenue Recognition Accounting Standard, the consolidated financial statements for the previous fiscal year have not been reclassified using the new presentation method. In addition, the Company did not describe the notes on “Revenue Recognition” for the year ended March 31, 2021 in accordance with the transitional treatment stipulated in the proviso of paragraph 89-3 of the Revenue Recognition Accounting Standard.

Earnings per share increased by ¥0.40 ($0.00) for the year ended March 31, 2022.

3. Accounting Changes (continued)

(2) Application of "Accounting Standard for Fair Value Measurement"

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019; "Fair Value Measurement Accounting Standard") and the related standards and guidance were applied effective from the beginning of the year ended March 31, 2022. The Company prospectively applied the new accounting policies stipulated in the Fair Value Measurement Accounting Standard and the related standards and guidance from the beginning of the year ended March 31, 2022 in accordance with the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ statement No. 10, revised on July 4, 2019). There was no effect of this change on the consolidated financial statements.

In addition, the Company presented the breakdown of fair value of financial instruments by level in Note 22, "Financial Instruments." However, the Company did not present corresponding information for the year ended March 31, 2021, in accordance with the transitional treatment stipulated in paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on July 4, 2019).

4. Accounting Standards Issued but Not Yet Effective

"Leases" (FASB ASC Topic 842)

(1) Overview

"Leases" (FASB ASC Topic 842) requires the lessee to record all leases as assets and liabilities on the balance sheets, in principle. There are no significant changes to the lessor's accounting treatment.

(2) Expected date of adoption

The Company will adopt this standard from the beginning of the year ending March 31, 2023.

(3) Effects of adopting the standard

The Company is currently evaluating the effects of adopting this standard on the consolidated financial statements.

5. United States Dollar Amounts

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and the notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥122.39 = U.S.$1, the approximate rate of exchange prevailing at March 31, 2022. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

6. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with an original maturity of three months or less that are exposed to minor risk of fluctuation in value.

A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2022 and 2021 is as follows:

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and bank deposits	¥ 92,131	¥ 79,331	$ 752,766
Bank deposits with maturity of over three months included in cash and bank deposits	(236)	(345)	(1,930)
Cash and cash equivalents	¥ 91,895	¥ 78,986	$ 750,836

7. Receivables and Contract Assets Arising from Contracts with Customers

Receivables and contract assets arising from contracts with customers included in "Notes and accounts receivable, trade, and contract assets" under "Current assets" at March 31, 2022 are as follows:

	At March 31,	
	2022	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Notes receivable	¥ 12,442	$ 101,661
Accounts receivable	125,683	1,026,903
Contract assets	–	–
Total	¥ 138,125	$ 1,128,564

8. Inventories

Inventories at March 31, 2022 and 2021 are as follows:

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Merchandise and finished products	¥ 24,461	¥ 18,855	$ 199,863
Work in process	11,487	9,586	93,856
Raw materials and supplies	27,244	18,969	222,601
Other	10,681	7,408	87,267
Total	¥ 73,873	¥ 54,818	$ 603,587

9. Loss on Impairment of Long-Lived Assets

Year ended March 31, 2022

The Group has recorded impairment losses for the following assets.

		2022		
Applications	**Location**	**Type**	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Production facilities	Kamiina, Nagano Prefecture	Machinery and transport equipment	¥ 3,384	$ 27,648
	Komagane, Nagano Prefecture	Buildings and structures	85	696
		Machinery and transport equipment	6	52
	Kitakami, Iwate Prefecture	Machinery and transport equipment	14	113
		Construction in progress	281	2,294
		Other	20	174
	Oshu, Iwate Prefecture	Construction in progress	309	2,522
		Other	1	5
	United States	Machinery and transport equipment	1,219	9,960
		Construction in progress	40	324
	Hungary	Buildings and structures	674	5,505
		Machinery and transport equipment	998	8,156
		Land	76	619
Idle real estate	Omaezaki, Shizuoka Prefecture	Land	10	83

[Background of recognition of impairment losses]

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

The book value of the above idle real estate was written down to the recoverable value and the difference was recorded as an impairment loss since there is no specific future usage plan.

[Method of grouping assets]

Individual asset items have been grouped by considering management accounting category. Idle assets are grouped by individual property.

[Method of calculating recoverable value]

The recoverable value of the production facilities in Kamiina, Nagano Prefecture and Komagane, Nagano Prefecture was determined as the value in use, which is calculated by discounting future cash flows at 6.79%.

9. Loss on Impairment of Long-Lived Assets (continued)

The recoverable value of the production facilities in Kitakami, Iwate Prefecture and Oshu, Iwate Prefecture and the idle real estate in Omaezaki, Shizuoka Prefecture was determined as the net realizable value based on reasonable estimates using the real estate appraisal value and others.

The recoverable value of the production facilities in the United States and Hungary was determined as the fair value based on reasonable estimates using the real estate appraisal value and others.

Year ended March 31, 2021

The Group has recorded impairment losses for the following assets.

		2021	
Applications	**Location**	**Type**	*(Millions of yen)*
Production facilities	Kitakami, Iwate Prefecture	Machinery and transport equipment	¥ 25
		Construction in progress	97
		Other	5
		Intangible assets	1
	Oshu, Iwate Prefecture	Machinery and transport equipment	11
		Construction in progress	8
		Other	0
		Intangible assets	3
	Mexico	Buildings and structures	67
		Machinery and transport equipment	217

[Background of recognition of impairment losses]

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

[Method of grouping assets]

Individual asset items have been grouped by considering management accounting category.

[Method of calculating recoverable value]

The recoverable value of the production facilities in Kitakami, Iwate Prefecture and Oshu, Iwate Prefecture was determined as the net realizable value based on reasonable estimates using the real estate appraisal value and others.

The recoverable value of the production facilities in Mexico was determined as the fair value in use, which is calculated by discounting future cash flow at 7.9%.

10. Investment Securities

The aggregate cost, fair value and net unrealized gains or losses of investment securities at March 31, 2022 and 2021 for which market value was readily available are summarized as follows:

Other securities with market value

	At March 31, 2022		
	Cost	**Fair value (carrying amount)**	**Unrealized gains (losses)**
		(Millions of yen)	
Securities whose fair value exceeds their cost:			
Equity securities	¥ 11,739	¥ 48,381	¥ 36,642
Securities whose fair value does not exceed their cost:			
Equity securities	256	173	(83)
Total	¥ 11,995	¥ 48,554	¥ 36,559

	At March 31, 2021		
	Cost	**Fair value (carrying amount)**	**Unrealized gains (losses)**
		(Millions of yen)	
Securities whose fair value exceeds their cost:			
Equity securities	¥ 11,863	¥ 46,247	¥ 34,384
Securities whose fair value does not exceed their cost:			
Equity securities	340	277	(63)
Total	¥ 12,203	¥ 46,524	¥ 34,321

10. Investment Securities (continued)

	At March 31, 2022		
	Cost	Fair value (carrying amount)	Unrealized gains (losses)
	(Thousands of U.S. dollars)		
Securities whose fair value exceeds their cost:			
Equity securities	$ 95,912	$ 395,300	$ 299,388
Securities whose fair value does not exceed their cost:			
Equity securities	2,099	1,417	(682)
Total	$ 98,011	$ 396,717	$ 298,706

(Note) Impairment is recognized in case the fair market value decreases by 50% or more compared with the acquisition cost, except if a recovery is expected. If the fair value decreases by 30% or more but less than 50%, the possibility of recovery is assessed. If the Company determines that there is no possibility of recovery, an impairment loss is recognized.

Other securities which were sold in the years ended March 31, 2022 and 2021 were as follows:

	2022		
	Amount of sale	Gain on sale	Loss on sale
	(Millions of yen)		
Equity securities	¥ 402	¥ 235	¥ (52)

	2021		
	Amount of sale	Gain on sale	Loss on sale
	(Millions of yen)		
Equity securities	¥ 990	¥ 660	¥ –

	2022		
	Amount of sale	Gain on sale	Loss on sale
	(Thousands of U.S. dollars)		
Equity securities	$ 3,287	$ 1,921	$ (428)

Impairment losses of ¥39 million ($318 thousand) for shares of subsidiaries and affiliated companies and ¥1 million ($5 thousand) for other securities were recognized during the year ended March 31, 2022. There was no impairment loss recognized during the year ended March 31, 2021.

10. Investment Securities (continued)

The aggregate carrying amount of the securities for which market value was not readily available at March 31, 2022 and 2021 is summarized as follows:

	At March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity securities of non-listed companies	¥ 1,023	¥ 980	$ 8,355
	¥ 1,023	¥ 980	$ 8,355

11. Contract Liabilities

Contract liabilities included in "Other current liabilities" are as follows:

	At March 31,	
	2022	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Contract liabilities	¥ 1,427	$ 11,662

12. Retirement Benefits for Employees

The Group has defined benefit plans and defined contribution plans such as corporate pension plans and lump-sum payment plans. The Group has primarily established cash balance plans, in which a hypothetical individual account is established for each participant. In addition to monthly contribution credits, interest credits based on market interest rates are also accumulated in the hypothetical individual accounts. Retirement benefit trusts are established for certain corporate pension plans and lump-sum payment plans.

Certain domestic consolidated subsidiaries apply the simplified method in computing net defined benefit liability and retirement benefit expenses.

In addition to the above, certain domestic consolidated subsidiaries participate in multi-employer pension plans. These plans are accounted for in the same manner as a defined contribution plan when reasonable estimates for pension assets of the participating companies cannot be obtained.

12. Retirement Benefits for Employees (continued)

Defined Benefit Plans

(1) The reconciliation between retirement benefit obligations at the beginning of the year and the end of the year (excluding plans applying the simplified method) is as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligations at beginning of year	¥ 59,782	¥ 59,449	$ 488,451
Service costs	2,901	3,037	23,701
Interest costs	323	329	2,642
Actuarial gains or losses	(2,553)	(135)	(20,857)
Retirement benefits paid	(2,574)	(2,264)	(21,035)
Prior service costs	–	–	–
Other	(109)	(635)	(889)
Retirement benefit obligations at end of year	¥ 57,770	¥ 59,781	$ 472,013

(2) The reconciliation between plan assets at the beginning of the year and the end of the year (excluding plans applying the simplified method) is as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Plan assets at beginning of year	¥ 50,544	¥ 42,000	$ 412,978
Expected return on plan assets	1,232	1,185	10,068
Actuarial gains or losses	1,401	7,493	11,443
Contributions from employer	937	951	7,659
Retirement benefits paid	(1,393)	(1,157)	(11,386)
Other	6	72	49
Plan assets at end of year	¥ 52,727	¥ 50,544	$ 430,811

(3) The reconciliation between defined benefit liability of plans applying the simplified method at the beginning of the year and the end of the year is as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit liability at beginning of year	¥ 3,898	¥ 3,800	$ 31,856
Retirement benefit expenses	501	535	4,094
Retirement benefits paid	(229)	(284)	(1,873)
Contribution to the plans	(151)	(152)	(1,235)
Defined benefit liability at end of year	¥ 4,019	¥ 3,899	$ 32,842

12. Retirement Benefits for Employees (continued)

(4) The reconciliation between retirement benefit obligations and plan assets at the end of the year and defined benefit liability and defined benefit asset on the consolidated balance sheets is as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Funded retirement benefit obligations	¥ 41,434	¥ 42,524	$ 338,539
Plan assets	(52,727)	(50,543)	(430,811)
	(11,293)	(8,019)	(92,272)
Unfunded retirement benefit obligations	20,355	21,156	166,316
Net defined benefit liability (asset) recorded on the consolidated balance sheets	¥ 9,062	¥ 13,137	$ 74,044
Net defined benefit liability	¥ 22,262	¥ 23,332	$ 181,896
Net defined benefit asset	(13,200)	(10,195)	(107,852)
Net defined benefit liability (asset) recorded on the consolidated balance sheets	¥ 9,062	¥ 13,137	$ 74,044

(Note) The amounts in above table include plans applying the simplified method.

(5) The breakdown of retirement benefit expenses for the years ended March 31, 2022 and 2021 is as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service costs	¥ 2,901	¥ 3,038	$ 23,700
Interest costs	323	329	2,642
Expected return on plan assets	(1,232)	(1,185)	(10,068)
Amortization of actuarial gains or losses	587	687	4,796
Amortization of prior service costs	19	19	160
Retirement benefit expenses calculated using the simplified method	501	535	4,094
Retirement benefit expenses on defined benefit plans	¥ 3,099	¥ 3,423	$ 25,324

(6) The components of retirement benefit liability adjustments for the years ended March 31, 2022 and 2021 in other comprehensive income (before income tax effect) are as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service costs	¥ (20)	¥ (20)	$ (160)
Actuarial gains or losses	(4,605)	(8,450)	(37,623)
Total	¥ (4,625)	¥ (8,470)	$ (37,783)

12. Retirement Benefits for Employees (continued)

(7) The components of retirement benefit liability adjustments as of March 31, 2022 and 2021 in accumulated other comprehensive income (before income tax effect) are as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service costs	¥ 137	¥ 157	$ 1,118
Unrecognized actuarial gains or losses	(3,789)	816	(30,954)
Total	¥ (3,652)	¥ 973	$ (29,836)

(8) Plan assets

(i) Breakdown of plan assets

The percentages of various assets to total plan assets by major category as of March 31, 2022 and 2021 are as follows:

	2022	2021
Equity securities	55%	53%
Debt securities	22	24
General accounts	13	13
Other	10	9
Total	100%	100%

(Note) 41% and 39% of the total plan assets are held by retirement benefit trusts, which are established for corporate pension plans, as of March 31, 2022 and 2021, respectively.

(ii) Determination of long-term expected rate of return

The long-term expected rate of return on plan assets is determined based on the current and the expected allocation of plan assets and the current and the long-term expected rates of return from various assets constituting the plan assets.

(9) Actuarial assumptions

The major actuarial assumptions for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021
Discount rates		
Domestic plans	0.0 – 0.6%	0.0 – 0.4%
Foreign plans	2.6 – 7.5%	1.9 – 7.3%
Long-term expected rates of return on plan assets		
Domestic plans	1.8 – 3.0%	1.6 – 3.0%
Foreign plans	–	–

(Note) The benefit formula method is primarily applied (this does not reflect estimated future increases in points due to salary increases).

12. Retirement Benefits for Employees (continued)

Defined Contribution Plans

The required contributions to defined contribution plans of the Group, including multi-employer pension plans which are accounted for in the same manner as a defined contribution plan, were ¥1,650 million ($13,479 thousand) and ¥1,522 million for the years ended March 31, 2022 and 2021, respectively.

13. Short-Term Borrowings and Long-Term Debt

The components of short-term borrowings, long-term debt and lease obligations due within one year as of March 31, 2022 and 2021 are as follows:

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term borrowings:			
Loans from banks and other financial institutions with weighted average interest rates of 0.978% and 0.361% at March 31, 2022 and 2021, respectively	¥ 13,571	¥ 26,037	$ 110,886
Current portion of long-term loans from banks and other financial institutions	15,101	17,017	123,385
Other interest-bearing debt (commercial paper)	–	–	–
Current portion of lease obligations	367	342	2,999
	¥ 29,039	¥ 43,396	$ 237,270

Long-term debt and lease obligations

Long-term debt and lease obligations at March 31, 2022 and 2021 are comprised of the following:

	At March 31,		
	2022	**2021**	**2022**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds:			
Unsecured bonds with interest rate of 0.12% due 2026	¥ 10,000	¥ –	$ 81,706
Loans from banks and other financial institutions with weighted average interest rates of 0.244% and 0.239% at March 31, 2022 and 2021, respectively	26,211	43,228	214,160
Lease obligations (excluding current portion)	722	467	5,897
	36,933	43,695	301,763
Less: current portion	15,101	(17,017)	123,385
	¥ 21,832	¥ 26,678	$ 178,378

13. Short-Term Borrowings and Long-Term Debt (continued)

The aggregate annual maturities of long-term debt at March 31, 2022 are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2024	¥ 7,220	$ 58,992
2025	2,890	23,613
2026	1,000	8,170
2027 and thereafter	–	–
	¥ 11,110	$ 90,775

The year-by-year breakdown of lease obligations due as of March 31, 2022 is as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2024	¥ 216	$ 1,766
2025	152	1,244
2026	74	602
2027 and thereafter	280	2,285
	¥ 722	$ 5,897

14. Asset Retirement Obligations

(1) Summary of relevant asset retirement obligations

Asset retirement obligations include obligations associated with the removal of asbestos used in certain property, plant and equipment required under the "Ordinance on Prevention of Health Impairment due to Asbestos of Japan" at the time of their retirement and obligations associated with the duty to restore premises to their original condition at the time of vacating the property under real estate lease contracts for certain branches, offices and other locations.

(2) Calculation of the amount of relevant asset retirement obligations

Asset retirement obligations are calculated with the remaining useful lives of the relevant assets as the basis for the estimated period until expenditure and a discount rate of 2.1%.

14. Asset Retirement Obligations (continued)

(3) The changes in asset retirement obligations at March 31, 2022 and 2021 are as follows:

	At March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at beginning of year	¥ 596	¥ 605	$ 4,873
Increase due to change in estimates	–	18	–
Accretion expense	2	1	12
Decrease due to settlement of asset retirement obligations	(11)	(28)	(90)
Decrease due to sales of property, plant and equipment	(14)	–	(112)
Balance at end of year	¥ 573	¥ 596	$ 4,683

(4) Change in estimated amount of asset retirement obligations

During the years ended March 31, 2022 and 2021, the Company reviewed the expenditure amount expected to arise at the time of retirement of buildings and structures of consolidated subsidiaries. The Company obtained quotations and other new sources of information and consequently changed the estimated amount of the asset retirement obligations.
The effect of this change in estimates on profit or loss was immaterial.

15. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

	Year ended March 31, 2022				
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total
			(Millions of yen)		
Sales:					
Japan	¥ 51,622	¥ 105,406	¥ 82,381	¥ 101,982	¥ 341,391
Asia	34,009	60,746	70,543	1,207	166,505
United States and Europe, etc.	27,364	42,280	9,364	–	79,008
Revenue from contracts with customers	¥ 112,995	¥ 208,432	¥ 162,288	¥ 103,189	¥ 586,904
Other revenue	–	–	–	–	–
Sales to external customers	¥ 112,995	¥ 208,432	¥ 162,288	¥ 103,189	¥ 586,904

15. Revenue Recognition (continued)

	Year ended March 31, 2022				
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total
	(Thousands of U.S. dollars)				
Sales:					
Japan	$ 421,779	$ 861,234	$ 673,102	$ 833,257	$2,789,372
Asia	277,872	496,331	576,376	9,862	1,360,441
United States and Europe, etc.	223,582	345,449	76,511	–	645,542
Revenue from contracts with customers	$ 923,233	$1,703,014	$1,325,989	$ 843,119	$4,795,355
Other revenue	–	–	–	–	–
Sales to external customers	$ 923,233	$1,703,014	$1,325,989	$ 843,119	$4,795,355

(2) Information that is the basis of understanding the revenue from contracts with customers

The Group recognizes revenue based on the following five-step approach.

Step 1: Identify the contract with the customer
Step 2: Identify performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the separate performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies its performance obligations

The Group's main business is the manufacture and sale of automobile-related parts such as suspension springs, seats and seat parts, and precision parts, as well as the sale of information equipment-related products and parts, and logistics and other services related to each of these businesses.

The Group's performance obligation is to supply finished products to customers. In principle, the performance obligations are deemed satisfied when control is transferred to customers at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Group estimates variable consideration using the most likely amount method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year after the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

15. Revenue Recognition (continued)

Regarding charged supply transactions to subcontractors that fall under the repurchase agreements, the Company continues to recognize inventories for the supplies that remain at the subcontractors as financial transactions. In addition, the amount equivalent to the end-of-term inventory of the supplies that remains at the subcontractors is recognized as liabilities related to charged supply transactions. In the consolidated balance sheets, the liabilities related to charged supply transactions are included in "Other current liabilities." For charged supply transactions from suppliers, the Company recognizes revenue in net amount.

(3) Information about the relationship between satisfaction of performance obligations based on contracts with customers and cash flows generated from such contracts, and the amount and timing of revenue expected to be recognized in and after the next fiscal year from contracts with customers existing as of March 31, 2022

(a) Balances of receivables from contracts with customers, contract assets and contract liabilities

	At March 31,	
	2022	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Receivables from contracts with customers		
Notes and accounts receivable, trade	¥ 138,125	$1,128,564
Contract assets	–	–
Contract liabilities		
Advances received	372	3,036
Unearned revenue	1,056	8,625

In the consolidated balance sheets, receivables and contract assets from contracts with customers are included in "Notes and accounts receivable, trade, and contract assets," and contract liabilities are included in "Other current liabilities."

(b) Transaction prices allocated to the remaining performance obligations

The Group applies a practical expedient and does not disclose information about the remaining performance obligations since there are no significant transactions whose expected contractual term exceeds one year.
There is no significant amount which is not included in transaction prices among the consideration from contracts with customers.

16. Research and Development Expenses

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" amounted to ¥16,077 million ($131,362 thousand) and ¥15,664 million for the years ended March 31, 2022 and 2021, respectively.

17. Income Taxes

The statutory tax rate in Japan for the years ended March 31, 2022 and 2021 was 30.4%.

At March 31, 2022 and 2021, significant components of deferred tax assets and liabilities are summarized as follows:

	At March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Net defined benefit liability	¥ 6,166	¥ 6,398	$ 50,378
Tax loss carryforwards (Note)	12,381	8,230	101,162
Accrued expenses	5,123	4,373	41,855
Depreciation and accumulated impairment losses	4,562	4,539	37,276
Accrued employees' bonuses	3,228	2,814	26,376
Loss from securities revaluation	1,605	911	13,115
Loss on valuation of inventories	571	535	4,668
Other	3,532	3,611	28,854
Subtotal	37,168	31,411	303,684
Less: Valuation allowance for tax loss carryforwards (Note)	(11,861)	(8,055)	(96,915)
Less: Valuation allowance for deductible temporary differences	(4,849)	(4,931)	(39,618)
Total valuation allowance	(16,710)	(12,986)	(136,533)
Total gross deferred tax assets	20,458	18,425	167,151
Offset against deferred tax liabilities	(10,408)	(8,473)	(85,034)
Net deferred tax assets	¥ 10,050	¥ 9,952	$ 82,117
Deferred tax liabilities:			
Unrealized holding gain on securities	¥(11,845)	¥ (11,119)	$ (96,778)
Reserve for special account for tax purpose reduction entry of fixed assets	(2,902)	–	(23,708)
Reserve for tax purpose reduction entry of fixed assets	(2,086)	(2,159)	(17,041)
Other	(6,286)	(5,033)	(51,372)
Total deferred tax liabilities	¥(23,119)	¥ (18,311)	$(188,899)
Offset against deferred tax assets	10,407	8,473	85,034
Net deferred tax liabilities	¥(12,712)	¥ (9,838)	$(103,865)

17. Income Taxes (continued)

(Note) The expiration of tax loss carryforwards and the resulting net deferred tax assets at March 31, 2022 and 2021 were as follows:

	At March 31, 2022 (Millions of yen)						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (*1)	¥ 63	¥ 347	¥ 878	¥ 399	¥ 704	¥ 9,990	¥12,381
Valuation allowance for tax loss carryforwards	(63)	(347)	(878)	(399)	(704)	(9,470)	(11,861)
Net deferred tax assets relating to tax loss carryforwards	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 520	¥ 520

	At March 31, 2021 (Millions of yen)						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (*1)	¥ 221	¥ 79	¥ 347	¥ 867	¥ 390	¥ 6,326	¥ 8,230
Valuation allowance for tax loss carryforwards	(221)	(79)	(347)	(867)	(390)	(6,151)	(8,055)
Net deferred tax assets relating to tax loss carryforwards	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 175	¥ 175

	At March 31, 2022 (Thousands of U.S. dollars)						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (*1)	$ 517	$ 2,833	$ 7,177	$ 3,263	$ 5,750	$ 81,622	$101,162
Valuation allowance for tax loss carryforwards	(517)	(2,833)	(7,177)	(3,263)	(5,750)	(77,375)	(96,915)
Net deferred tax assets relating to tax loss carryforwards	$ –	$ –	$ –	$ –	$ –	$ 4,247	$ 4,247

(*1) Tax loss carryforwards were calculated by applying the statutory tax rate.

17. Income Taxes (continued)

At March 31, 2022 and 2021, reconciliations of the statutory tax rate and the effective tax rate were as follows:

	2022	2021
Statutory tax rate	30.4%	30.4%
Different tax rates applied to subsidiaries	0.5	(0.3)
Permanent differences	(6.7)	(11.1)
Dividend income from the consolidated subsidiaries	8.5	14.2
Special deduction for research and development expenses	(1.2)	(3.3)
Investment tax credit	(1.1)	(3.5)
Difference in valuation allowances	5.7	6.4
Foreign tax credit	(0.3)	(0.8)
Other	(2.3)	(2.8)
Effective income tax rate	33.5 %	29.2%

18. Distributions of Retained Earnings

Under the Companies Act of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period or by resolution of the Board of Directors if certain conditions are met. The accounts for that period do not, therefore, reflect such distributions.

19. Guarantees and Contingent Liabilities

As of March 31, 2022 and 2021, the Group had the following guarantees:

	At March 31,		
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Borrowings from financial institutions by unconsolidated subsidiaries, affiliated companies and employees	¥ 206	¥ 1,060	$ 1,682

In November 2020, the Company received a surcharge payment order (TWD285 million) from the Fair Trade Commission of Taiwan for violating Taiwan's Fair Trade Law (antitrust law) in the transaction of suspensions for hard disk drives (HDD). The Company appealed the order in January 2021.

20. Leases

Finance lease transactions are depreciated by the straight-line method using the lease term as the useful life and a residual value of zero.

Non-cancellable operating lease commitments are as follows:

	At March 31,		
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Due within one year	¥ 368	¥ 335	$ 3,009
Due over one year	503	424	4,106
Total	¥ 871	¥ 759	$ 7,115

21. Derivative Financial Instruments

In the normal course of business, the Group utilizes derivative financial instruments, including forward foreign exchange contracts, currency swap contracts, foreign currency options and foreign currency swap contracts, to manage its exposure to adverse fluctuations in foreign exchange rates relating to receivables, payables and short/long-term debt denominated in foreign currencies. In addition, the Group uses interest-rate swap contracts to limit its exposure to losses in relation to short-term investments and debt with floating interest rates, resulting from adverse fluctuations in interest rates. The Group does not use derivatives for speculative or trading purposes.

[Derivatives not meeting the criteria for hedge accounting]

The contract amount (notional principal amount), estimated fair value of, and unrealized gain on, the outstanding contracts at March 31, 2022 and 2021 are summarized as follows:

	At March 31, 2022			
	Contract amount (notional principal amount)			
	Total	Over one year	Fair value	Unrealized loss
	(Millions of yen)			
Currency swap contracts:				
To receive Mexican peso/ to pay Japanese yen	¥ 777	¥ –	¥ (10)	¥ (10)

21. Derivative Financial Instruments (continued)

	At March 31, 2021			
	Contract amount (notional principal amount)			
	Total	Over one year	Fair value	Unrealized gain
	(Millions of yen)			
Currency swap contracts:				
To receive Mexican peso/ to pay Japanese yen	¥ 777	¥ 777	¥ 64	¥ 64

(Note) The above currency swap contracts are accounted for as derivatives meeting the criteria for hedge accounting with loans to consolidated subsidiaries as a hedged item on the non-consolidated financial statements of the Company. The above currency swap contracts became subject to the disclosure since loans to consolidated subsidiaries were eliminated on the consolidated financial statements and the hedge accounting is no longer to be applied.

	At March 31, 2022			
	Contract amount (notional principal amount)			
	Total	Over one year	Fair value	Unrealized loss
	(Thousands of U.S. dollars)			
Currency swap contracts:				
To receive Mexican peso/ to pay Japanese yen	$ 6,347	$ –	$ (78)	$ (78)

[Derivatives meeting the criteria for hedge accounting]

The contract amount (notional principal amount) and estimated fair value of the outstanding contracts at March 31, 2022 and 2021 are summarized as follows:

	At March 31, 2022			
		Contract amount (notional principal amount)		
	Hedged items	Total	Over one year	Fair value
		(Millions of yen)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	¥ 6,000	¥ 2,800	(Note)

21. Derivative Financial Instruments (continued)

	At March 31, 2021			
		Contract amount (notional principal amount)		
	Hedged items	Total	Over one year	Fair value
		(Millions of yen)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	¥ 9,200	¥ 6,000	(Note)

	At March 31, 2022			
		Contract amount (notional principal amount)		
	Hedged items	Total	Over one year	Fair value
		(Thousands of U.S. dollars)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	$ 49,024	$ 22,878	(Note)

(Note) The fair values of interest rate swap contracts meeting certain conditions for hedge accounting are included in that of the corresponding long-term debt because interest rate swap contracts are treated together with the long-term debt as the hedged item.

22. Financial Instruments

1. Outline of financial instruments

    (1) Policy for financial instruments

    The Group invests only in short-term bank deposits and obtains financing through borrowings from banks or the issuance of bonds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described herein.

22. Financial Instruments (continued)

(2) Type of financial instruments and related risk

Receivables such as notes and accounts receivable, trade are exposed to customer credit risk. Receivables denominated in foreign currencies arising from global business transactions are exposed to foreign currency exchange fluctuation risk; however, the risk associated with principal export transactions is constantly maintained within the limits established based on historical experience and the exposures are hedged by forward exchange rate contracts. Equity investments are exposed to the risk of market price fluctuations; nevertheless, they mainly consist of equity of companies with which the Company has business relationships, and their fair values are evaluated quarterly and reported to the Board of Directors. Payment terms of payables, such as notes and accounts payable, trade are mostly less than one year. Although payables in foreign currencies are exposed to foreign currency exchange fluctuation risk, those risks are constantly netted against the balance of receivables denominated in the same foreign currency. Borrowings and commercial papers are used to raise necessary funds for working capital and capital expenditures. Although some borrowings with floating interest rates are exposed to interest rate fluctuation risk, such exposure is hedged by using derivatives (interest rate swaps).

(3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customer or counterparties may default)

The Group monitors payment terms and the balances of receivables by individual customer in accordance with internal rules on management of accounts receivable and has a system to periodically assess the credit risk of the customers.

2) Monitoring of market risks (the risk arising from fluctuations in foreign exchange rates, interest rates and others)

The Group mitigates foreign currency exchange fluctuation risks in connection with receivables and short/long-term debt denominated in foreign currencies by using exchange rate contracts for a certain proportion of such receivables and debt. In addition, the Company uses interest rate swap contracts for long-term debt to fix interest payments on borrowings with floating interest rates; therefore, there is no interest rate fluctuation risk exposure for interest payments on long-term debt.

3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk by timely making projection and revision of cash flow plans by the department in charge of finance based on reports from each relevant department.

(4) Supplementary explanation of estimated fair value of financial instruments

Not applicable

22. Financial Instruments (continued)

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2022 and 2021 are as follows. Cash and bank deposits, notes and accounts receivable, trade, and contract assets, notes and accounts payable, trade, short-term borrowings, accrued income taxes, and notes payable-facilities are omitted because fair values approximate book values due to their short-term maturities. Long-term lease obligations are also omitted due to materiality.

	At March 31, 2022		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**
	(Millions of yen)		
(1) Investment securities (*1)			
Other securities	¥ 48,554	¥ 48,554	¥ –
(2) Long-term loans receivable	1,671	1,747	76
Total assets	¥ 50,225	¥ 50,301	¥ 76
(1) Bonds payable	¥ 10,000	¥ 9,930	¥ (70)
(2) Long-term debt	11,110	11,088	(22)
Total liabilities	¥ 21,110	¥ 21,018	¥ (92)
Derivative financial instruments (*2)	¥ (10)	¥ (10)	¥ –

	At March 31, 2021		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**
	(Millions of yen)		
(1) Investment securities (*1)			
Other securities	¥ 46,524	¥ 46,524	¥ –
(2) Long-term loans receivable	2,938	2,979	41
Total assets	¥ 49,462	¥ 49,503	¥ 41
(1) Long-term debt	¥ 26,211	¥ 26,164	¥ (47)
Total liabilities	¥ 26,211	¥ 26,164	¥ (47)
Derivative financial instruments (*2)	¥ 64	¥ 64	¥ –

	At March 31, 2022		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**
	(Thousands of U.S. dollars)		
(1) Investment securities (*1)			
Other securities	$ 396,717	$ 396,717	$ –
(2) Long-term loans receivable	13,650	14,268	618
Total assets	$ 410,367	$ 410,985	$ 618
(1) Bonds payable	$ 81,706	$ 81,134	$ (572)
(2) Long-term debt	90,775	90,599	(176)
Total liabilities	$ 172,481	$ 171,733	$ (748)
Derivative financial instruments (*2)	$ (78)	$ (78)	$ –

22. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

(*1) Equity securities with no market prices, etc. are as follows and not included in "(1) Investment securities."

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity investments of unlisted subsidiaries and affiliated companies	¥ 9,127	¥ 8,252	$ 74,573
Other unlisted equity securities	1,023	980	8,355

(*2) Please see the Note 21 "Derivative Financial Instruments."

(Note 1) Redemption schedule of monetary assets and investment securities with contractual maturities as of March 31, 2022

	(Millions of yen)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	¥ 92,131	¥ –	¥ –	¥ –
Notes and accounts receivable, trade	138,125	–	–	–
Long-term loans receivable	–	1,567	77	27
Total	¥ 230,256	¥ 1,567	¥ 77	¥ 27

	(Thousands of U.S. dollars)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	$ 752,766	$ –	$ –	$ –
Notes and accounts receivable, trade	1,128,564	–	–	–
Long-term loans receivable	–	12,807	629	214
Total	$1,881,330	$ 12,807	$ 629	$ 214

(Note 2) Redemption schedule of short-term borrowings, bonds payable, long-term debt and long-term lease obligations as of March 31, 2022

	(Millions of yen)					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	¥ 13,571	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	–	–	–	–	10,000	–
Long-term debt	15,101	7,220	2,890	1,000	–	–
Long-term lease obligations	–	216	152	74	29	251
Total	¥ 28,672	¥ 7,436	¥ 3,042	¥ 1,074	¥ 10,029	¥ 251

22. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

	(Thousands of U.S. dollars)					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	$110,886	$ –	$ –	$ –	$ –	$ –
Bonds payable	–	–	–	–	81,706	–
Long-term debt	123,385	58,991	23,613	8,171	–	–
Long-term lease obligations	–	1,767	1,244	602	235	2,049
Total	$234,271	$ 60,758	$ 24,857	$ 8,773	$ 81,941	$ 2,049

3. Breakdown of fair value of financial instruments by level (continued)

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used in the fair value measurement.

Level 1 fair value:
Of observable inputs used in fair value measurement, fair values measured at quoted prices in active markets for identical assets or liabilities
Level 2 fair value:
Of observable inputs used in fair value measurement, fair values measured using inputs other than the level 1 inputs
Level 3 fair value:
Fair values measured using unobservable inputs used in fair value measurement

When using more than one input that is significant to fair value measurement, the fair values are classified into the lowest priority level in the fair value measurement among the levels to which those inputs belong.

22. Financial Instruments (continued)

3. Breakdown of fair value of financial instruments by level (continued)

(1) Financial instruments measured at fair value in the consolidated balance sheets

	At March 31, 2022 (Millions of yen) Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥ 48,554	¥ –	¥ –	¥ 48,554
Total assets	¥ 48,554	¥ –	¥ –	¥ 48,554
Derivative financial instruments	¥ –	¥ (10)	¥ –	¥ (10)
Total liabilities	¥ –	¥ (10)	¥ –	¥ (10)

	At March 31, 2022 (Thousands of U.S. dollars) Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	$ 396,717	$ –	$ –	$ 396,717
Total assets	$ 396,717	$ –	$ –	$ 396,717
Derivative financial instruments	$ –	$ (78)	$ –	$ (78)
Total liabilities	$ –	$ (78)	$ –	$ (78)

(2) Financial instruments other than those measured at fair value in the consolidated balance sheets

	At March 31, 2022 (Millions of yen) Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	¥ –	¥ 1,747	¥ –	¥ 1,747
Total assets	¥ –	¥ 1,747	¥ –	¥ 1,747
Bonds payable	¥ –	¥ 9,930	¥ –	¥ 9,930
Long-term debt	–	11,088	–	11,088
Total liabilities	¥ –	¥ 21,018	¥ –	¥ 21,018

	At March 31, 2022 (Thousands of U.S. dollars) Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	$ –	$ 14,268	$ –	$ 14,268
Total assets	$ –	$ 14,268	$ –	$ 14,268
Bonds payable	$ –	$ 81,134	$ –	$ 81,134
Long-term debt	–	90,599	–	90,599
Total liabilities	$ –	$ 171,733	$ –	$ 171,733

22. Financial Instruments (continued)

3. Breakdown of fair value of financial instruments by level (continued)

(Note) Explanation of valuation techniques used to measure fair value and inputs used in fair value measurement

Investment securities

The fair values of investment securities are classified as Level 1 fair value since equity securities are based on the quoted price at the stock exchange and listed stocks are traded in active markets.

Derivative financial instruments

The fair values of derivative financial instruments are determined based on the quoted prices obtained from the financial institutions with which the Company has concluded contracts and is classified as Level 2 fair value.

The fair values of interest rate swap contracts meeting certain conditions for hedge accounting are included in that of the corresponding long-term debt because interest rate swap contracts are treated together with the long-term debt as the hedged item.

Long-term loans receivable

The fair values of long-term loans receivable are determined by the present value, calculated based on the estimated amount of principal and interest receivable, reflecting the collectability and discounted using the interest rate of Japanese government bonds with the corresponding maturities, and is classified as Level 2 fair value.

Bonds payable

The fair values of bonds are determined based on the trading reference statistics published by the Japan Securities Dealers Association (JSDA) and is classified as Level 2 fair value.

Long-term debt

The fair values of long-term debt are determined by discounting the aggregated values of the principal and interest using an assumed interest rate applied in case the same type of loans should be newly made. Some of long-term debt is hedged by interest rate swap contracts meeting certain conditions for hedge accounting, and the fair values are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using the assumed interest rate when the same types of loans are newly made and is classified as Level 2 fair value.

23. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrealized holding gain on securities:			
Amount arising during year	¥ 2,458	¥ 13,551	$ 20,083
Reclassification adjustments	(183)	(659)	(1,493)
Amount before the adjustment of tax effect	2,275	12,892	18,590
Tax effect	(726)	(3,770)	(5,931)
Unrealized holding gain on securities	1,549	9,122	12,659
Translation adjustments:			
Amount arising during year	7,062	(3,685)	57,697
Reclassification adjustments	27	–	221
Translation adjustments	7,089	(3,685)	57,918
Retirement benefit liability adjustments:			
Amount arising during year	3,952	7,627	32,293
Reclassification adjustments	672	843	5,490
Amount before the adjustment of tax effect	4,624	8,470	37,783
Tax effect	(1,436)	(2,542)	(11,735)
Retirement benefit liability adjustments	3,188	5,928	26,048
Share of other comprehensive income (loss) of affiliated companies accounted for by the equity method:			
Amount arising during year	690	(76)	5,642
Total other comprehensive income	¥ 12,516	¥ 11,289	$ 102,267

24. Segment Information

(1) Outline of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about allocation of management resources and to assess performance.

The Company operates principally in four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and others based on manufacturing divisions of the Company. The main products of each segment are as follows:

Automotive suspension springs:	Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others
Automotive seating:	Seats, mechanical seating components, trim parts and others
Precision springs and components:	HDD suspensions and mechanical components, wire springs, flat springs, motor cores, LCD/semiconductor testing probe units, fastener (screw), precision machine components and others
Industrial machinery and equipment, and others:	Semiconductor processing products, ceramic products, spring mechanisms, pipe support systems, polyurethane products, metal substrates, automatic parking systems, security products, lighting equipment, golf club shafts and others

(2) Calculation method of net sales, income, assets and other items by reportable segment

The accounting treatments for reportable segments are consistent with those described in Note 1. Summary of Significant Accounting Policies. Segment income is based on operating profit.

24. Segment Information (continued)

(3) Net sales, income, assets and other items by reportable segment

	Year ended March 31, 2022						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
	(Millions of yen)						
Sales:							
Sales to external customers	¥112,995	¥208,432	¥162,288	¥103,189	¥586,904	¥ –	¥ 586,904
Inter-segment sales	1,563	172	1,480	10,361	13,576	(13,576)	–
Net sales	¥114,558	¥208,604	¥163,768	¥113,550	¥600,480	¥ (13,576)	¥ 586,904
Segment income (loss)	¥ (4,360)	¥ (2,854)	¥ 17,810	¥ 10,764	¥ 21,360	¥ –	¥ 21,360
Segment assets	¥116,951	¥114,880	¥141,430	¥ 93,487	¥466,748	¥121,344	¥ 588,092
Other items:							
Depreciation and amortization	¥ 6,614	¥ 4,839	¥ 11,430	¥ 3,676	¥ 26,559	¥ 1,742	¥ 28,301
Investments in affiliated companies accounted for by the equity-method	2,499	4,507	2,871	289	10,166	–	10,166
Increase in property, plant and equipment and intangible and other assets	3,055	5,032	11,376	3,049	22,512	742	23,254

	Year ended March 31, 2021						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
	(Millions of yen)						
Sales:							
Sales to external customers	¥ 102,071	¥ 242,515	¥ 138,530	¥ 89,523	¥ 572,639	¥ –	¥ 572,639
Inter-segment sales	1,425	64	1,538	9,423	12,450	(12,450)	–
Net sales	¥ 103,496	¥ 242,579	¥ 140,068	¥ 98,946	¥ 585,089	¥ (12,450)	¥ 572,639
Segment income (loss)	¥ (4,687)	¥ 1,973	¥ 6,833	¥ 6,345	¥ 10,464	¥ –	¥ 10,464
Segment assets	¥ 119,741	¥ 121,747	¥ 131,831	¥ 85,039	¥ 458,358	¥ 102,411	¥ 560,769
Other items:							
Depreciation and amortization	¥ 5,949	¥ 5,134	¥ 10,970	¥ 3,756	¥ 25,809	¥ 1,689	¥ 27,498
Investments in affiliated companies accounted for by the equity-method	2,038	3,086	1,779	1,161	8,064	–	8,064
Increase in property, plant and equipment and intangible and other assets	4,959	6,270	10,511	2,471	24,211	771	24,982

24. Segment Information (continued)

(3) Net sales, income, assets and other items by reportable segment (continued)

	Year ended March 31, 2022						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
	(Thousands of U.S. dollars)						
Sales:							
Sales to external customers	$ 923,233	$1,703,014	$1,325,989	$ 843,119	$4,795,355	$ –	$4,795,355
Inter-segment sales	12,772	1,402	12,094	84,656	110,924	(110,924)	–
Net sales	$ 936,005	$1,704,416	$1,338,083	$ 927,775	$4,906,279	$ (110,924)	$4,795,355
Segment income (loss)	$ (35,628)	$ (23,316)	$ 145,521	$ 87,945	$ 174,522	$ –	$ 174,522
Segment assets	$ 955,564	$ 938,637	$1,155,565	$ 763,846	$3,813,612	$ 991,450	$4,805,062
Other items:							
Depreciation and amortization	$ 54,042	$ 39,537	$ 93,390	$ 30,035	$ 217,004	$ 14,230	$ 231,234
Investments in affiliated companies accounted for by the equity-method	20,418	36,824	23,460	2,358	83,060	–	83,060
Increase in property, plant and equipment and intangible and other assets	24,961	41,114	92,947	24,912	183,934	6,064	189,998

(Note 1) Adjustments for segment assets of ¥121,344 million ($991,450 thousand) and ¥102,411 million at March 31, 2022 and 2021, respectively, include corporate assets not allocated to each reportable segment. Corporate assets consist mainly of cash and bank deposits that are not attributable to any reportable segment.

(Note 2) Adjustments for depreciation and amortization relate to the head office building.

(Note 3) Adjustments for increase in property, plant and equipment and intangible and other assets of ¥742 million ($6,064 thousand) and ¥771 million at March 31, 2022 and 2021, respectively, relate to increased corporate assets that are not attributable to any reportable segment.

As described in “Accounting Changes,” the “Accounting Standard for Revenue Recognition” and other related guidance were applied effective from the beginning of the year ended March 31, 2022, and the accounting method for revenue recognition was changed.
As a result of this change, sales by segment for the year ended March 31, 2022 decreased by ¥2,891 million ($23,619 thousand) in the automotive suspension springs business, ¥31,667 million ($258,738 thousand) in the automotive seating business, ¥2,697 million ($22,039 thousand) in the precision springs and components business, and ¥923 million ($7,542 thousand) in the industrial machinery and equipment, and others business, compared to the previous method. In addition, segment loss increased by ¥92 million ($748 thousand) in the automotive seating business.

24. Segment Information (continued)

(4) Information by geographic area

	As of/ Year ended March 31, 2022				
	Japan	United States of America	Thailand	Other	Total
	(Millions of yen)				
Sales	¥ 292,761	¥ 80,639	¥ 121,765	¥ 91,739	¥ 586,904
Property, plant and equipment	97,237	26,020	18,340	24,621	166,218

	As of/ Year ended March 31, 2021				
	Japan	United States of America	Thailand	Other	Total
	(Millions of yen)				
Sales	¥ 310,805	¥ 77,622	¥ 96,403	¥ 87,809	¥ 572,639
Property, plant and equipment	105,188	26,070	19,183	25,226	175,667

	As of/ Year ended March 31, 2022				
	Japan	United States of America	Thailand	Other	Total
	(Thousands of U.S. dollars)				
Sales	$ 2,392,037	$ 658,872	$ 994,891	$ 749,555	$ 4,795,355
Property, plant and equipment	794,488	212,596	149,849	201,166	1,358,099

(5) Information on major customers

For the years ended March 31, 2022 and 2021, information on major customers is omitted since there is no external customer accounting for 10% or more of the Group’s net sales.

24. Segment Information (continued)

(6) Information on impairment loss of long-lived assets by reportable segment

	Year ended March 31, 2022						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Millions of yen)						
Impairment loss	¥ 3,006	¥ 625	¥ 3,395	¥ 91	¥ 7,117	¥ –	¥ 7,117

	Year ended March 31, 2021						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Millions of yen)						
Impairment loss	¥ –	¥ 149	¥ 285	¥ –	¥ 434	¥ –	¥ 434

	Year ended March 31, 2022						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Thousands of U.S. dollars)						
Impairment loss	$ 24,564	$ 5,108	$ 27,732	$ 747	$ 58,151	$ –	$ 58,151

(7) Information on amortization and unamortized balance of goodwill by reportable segment

There is no applicable information for the years ended March 31, 2022 and 2021.

25. Related Party Transactions

There were no related party transactions to be disclosed for the years ended March 31, 2022 and 2021.

26. Subsequent Events

(1) Distribution of retained earnings

The following distribution of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2022, was approved by the shareholders of the Company at the Annual General Meeting of Shareholders held on June 28, 2022:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash dividends of ¥15.0 ($0.12) per share	¥ 3,420	$ 27,946

(2) Introduction of stock compensation system

At the Board of Directors meeting held on May 13, 2022, the Company resolved to introduce a new stock compensation system, "BBT (Board Benefit Trust)," which was approved by the Annual General Meeting of Shareholders held on June 28, 2022.
The stock-based compensation is based on a stock benefit trust in order to provide incentives to improve the Company's medium- to long-term business performance and increase its corporate value.
Only directors excluding outside directors will be given points based on their position at a certain time each year.
After the end of term of office, the Company's shares will be paid to the directors at the time of retirement according to the number of points earned during the term of office.
The number of directors (excluding outside directors) at the end of the Annual General Meeting of Shareholders is five.

(3) Disposal of treasury stock

At the Board of Directors meeting held on August 4, 2022, the Company resolved to dispose of treasury stock as stock-based compensation (hereinafter referred to as the "Disposal of Treasury Stock"), and the payment procedures were completed on August 22, 2022, as follows:

(a) Summary of disposal

Date of disposal	August 22, 2022
Class of stock and number of shares disposed of	200,000 shares of common stock of the Company
Disposal value	¥909 per share
Total amount of disposal value	¥181,800,000
Allottee	Custody Bank of Japan, Ltd. (Trust E account)
Other	Securities Registration Statements in accordance with the Financial Instruments and Exchange Act have been filed for the Disposal of Treasury Stock.

(b) Reason for and purpose of disposal
At the Board of Directors meeting held on May 13, 2022, the Company resolved to introduce a new stock compensation system, "BBT (Board Benefit Trust)," which was approved by the Annual General Meeting of Shareholders held on June 28, 2022. The Disposal of Treasury Stock is a third-party allotment of treasury stock to Custody Bank of Japan, Ltd. (Trust E account). The re-trust trustee Custody Bank of Japan, Ltd. (re-trusted by the trustee of the system, Mizuho Trust & Banking Co., Ltd.) holds and disposes of the Company's stock in the operation of the system.