Consolidated Financial Statements

NHK Spring Co., Ltd.
and Consolidated Subsidiaries

For the years ended March 31, 2023 and 2022
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, 2023, 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, 2023, 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.

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.	
Description of Key Audit Matter	Auditor's Response
Property, plant and equipment in the amount of ¥166,270 million was recorded on the consolidated balance sheet as of March 31, 2023, which represented 27.43% of total assets.	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.

As described in the notes to the consolidated financial statements (Significant Accounting Estimates), NHK Spring Co., Ltd. (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. Operating losses have been 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, the carrying amount of the asset group corresponding to the plants was reduced to the recoverable amount because the aggregate undiscounted future net cash flows of the asset group fell below the carrying amount. This reduction was recorded as an impairment loss of ¥2,248 million for the Atsugi Plant and ¥3,004 million for the Ina Plant, and the balance of property, plant and equipment after impairment was ¥6,931 million for the Atsugi Plant and ¥1,939 million for the Ina Plant. Estimates of future cash flows used in recognizing and measuring impairment loss of the plants are based on the business plan approved by the Board of Directors. The recoverable amounts for the plants are determined using the net realizable value based on real estate appraisal value. Significant assumptions in estimating future cash flows are sales volume, sales prices, and gross margin ratio, which serve as the basis of the business plan. 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 considering sales volume. Additionally, sales prices and gross margin ratio include sales price and manufacturing cost improvements planned for in the business plan. Significant assumptions used in determining net realizable value are price per unit area in real estate appraisals as well as dismantling and removal costs. Given that the significant assumptions used to estimate the future cash flows are subject to uncertainty and require management's judgement and, further, considering that estimates of net realizable value involve a high level of expertise, 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.	・ 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 reasonableness of sales volume, which is an assumption serving as the basis of the business plan, we held discussions with management. ・ We assessed the reasonableness 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 reasonableness 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 order to assess the reasonableness of estimates of net realizable value, we involved valuation specialists from our network firms to consider the consistency of the appraisal methods adopted with accounting standards by inspecting real estate appraisals, and the consistency of price per unit area and dismantling and removal costs, which are significant assumptions, with external information.

Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to 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, 2023 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

October 6, 2023

柴　田　憲　一
Kenichi Shibata
Designated Engagement Partner
Certified Public Accountant

吉　岡　昌　樹
Masaki Yoshioka
Designated Engagement Partner
Certified Public Accountant

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Assets			
Current assets:			
Cash and bank deposits *(Notes 7 and 24)*	¥ 72,949	¥ 92,131	$ 546,311
Notes and accounts receivable, trade, and contract assets *(Notes 8, 17 and 24)*	146,793	138,125	1,099,329
Allowance for doubtful notes and accounts	(28)	(126)	(209)
Inventories *(Note 9)*	91,499	73,873	685,229
Other current assets	26,025	21,277	194,899
Total current assets	337,238	325,280	2,525,559
Investments and long-term receivables:			
Investment securities *(Notes 12 and 24)*	53,258	49,577	398,845
Investments in unconsolidated subsidiaries and affiliated companies *(Note 24)*	16,489	16,586	123,484
Long-term loans receivable *(Note 24)*	1,796	1,671	13,453
Deferred tax assets *(Note 19)*	10,162	10,050	76,100
Net defined benefit asset *(Note 14)*	14,411	13,200	107,922
Other investments	4,740	3,380	35,504
Allowance for doubtful receivables	(1,642)	(904)	(12,297)
Total investments and long-term receivables	99,214	93,560	743,011
Property, plant and equipment:			
Buildings and structures	160,713	157,256	1,203,569
Machinery and transport equipment	296,394	283,794	2,219,683
Jigs, tools and equipment	86,964	84,041	651,271
Land	31,521	30,484	236,057
Leased assets	1,258	1,337	9,422
Construction in progress	14,314	10,275	107,199
	591,164	567,187	4,427,201
Less – Accumulated depreciation	(424,894)	(400,969)	(3,182,015)
Net property, plant and equipment	166,270	166,218	1,245,186
Intangible and other assets	3,318	3,034	24,847
Total assets *(Note 26)*	¥606,040	¥588,092	$ 4,538,603

	At March 31,		
	2023	2022	2023
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Notes 15 and 24)*	¥ 13,147	¥ 13,571	$ 98,459
Current portion of long-term debt *(Notes 15 and 24)*	8,020	15,101	60,061
Notes and accounts payable, trade *(Note 24)*	109,673	111,189	821,332
Accrued expenses	13,724	23,090	102,778
Accrued income taxes *(Note 24)*	4,401	12,652	32,958
Allowance for bonuses	10,038	9,769	75,177
Allowance for directors bonuses	262	248	1,959
Other current liabilities *(Notes 13, 15, 17 and 24)*	12,351	1,706	92,497
Total current liabilities	171,616	187,326	1,285,221
Long-term liabilities:			
Bonds payable *(Notes 15 and 24)*	11,000	10,000	82,378
Long-term debt *(Notes 15 and 24)*	17,090	11,110	127,986
Net defined benefit liability *(Note 14)*	22,506	22,262	168,546
Accrued retirement benefits for directors and corporate auditors	578	615	4,332
Accrued retirement benefits to corporate officers	843	843	6,314
Deferred tax liabilities *(Note 19)*	12,351	12,712	92,496
Other long-term liabilities *(Notes 16 and 24)*	4,196	4,377	31,418
Total long-term liabilities	68,564	61,919	513,470
Guarantees and contingent liabilities *(Note 21)*			
Net assets:			
Shareholders' equity			
Common stock:			
Authorized: 600,000,000 shares			
Issued: 244,066,144 shares at March 31, 2023; 244,066,144 shares at March 31, 2022	17,010	17,010	127,384
Capital surplus	19,826	19,680	148,478
Retained earnings *(Note 20)*	275,386	260,692	2,062,354
Treasury stock	(15,704)	(14,296)	(117,605)
Total shareholders' equity	296,518	283,086	2,220,611
Accumulated other comprehensive income:			
Unrealized holding gain on securities	27,217	25,293	203,828
Translation adjustments	21,019	11,592	157,403
Retirement benefit liability adjustments *(Note 14)*	4,468	2,644	33,463
Total accumulated other comprehensive income	52,704	39,529	394,694
Non-controlling interests	16,638	16,232	124,607
Total net assets	365,860	338,847	2,739,912
Total liabilities and net assets	¥606,040	¥588,092	$ 4,538,603

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, 2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Net sales *(Notes 17 and 26)*	¥ 693,246	¥ 586,904	$ 5,191,688
Cost of sales *(Note 18)*	612,410	513,100	4,586,314
Gross profit	80,836	73,804	605,374
Selling, general and administrative expenses *(Note 18)*	51,998	52,444	389,407
Operating profit *(Note 26)*	28,838	21,360	215,967
Other income (expenses):			
Interest income	736	470	5,512
Dividend income	2,108	1,742	15,790
Gain on sales of fixed assets	168	26,774	1,257
Gain on sales of investment securities	–	209	–
Interest expenses	(261)	(351)	(1,952)
Provision of allowance for doubtful accounts	(337)	(4)	(2,527)
Loss on disaster	(384)	(928)	(2,872)
Loss on retirement of fixed assets	(292)	(560)	(2,185)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	980	1,159	7,336
Exchange gain, net	4,866	6,529	36,441
Loss on impairment of long-lived assets *(Note 10)*	(5,538)	(7,117)	(41,471)
Loss on sales of investment securities	(26)	(26)	(197)
Loss on valuation of investment securities *(Note 12)*	(54)	–	(402)
Loss on valuation of shares of subsidiaries and affiliated companies *(Note 12)*	–	(39)	–
Loss on sales of investments in capital of subsidiaries and affiliated companies	–	(288)	–
Litigation settlement *(Note 11)*	(1,389)	–	(10,400)
Other, net	896	1,176	6,701
	1,473	28,746	11,031
Profit before income taxes	30,311	50,106	226,998
Income taxes *(Note 19)*:			
Current	8,340	16,018	62,455
Deferred	(1,098)	813	(8,223)
	7,242	16,831	54,232
Profit	23,069	33,275	172,766
Profit attributable to non-controlling interests	1,532	1,277	11,475
Profit attributable to owners of parent	¥ 21,537	¥ 31,998	$ 161,291
	(Yen)		*(U.S. dollars)*
Earnings per share *(Notes 1 (21) and 20)*			
– Basic	¥ 94.50	¥ 140.33	$ 0.71
– Diluted	–	–	–
Cash dividends per share	32.00	27.00	0.24

Note: Diluted earnings per share is not presented for the years ended March 31, 2023 and 2022 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,		
	2023	**2022**	**2023**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Profit	¥ 23,069	¥ 33,275	$ 172,766
Other comprehensive income *(Note 25)*:			
Unrealized holding gain on securities	1,931	1,549	14,463
Translation adjustments	9,309	7,089	69,716
Retirement benefit liability adjustments	1,924	3,188	14,407
Share of other comprehensive income of affiliated companies accounted for by the equity method	683	690	5,117
Total other comprehensive income	13,847	12,516	103,703
Comprehensive income	¥ 36,916	¥ 45,791	$ 276,469
Comprehensive income attributable to:			
Owners of parent	¥ 34,720	¥ 43,908	$ 260,018
Non-controlling interests	2,196	1,883	16,451

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, 2022	¥17,010	¥19,680	¥260,692	¥(14,296)	¥283,086
Changes during the fiscal year:					
Dividends paid			(6,843)		(6,843)
Profit attributable to owners of parent			21,537		21,537
Purchase of treasury stock				(1,585)	(1,585)
Disposal of treasury stock		4		177	181
Change in ownership interest of parent arising from transactions with non-controlling shareholders		142			142
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	146	14,694	(1,408)	13,432
Balances as of March 31, 2023	¥17,010	¥19,826	¥275,386	¥(15,704)	¥296,518

	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, 2022	¥25,293	¥11,592	¥2,644	¥39,529	¥16,232	¥338,847
Changes during the fiscal year:						
Dividends paid						(6,843)
Profit attributable to owners of parent						21,537
Purchase of treasury stock						(1,585)
Disposal of treasury stock						181
Change in ownership interest of parent arising from transactions with non-controlling shareholders						142
Net changes of items other than shareholders' equity	1,924	9,427	1,824	13,175	406	13,581
Total changes during the fiscal year	1,924	9,427	1,824	13,175	406	27,013
Balances as of March 31, 2023	¥27,217	¥21,019	¥4,468	¥52,704	¥16,638	¥365,860

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, 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
	(Thousands of U.S. dollars) (Note 5)				
Balances as of April 1, 2022	$127,384	$147,382	$1,952,314	$(107,064)	$2,120,016
Changes during the fiscal year:					
Dividends paid			(51,251)		(51,251)
Profit attributable to owners of parent			161,291		161,291
Purchase of treasury stock				(11,868)	(11,868)
Disposal of treasury stock		36		1,327	1,363
Change in ownership interest of parent arising from transactions with non-controlling shareholders		1,060			1,060
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	1,096	110,040	(10,541)	100,595
Balances as of March 31, 2023	$127,384	$148,478	$2,062,354	$(117,605)	$2,220,611

	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, 2022	$189,418	$86,812	$19,802	$296,032	$121,563	$2,537,611
Changes during the fiscal year:						
Dividends paid						(51,251)
Profit attributable to owners of parent						161,291
Purchase of treasury stock						(11,868)
Disposal of treasury stock						1,363
Change in ownership interest of parent arising from transactions with non-controlling shareholders						1,060
Net changes of items other than shareholders' equity	14,410	70,591	13,661	98,662	3,044	101,706
Total changes during the fiscal year	14,410	70,591	13,661	98,662	3,044	202,301
Balances as of March 31, 2023	$203,828	$157,403	$33,463	$394,694	$124,607	$2,739,912

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,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 5)*
Cash flows from operating activities:			
Profit before income taxes	¥ 30,311	¥ 50,106	$ 226,998
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	28,880	28,301	216,279
Decrease in net defined benefit liability	(558)	(707)	(4,181)
Exchange gain	(4,511)	(2,187)	(33,781)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(980)	(1,159)	(7,336)
Loss (gain) on disposal of property, plant and equipment	124	(26,199)	930
Loss on impairment of long-lived assets	5,538	7,117	41,471
Loss (gain) on sales of investment securities	26	(183)	197
Loss on sales of investments in capital of subsidiaries and affiliated companies	–	288	–
Litigation settlement	1,389	–	10,400
Changes in operating assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade	(3,665)	4,717	(27,447)
Increase in inventories	(14,238)	(16,555)	(106,630)
Decrease in notes and accounts payable, trade	(4,580)	(2,852)	(34,298)
Litigation settlement paid	(1,389)	–	(10,400)
Other, net	(22,690)	(6,181)	(169,926)
Net cash provided by operating activities	13,657	34,506	102,276
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	323	27,473	2,422
Purchase of property, plant and equipment	(26,543)	(23,374)	(198,780)
Purchase of intangible assets	(451)	(793)	(3,375)
Purchase of investment securities	(1,221)	(545)	(9,146)
Proceeds from sales of investment securities	76	402	566
(Increase) decrease in time deposits	(14,651)	108	(109,720)
Proceeds from sales of investments in capital of subsidiaries and affiliated companies resulting in change in scope of consolidation	–	1,320	–
Disbursements for loans receivable	(401)	(550)	(3,000)
Collection of loans receivable	1,265	1,118	9,471
Other, net	(156)	(172)	(1,166)
Net cash (used in) provided by investing activities	(41,759)	4,987	(312,728)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	14,000	–	104,845
Proceeds from issuance of bonds	1,000	10,000	7,489
Repayment of long-term debt	(15,101)	(17,017)	(113,092)
Decrease in short-term borrowings	(946)	(13,015)	(7,085)
Proceeds from commercial paper	25,000	12,000	187,224
Repayment of commercial paper	(25,000)	(12,000)	(187,224)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,030)	(1,012)	(7,716)
Payment for purchase of treasury stock	(1,403)	(1)	(10,506)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(6,843)	(5,472)	(51,251)
Cash dividends paid to non-controlling shareholders	(618)	(737)	(4,632)
Other, net	(606)	(404)	(4,525)
Net cash used in financing activities	(11,547)	(27,658)	(86,473)
Effect of exchange rate changes on cash and cash equivalents	5,599	1,074	41,929
Net (decrease) increase in cash and cash equivalents	(34,050)	12,909	(254,996)
Cash and cash equivalents at beginning of year	91,895	78,986	688,196
Cash and cash equivalents at end of year (*Note 7*)	¥ 57,845	¥ 91,895	$ 433,200
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ (289)	¥ (375)	$ (2,162)
Income taxes	(17,639)	(7,421)	(132,101)

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 67 subsidiaries at March 31, 2023 (69 at March 31, 2022). The accompanying consolidated financial statements for the year ended March 31, 2023 include the accounts of the Company and its 38 significant subsidiaries (38 in 2022).

The accounts of the remaining 29 unconsolidated subsidiaries for the year ended March 31, 2023 (31 in 2022) 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 2022) affiliated companies at March 31, 2023. For the year ended March 31, 2023, the equity method has been applied to the investments in 3 of the major unconsolidated subsidiaries (4 in 2022) and 5 of the major affiliated companies (5 in 2022). 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.

(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 bonuses

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

(13) Allowance for directors bonuses

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

(14) 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.

(15) 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)

(16) 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.

(17) 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.

(18) 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.

(19) 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)

(20) 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.

(21) 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, 2023 and 2022

	At March 31,		
	2023	**2022**	**2023**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Impairment loss	¥ –	¥ 1,259	$ –
Property, plant and equipment	9,750	9,522	73,019

(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. No impairment loss was recorded as the aggregate undiscounted future net cash flows exceeded the carrying amount of the asset group, as a result of the recoverability test.
Both companies adopt US GAAP and the undiscounted future cash flows are estimated based on the business plan approved by the Board of Directors.

2) Key assumptions
The key assumptions for estimating undiscounted future cash flows used for recoverability tests are sales volume, selling prices and gross margin ratio on sales growth.
Sales volume is based on the expected quantity of orders received from customers. Selling prices and gross margin ratio are based on selling prices and manufacturing costs, which are expected to improve in the business plan.

2. Significant Accounting Estimates (continued)

The accounting estimates are based on the assumption that the impact of the shortage of semiconductor supply on automobile production will remain for a certain period in the year ending March 31, 2024, using information available as of March 31, 2023.

3) Effects on the consolidated financial statements in and after the year ending March 31, 2024

The key assumptions above could be affected by a significant decrease in automobile production in the United States due to the prolonged semiconductor supply shortage, a sharp rise in raw material and other 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, 2024.

(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, 2023 and 2022

	At March 31,		
	2023	**2022**	**2023**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Atsugi Plant:			
Impairment loss	¥2,248	¥ –	$16,834
Property, plant and equipment	6,931	7,811	51,903
Ina Plant:			
Impairment loss	3,004	3,384	22,493
Property, plant and equipment	1,939	5,109	14,522

(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.

At both plants, 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 both plants are net realizable value based on the real estate appraisal value and others.

2. Significant Accounting Estimates (continued)

2) Key assumptions

The key assumptions used in consideration for impairment and the calculation of the future cash flows are sales volume, selling prices, and gross margin ratio.

Sales volume is based on the expected quantity of orders received from customers. Although demand for motor cores for electric vehicles at 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.

The key assumptions used in the calculation of net realizable value include prices per unit area in a real estate appraisal and dismantling and removal costs.

The accounting estimates are based on the assumption that the impact on automobile production of the semiconductor supply shortage will remain for a certain period in the year ending March 31, 2024, using information available as of March 31, 2023.

3) Effects on the consolidated financial statements in the year ending March 31, 2024

The key assumptions above could be affected by uncertain future economic conditions such as 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, 2024.

3. Accounting Changes

(1) Application of "Financial Accounting Standards Board (FASB) ASC Topic 842"

For affiliates in the United States, "Leases" (FASB ASC Topic 842) is applied effective from the beginning of the year ended March 31, 2023.

As a result of the application of FASB ASC Topic 842, all leases of lessees are recognized as assets and liabilities, in principle. The Company follows the transitional treatment and recognizes the cumulative effect of the change in accounting policy at the date of adoption. As a result, intangible and other assets, other current liabilities, and other long-term liabilities increased by ¥275 million ($2,056 thousand), ¥124 million ($932 thousand), and ¥148 million ($1,106 thousand), respectively, at March 31, 2023. In addition, the effect of this change on profit or loss for the year ended March 31, 2023 was immaterial.

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

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, revised on June 17, 2021; "Fair Value Measurement Guidance") was applied effective from the beginning of the year ended March 31, 2023. The Company prospectively applied the new accounting policies stipulated in the Fair Value Measurement Guidance in accordance with the transitional treatment stipulated in paragraph 27-2 of the Fair Value Measurement Guidance. This change had no effect on the consolidated financial statements.

4. Accounting Standards Issued but Not Yet Effective

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022)
"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, revised on October 28, 2022)
"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022)

(1) Overview
In February 2018, ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. ("ASBJ Statement No. 28, etc.") was issued, and the practical guidance on tax effect accounting issued by The Japanese Institute of Certified Public Accountants (JICPA) was transferred to ASBJ. During the deliberations, the following two issues, which were to be considered again after the release of ASBJ Statement No. 28, etc., were discussed and released.
- Classification of tax expense (taxation on other comprehensive income)
- Tax effect on the sale of shares of subsidiaries securities, etc. (shares of subsidiaries or affiliates) when group corporation taxation is applied

(2) Expected date of adoption
The Company will adopt these standards and guidance from the beginning of the year ending March 31, 2025.

(3) Effects of adopting the standards and guidance
The Company is currently evaluating the effects of adopting these standards and guidance 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 ¥133.53 = U.S.$1, the approximate rate of exchange prevailing at March 31, 2023. 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. Additional Information

Stock-based compensation system for directors
In accordance with the resolution of the 102nd Annual General Meeting of Shareholders held on June 28, 2022, the Company has introduced a Board Benefit Trust (BBT; "the System") for directors of the Company (excluding outside directors; same applies hereafter).

(1) Outline of the Transaction
In the System, a trust, which is established by the Company by contributing money to the trust ("the Trust"), will acquire the Company's shares, and the Company's shares are delivered to directors through the Trust according to the number of points granted in accordance with the Officer's Stock Regulations established by the Company. In principle, directors receive the Company's shares at the time of their retirement.

6. Additional Information (continued)

(2) The Company's shares remaining in the trust
The Company's shares remaining in the trust are recorded as treasury stock under net assets based on their carrying amount in the trust (excluding incidental expenses). The carrying amount and number of such treasury stock amounted to ¥182 million ($1,361 thousand) and 200 thousand shares, respectively, at March 31, 2023.

7. 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, 2023 and 2022 is as follows:

	At March 31,		
	2023	**2022**	**2023**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and bank deposits	¥72,949	¥ 92,131	$546,311
Bank deposits with maturity of over three months included in cash and bank deposits	(15,104)	(236)	(113,111)
Cash and cash equivalents	¥57,845	¥ 91,895	$433,200

8. 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, 2023 and 2022 are as follows:

	At March 31,		
	2023	**2022**	**2023**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Notes receivable	¥11,850	¥ 12,442	$88,746
Accounts receivable	134,943	125,683	1,010,579
Contract assets	0	–	4
Total	¥146,793	¥ 138,125	$1,099,329

9. Inventories

Inventories at March 31, 2023 and 2022 are as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Merchandise and finished products	¥33,397	¥ 24,461	$250,107
Work in process	13,114	11,487	98,211
Raw materials and supplies	33,339	27,244	249,674
Other	11,649	10,681	87,237
Total	¥91,499	¥ 73,873	$685,229

10. Loss on Impairment of Long-Lived Assets

Year ended March 31, 2023

The Group has recorded impairment losses for the following assets.

2023				
Applications	**Location**	**Type**	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Production facilities	Aiko, Kanagawa Prefecture	Buildings and structures	¥1,079	$8,082
		Machinery and transport equipment	1,169	8,751
	Kamiina, Nagano Prefecture	Buildings and structures	1,214	9,094
		Machinery and transport equipment	1,551	11,615
		Land	30	225
		Construction in progress	147	1,104
		Other	57	424
		Software	4	32
	United States	Buildings and structures	16	120
		Machinery and transport equipment	253	1,897
		Other	17	127

[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.

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

[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 Aiko, Kanagawa Prefecture and Kamiina, Nagano Prefecture was determined as the net realizable value based on the real estate appraisal value and others.

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

Year ended March 31, 2022

The Group has recorded impairment losses for the following assets.

2022

Applications	Location	Type	*(Millions of yen)*
Production facilities	Kamiina, Nagano Prefecture	Machinery and transport equipment	¥ 3,384
	Komagane, Nagano Prefecture	Buildings and structures	85
		Machinery and transport equipment	6
	Kitakami, Iwate Prefecture	Machinery and transport equipment	14
		Construction in progress	281
		Other	20
	Oshu, Iwate Prefecture	Construction in progress	309
		Other	1
	United States	Machinery and transport equipment	1,219
		Construction in progress	40
	Hungary	Buildings and structures	674
		Machinery and transport equipment	998
		Land	76
Idle real estate	Omaezaki, Shizuoka Prefecture	Land	10

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

[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%.

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.

11. Litigation Settlement

Litigation settlements were recorded for the year ended March 31, 2023 as the result of settlements reached in patent infringement lawsuits against the Company and its consolidated subsidiaries.

12. Investment Securities

The aggregate cost, fair value and net unrealized gains or losses of investment securities at March 31, 2023 and 2022 for which market value was readily available are summarized as follows:

Bonds held to maturity

	At March 31, 2023		
	Cost	Fair value (carrying amount)	Unrealized losses
	(Millions of yen)		
Securities whose fair value does not exceed their cost:			
Government bonds, municipal bonds, and other	¥ 200	¥ 199	¥ (1)
Total	¥ 200	¥ 199	¥ (1)

	At March 31, 2023		
	Cost	Fair value (carrying amount)	Unrealized losses
	(Thousands of U.S. dollars)		
Securities whose fair value does not exceed their cost:			
Government bonds, municipal bonds, and other	$ 1,498	$ 1,489	$ (9)
Total	$ 1,498	$ 1,489	$ (9)

There were no bonds held to maturity at March 31, 2022.

Other securities with market value

	At March 31, 2023		
	Cost	Fair value (carrying amount)	Unrealized gains (losses)
	(Millions of yen)		
Securities whose fair value exceeds their cost:			
Equity securities	¥ 11,736	¥ 50,910	¥ 39,174
Securities whose fair value does not exceed their cost:			
Equity securities	184	170	(14)
Total	¥ 11,920	¥ 51,080	¥ 39,160

12. Investment Securities (continued)

	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, 2023		
	Cost	Fair value (carrying amount)	Unrealized gains (losses)
		(Thousands of U.S. dollars)	
Securities whose fair value exceeds their cost:			
Equity securities	$ 87,888	$ 381,260	$ 293,372
Securities whose fair value does not exceed their cost:			
Equity securities	1,383	1,275	(108)
Total	$ 89,271	$ 382,535	$ 293,264

(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, 2023 and 2022 were as follows:

	2023		
	Amount of sale	Gain on sale	Loss on sale
		(Millions of yen)	
Equity securities	¥ 76	¥ 18	¥ (26)

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

12. Investment Securities (continued)

	2023		
	Amount of sale	Gain on sale	Loss on sale
	(Thousands of U.S. dollars)		
Equity securities	$ 566	$ 135	$ (197)

Impairment losses of ¥54 million ($402 thousand) for other securities were recognized during the year ended March 31, 2023.
Impairment losses of ¥39 million for shares of subsidiaries and affiliated companies and ¥1 million for other securities were recognized during the year ended March 31, 2022.

The aggregate carrying amount of the securities for which market value was not readily available at March 31, 2023 and 2022 is summarized as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity securities of non-listed companies	¥ 1,978	¥ 1,023	$ 14,813
	¥ 1,978	¥ 1,023	$ 14,813

13. Contract Liabilities

Contract liabilities included in "Other current liabilities" at March 31, 2023 and 2022 are as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Contract liabilities	¥ 1,055	¥ 1,427	$ 7,901

14. 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.

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:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligations at beginning of year	¥57,770	¥59,782	$432,634
Service costs	2,782	2,901	20,832
Interest costs	453	323	3,389
Actuarial gains or losses	(3,337)	(2,553)	(24,990)
Retirement benefits paid	(2,868)	(2,574)	(21,479)
Prior service costs	90	–	672
Other	1,398	(109)	10,478
Retirement benefit obligations at end of year	¥56,288	¥57,770	$421,536

(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:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Plan assets at beginning of year	¥52,727	¥ 50,544	$394,870
Expected return on plan assets	1,308	1,232	9,799
Actuarial gains or losses	(1,249)	1,401	(9,353)
Contributions from employer	935	937	7,005
Retirement benefits paid	(1,350)	(1,393)	(10,108)
Other	0	6	0
Plan assets at end of year	¥52,371	¥ 52,727	$392,213

14. Retirement Benefits for Employees (continued)

(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:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit liability at beginning of year	¥ 4,020	¥ 3,898	$30,102
Retirement benefit expenses	578	501	4,326
Retirement benefits paid	(272)	(229)	(2,034)
Contribution to the plans	(146)	(151)	(1,090)
Defined benefit liability at end of year	¥ 4,180	¥ 4,019	$31,304

(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:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Funded retirement benefit obligations	¥ 40,124	¥ 41,434	$ 300,485
Plan assets	(52,372)	(52,727)	(392,213)
	(12,248)	(11,293)	(91,728)
Unfunded retirement benefit obligations	20,344	20,355	152,355
Net defined benefit liability (asset) recorded on the consolidated balance sheets	¥ 8,096	¥ 9,062	$ 60,627
Net defined benefit liability	¥ 22,506	¥ 22,262	$ 168,546
Net defined benefit asset	(14,411)	(13,200)	(107,922)
Net defined benefit liability (asset) recorded on the consolidated balance sheets	¥ 8,095	¥ 9,062	$ 60,624

(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, 2023 and 2022 is as follows:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service costs	¥ 2,782	¥ 2,901	$ 20,832
Interest costs	453	323	3,389
Expected return on plan assets	(1,308)	(1,232)	(9,799)
Amortization of actuarial gains or losses	357	587	2,672
Amortization of prior service costs	108	19	820
Retirement benefit expenses calculated using the simplified method	578	501	4,326
Retirement benefit expenses on defined benefit plans	¥ 2,970	¥ 3,099	$ 22,240

14. Retirement Benefits for Employees (continued)

(6) The components of retirement benefit liability adjustments for the years ended March 31, 2023 and 2022 in other comprehensive income (before income tax effect) are as follows:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service costs	¥ (20)	¥ (20)	$ (146)
Actuarial gains or losses	(2,398)	(4,605)	(17,961)
Total	¥ (2,418)	¥ (4,625)	$ (18,107)

(7) The components of retirement benefit liability adjustments as of March 31, 2023 and 2022 in accumulated other comprehensive income (before income tax effect) are as follows:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service costs	¥ 117	¥ 137	$ 878
Unrecognized actuarial gains or losses	(6,187)	(3,789)	(46,332)
Total	¥ (6,070)	¥ (3,652)	$ (45,454)

(8) Plan assets

(i) Breakdown of plan assets

The percentages of various assets to total plan assets by major category as of March 31, 2023 and 2022 are as follows:

	2023	2022
Equity securities	54%	55%
Debt securities	22	22
General accounts	13	13
Other	11	10
Total	100%	100%

(Note) 41% of the total plan assets are held by retirement benefit trusts, which are established for corporate pension plans, as of March 31, 2023 and 2022.

(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.

14. Retirement Benefits for Employees (continued)

(9) Actuarial assumptions

The major actuarial assumptions for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Discount rates		
Domestic plans	0.2 – 0.9%	0.0 – 0.6%
Foreign plans	1.4 – 7.3%	2.6 – 7.5%
Long-term expected rates of return on plan assets		
Domestic plans	2.0 – 3.0%	1.8 – 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).

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 ¥1,748 million ($13,087 thousand) and ¥1,650 million for the years ended March 31, 2023 and 2022, respectively.

15. 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, 2023 and 2022 are as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term borrowings:			
Loans from banks and other financial institutions with weighted average interest rates of 0.554% and 0.978% at March 31, 2023 and 2022, respectively	¥ 13,147	¥ 13,571	$ 98,459
Current portion of long-term loans from banks and other financial institutions	8,020	15,101	60,061
Current portion of lease obligations	485	367	3,632
	¥ 21,652	¥ 29,039	$ 162,152

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

Long-term debt and lease obligations

Long-term debt and lease obligations at March 31, 2023 and 2022 are comprised of the following:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds:			
Unsecured bonds with interest rate of 0.12% due 2026	¥ 10,000	¥ 10,000	$ 74,890
Unsecured bonds with interest rate of 0.62% due 2028	1,000	–	7,489
Loans from banks and other financial institutions with weighted average interest rates of 0.298% and 0.244% at March 31, 2023 and 2022, respectively	25,110	26,211	188,047
Lease obligations (excluding current portion)	759	722	5,685
	36,869	36,933	276,111
Less: current portion	8,020	15,101	60,061
	¥ 28,849	¥ 21,832	$ 216,050

The aggregate annual maturities of long-term debt at March 31, 2023 are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2025	¥ 3,690	$ 27,634
2026	11,300	84,625
2027	800	5,991
2028 and thereafter	1,300	9,736
	¥ 17,090	$ 127,986

The year-by-year breakdown of lease obligations due as of March 31, 2023 is as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2025	¥ 350	$ 2,621
2026	234	1,753
2027	136	1,021
2028 and thereafter	39	290
	¥ 759	$ 5,685

16. 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%.

(3) The changes in asset retirement obligations at March 31, 2023 and 2022 are as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at beginning of year	¥ 573	¥ 596	$ 4,293
Accretion expense	1	2	8
Decrease due to settlement of asset retirement obligations	(12)	(11)	(89)
Decrease due to sales of property, plant and equipment	–	(14)	–
Other increase	26	–	194
Balance at end of year	¥ 588	¥ 573	$ 4,406

17. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

	Year ended March 31, 2023				
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total
			(Millions of yen)		
Sales:					
Japan	¥ 59,020	¥ 143,262	¥ 77,158	¥ 111,637	¥ 391,077
Asia	43,866	70,886	70,485	1,559	186,796
United States and Europe, etc.	43,961	59,640	11,772	–	115,373
Revenue from contracts with customers	¥ 146,847	¥ 273,788	¥ 159,415	¥ 113,196	¥ 693,246
Other revenue	–	–	–	–	–
Sales to external customers	¥ 146,847	¥ 273,788	¥ 159,415	¥ 113,196	¥ 693,246

	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

	Year ended March 31, 2023				
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total
			(Thousands of U.S. dollars)		
Sales:					
Japan	$ 442,000	$ 1,072,881	$ 577,829	$ 836,045	$ 2,928,755
Asia	328,514	530,861	527,860	11,675	1,398,910
United States and Europe, etc.	329,221	446,640	88,162	–	864,023
Revenue from contracts with customers	$ 1,099,735	$ 2,050,382	$ 1,193,851	$ 847,720	$ 5,191,688
Other revenue	–	–	–	–	–
Sales to external customers	$ 1,099,735	$ 2,050,382	$ 1,193,851	$ 847,720	$ 5,191,688

17. Revenue Recognition (continued)

(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.

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.

17. Revenue Recognition (continued)

(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, 2023 and 2022

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

	At March 31,		
	2023	2022	2023
	(Millions of yen)		(Thousands of U.S. dollars)
Receivables from contracts with customers			
Notes and accounts receivable, trade	¥ 146,793	¥ 138,125	$1,099,325
Contract assets	0	–	4
Contract liabilities			
Advances received	314	372	2,350
Unearned revenue	741	1,056	5,550

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.

18. Research and Development Expenses

Research and development expenses included in “Cost of sales” and “Selling, general and administrative expenses” amounted to ¥17,503 million ($131,081 thousand) and ¥16,077 million for the years ended March 31, 2023 and 2022, respectively.

19. Income Taxes

The statutory tax rate in Japan for the years ended March 31, 2023 and 2022 was 30.4%.

At March 31, 2023 and 2022, significant components of deferred tax assets and liabilities are summarized as follows:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Net defined benefit liability	¥ 6,227	¥ 6,166	$ 46,635
Tax loss carryforwards (Note)	13,070	12,381	97,881
Accrued expenses	3,132	5,123	23,456
Depreciation and accumulated impairment losses	6,100	4,562	45,686
Allowance for bonuses	3,195	3,228	23,928
Loss from securities revaluation	1,629	1,605	12,203
Loss on valuation of inventories	662	571	4,960
Other	5,684	3,532	42,552
Subtotal	39,699	37,168	297,301
Less: Valuation allowance for tax loss carryforwards (Note)	(12,555)	(11,861)	(94,022)
Less: Valuation allowance for deductible temporary differences	(4,601)	(4,849)	(34,456)
Total valuation allowance	(17,156)	(16,710)	(128,478)
Total gross deferred tax assets	22,543	20,458	168,823
Offset against deferred tax liabilities	(12,381)	(10,408)	(92,723)
Net deferred tax assets	¥ 10,162	¥ 10,050	$ 76,100
Deferred tax liabilities:			
Unrealized holding gain on securities	¥ (11,678)	¥ (11,845)	$ (87,454)
Reserve for special account for tax purpose reduction entry of fixed assets	(2,516)	(2,902)	(18,842)
Reserve for tax purpose reduction entry of fixed assets	(2,129)	(2,086)	(15,947)
Other	(8,409)	(6,286)	(62,975)
Total deferred tax liabilities	¥(24,732)	¥ (23,119)	$ (185,218)
Offset against deferred tax assets	12,381	10,407	92,722
Net deferred tax liabilities	¥(12,351)	¥ (12,712)	$ (92,496)

19. Income Taxes (continued)

(Note) The expiration of tax loss carryforwards and the resulting net deferred tax assets at March 31, 2023 and 2022 were as follows:

	At March 31, 2023 (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)	¥ 328	¥ 909	¥ 462	¥ 670	¥ 222	¥10,479	¥13,070
Valuation allowance for tax loss carryforwards	(328)	(909)	(462)	(670)	(153)	(10,033)	(12,555)
Net deferred tax assets relating to tax loss carryforwards	¥ –	¥ –	¥ –	¥ –	¥ 69	¥ 446	¥ 515

	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, 2023 (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)	$ 2,459	$ 6,806	$ 3,458	$ 5,018	$ 1,661	$ 78,479	$ 97,881
Valuation allowance for tax loss carryforwards	(2,459)	(6,806)	(3,458)	(5,018)	(1,147)	(75,134)	(94,022)
Net deferred tax assets relating to tax loss carryforwards	$ –	$ –	$ –	$ –	$ 514	$ 3,345	$ 3,859

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

19. Income Taxes (continued)

At March 31, 2023 and 2022, reconciliations of the statutory tax rate and the effective tax rate were as follows:

	2023	2022
Statutory tax rate	30.4%	30.4%
Different tax rates applied to subsidiaries	(3.7)	0.5
Permanent differences	(9.3)	(6.7)
Dividend income from the consolidated subsidiaries	12.4	8.5
Special deduction for research and development expenses	(2.4)	(1.2)
Investment tax credit	(4.5)	(1.1)
Difference in valuation allowances	(1.1)	5.7
Foreign tax credit	(0.4)	(0.3)
Other	2.4	(2.3)
Effective income tax rate	23.9 %	33.5 %

20. 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.

21. Guarantees and Contingent Liabilities

As of March 31, 2023 and 2022, the Group had the following guarantees:

	At March 31,		
	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Borrowings from financial institutions by unconsolidated subsidiaries, affiliated companies and employees	¥ 184	¥ 206	$ 1,374

In November 2020, the Company received a surcharge payment order (TWD285 million) from the Fair Trade Commission of Taiwan (“the respondent”) for violating Taiwan’s Fair Trade Law (antitrust law) in the transaction of suspensions for hard disk drives (HDD). Objecting to the order, the Company filed a lawsuit to seek redress in January 2021, and in August 2023, a decision was given in favor of the Company on all fronts.
The respondent objected to that judgment and filed an appeal in September 2023.

22. Leases

Finance lease transactions that do not transfer ownership 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, 2023	At March 31, 2022	At March 31, 2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within one year	¥ 129	¥ 368	$ 963
Due over one year	72	503	545
Total	¥ 201	¥ 871	$ 1,508

23. 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]

There were no outstanding derivative transactions not meeting the criteria for hedge accounting at March 31, 2023.

The contract amount (notional principal amount), estimated fair value of, and unrealized loss on, the outstanding contracts at March 31, 2022 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)

23. Derivative Financial Instruments (continued)

[Derivatives meeting the criteria for hedge accounting]

The contract amount (notional principal amount) and estimated fair value of the outstanding contracts at March 31, 2023 and 2022 are summarized as follows:

	At March 31, 2023			
		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	¥ 2,800	¥ 800	(Note)

	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)

	At March 31, 2023			
		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	$ 20,969	$ 5,991	(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.

24. 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.

(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.

24. Financial Instruments (continued)

1. Outline of financial instruments (continued)

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

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2023 and 2022 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 immateriality.

	At March 31, 2023		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**
		(Millions of yen)	
(1) Investment securities (*1)			
Other securities	¥ 51,080	¥ 51,080	¥ –
Bonds held to maturity	200	199	(1)
(2) Long-term loans receivable	1,796	1,811	15
Total assets	¥ 53,076	¥ 53,090	¥ 14
(1) Bonds payable	¥ 11,000	¥ 10,970	¥ (30)
(2) Long-term debt	17,090	17,061	(29)
Total liabilities	¥ 28,090	¥ 28,031	¥ (59)
Derivative financial instruments (*2)	¥ –	¥ –	¥ –

	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)	¥ –

24. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

	At March 31, 2023		
	Carrying amount	Fair value	Unrealized gain (loss)
	(Thousands of U.S. dollars)		
(1) Investment securities (*1)			
Other securities	$ 382,535	$ 382,535	$ –
Bonds held to maturity	1,498	1,489	(9)
(2) Long-term loans receivable	13,453	13,563	110
Total assets	$ 397,486	$ 397,587	$ 101
(1) Bonds payable	$ 82,379	$ 82,152	$ (227)
(2) Long-term debt	127,986	127,773	(213)
Total liabilities	$ 210,365	$ 209,925	$ (440)
Derivative financial instruments (*2)	$ –	$ –	$ –

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

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity investments of unlisted subsidiaries and affiliated companies	¥ 9,030	¥ 9,127	$ 67,623
Other unlisted equity securities	1,978	1,023	14,813

(*2) Please see the Note 23 "Derivative Financial Instruments."

(Note 1) Redemption schedule of monetary assets and investment securities with contractual maturities as of March 31, 2023

	(Millions of yen)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	¥ 72,949	¥ –	¥ –	¥ –
Notes and accounts receivable, trade	146,793	–	–	–
Bonds held to maturity	–	100	100	–
Long-term loans receivable	–	1,676	104	16
Total	¥ 219,742	¥ 1,776	¥ 204	¥ 16

	(Thousands of U.S. dollars)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	$ 546,311	$ –	$ –	$ –
Notes and accounts receivable, trade	1,099,325	–	–	–
Bonds held to maturity	–	749	749	–
Long-term loans receivable	–	12,550	779	124
Total	$1,645,636	$ 13,299	$ 1,528	$ 124

24. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

(Note 2) Redemption schedule of short-term borrowings, bonds payable, long-term debt and long-term lease obligations as of March 31, 2023

	(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	¥ 13,147	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	–	–	–	10,000	1,000	–
Long-term debt	8,020	3,690	11,300	800	1,300	–
Long-term lease obligations	485	350	234	136	37	2
Total	¥ 21,652	¥ 4,040	¥ 11,534	¥ 10,936	¥ 2,337	¥ 2

	(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	$ 98,459	$ –	$ –	$ –	$ –	$ –
Bonds payable	–	–	–	74,890	7,489	–
Long-term debt	60,062	27,634	84,625	5,991	9,736	–
Long-term lease obligations	3,632	2,621	1,753	1,021	275	14
Total	$162,153	$ 30,255	$ 86,378	$ 81,902	$ 17,500	$ 14

3. Breakdown of fair value of financial instruments by level

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.

24. 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, 2023			
	(Millions of yen)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥ 51,080	¥ –	¥ –	¥ 51,080
Total assets	¥ 51,080	¥ –	¥ –	¥ 51,080
Derivative financial instruments	¥ –	¥ –	¥ –	¥ –
Total liabilities	¥ –	¥ –	¥ –	¥ –

	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, 2023			
	(Thousands of U.S. dollars)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	$ 382,535	$ –	$ –	$ 382,535
Total assets	$ 382,535	$ –	$ –	$ 382,535
Derivative financial instruments	$ –	$ –	$ –	$ –
Total liabilities	$ –	$ –	$ –	$ –

24. Financial Instruments (continued)

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

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

	At March 31, 2023			
	(Millions of yen)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Bonds held to maturity				
Government bonds, municipal bonds, and other	¥ –	¥ 199	¥ –	¥ 199
Long-term loans receivable	–	1,811	–	1,811
Total assets	¥ –	¥ 2,010	¥ –	¥ 2,010
Bonds payable	¥ –	¥ 10,970	¥ –	¥ 10,970
Long-term debt	–	17,061	–	17,061
Total liabilities	¥ –	¥ 28,031	¥ –	¥ 28,031

	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, 2023			
	(Thousands of U.S. dollars)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Bonds held to maturity				
Government bonds, municipal bonds, and other	$ –	$ 1,489	$ –	$ 1,489
Long-term loans receivable	–	13,563	–	13,563
Total assets	$ –	$ 15,052	$ –	$ 15,052
Bonds payable	$ –	$ 82,152	$ –	$ 82,152
Long-term debt	–	127,773	–	127,773
Total liabilities	$ –	$ 209,925	$ –	$ 209,925

24. 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. On the other hand, the fair values of municipal bonds held by the Company are classified as Level 2 fair value since these bonds are not frequently traded in the market and their fair values are not considered quoted prices in an active market.

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 are 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 are classified as Level 2 fair value.

Bonds payable

The fair values of publicly offered 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. The fair values of private placement bonds are determined by discounting at a reasonably estimated interest rate that would apply when the same types of bonds are issued since these bonds are fully underwritten by financial institutions, and are 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 are classified as Level 2 fair value.

25. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022	2023
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrealized holding gain on securities:			
Amount arising during year	¥ 2,610	¥ 2,458	$ 19,544
Reclassification adjustments	8	(183)	62
Amount before the adjustment of tax effect	2,618	2,275	19,606
Tax effect	(687)	(726)	(5,143)
Unrealized holding gain on securities	1,931	1,549	14,463
Translation adjustments:			
Amount arising during year	9,309	7,062	69,716
Reclassification adjustments	–	27	–
Translation adjustments	9,309	7,089	69,716
Retirement benefit liability adjustments:			
Amount arising during year	2,091	3,952	15,660
Reclassification adjustments	327	672	2,448
Amount before the adjustment of tax effect	2,418	4,624	18,108
Tax effect	(494)	(1,436)	(3,701)
Retirement benefit liability adjustments	1,924	3,188	14,407
Share of other comprehensive income of affiliated companies accounted for by the equity method:			
Amount arising during year	683	690	5,117
Total other comprehensive income	¥ 13,847	¥ 12,516	$ 103,703

26. 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.

26. Segment Information (continued)

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

	Year ended March 31, 2023						
	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	¥146,847	¥273,788	¥159,415	¥113,196	¥693,246	¥ –	¥ 693,246
Inter-segment sales	1,786	282	1,549	12,361	15,978	(15,978)	–
Net sales	¥148,633	¥274,070	¥160,964	¥125,557	¥709,224	¥ (15,978)	¥ 693,246
Segment income (loss)	¥ (2,734)	¥ 7,311	¥ 11,471	¥ 12,790	¥ 28,838	¥ –	¥ 28,838
Segment assets	¥139,573	¥131,405	¥137,765	¥106,703	¥515,446	¥ 90,594	¥ 606,040
Other items:							
Depreciation and amortization	¥ 6,656	¥ 5,516	¥ 11,384	¥ 3,551	¥ 27,107	¥ 1,773	¥ 28,880
Investments in affiliated companies accounted for by the equity-method	2,787	5,309	3,080	–	11,176	–	11,176
Increase in property, plant and equipment and intangible and other assets	4,562	4,638	12,127	5,827	27,154	925	28,079

	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

26. Segment Information (continued)

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

	Year ended March 31, 2023						
	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	$1,099,735	$2,050,382	$1,193,851	$ 847,720	$5,191,688	$ –	$5,191,688
Inter-segment sales	13,373	2,110	11,602	92,572	119,657	(119,657)	–
Net sales	$1,113,108	$2,052,492	$1,205,453	$ 940,292	$5,311,345	$ (119,657)	$5,191,688
Segment income (loss)	$ (20,481)	$ 54,752	$ 85,910	$ 95,786	$ 215,967	$ –	$ 215,967
Segment assets	$1,045,254	$ 984,086	$1,031,715	$ 799,092	$3,860,147	$ 678,456	$4,538,603
Other items:							
Depreciation and amortization	$ 49,847	$ 41,313	$ 85,255	$ 26,592	$ 203,007	$ 13,272	$ 216,279
Investments in affiliated companies accounted for by the equity-method	20,878	39,755	23,063	–	83,696	–	83,696
Increase in property, plant and equipment and intangible and other assets	34,163	34,730	90,817	43,642	203,352	6,927	210,279

(Note 1) Adjustments for segment assets of ¥90,594 million ($678,456 thousand) and ¥121,344 million at March 31, 2023 and 2022, 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 ¥925 million ($6,927 thousand) and ¥742 million at March 31, 2023 and 2022, respectively, relate to increased corporate assets that are not attributable to any reportable segment.

(4) Information by geographic area

	As of/ Year ended March 31, 2023				
	Japan	**United States of America**	**Thailand**	**Other**	**Total**
	(Millions of yen)				
Sales	¥ 341,621	¥ 117,455	¥ 139,931	¥ 94,239	¥ 693,246
Property, plant and equipment	94,824	25,982	20,383	25,081	166,270

26. Segment Information (continued)

	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, 2023				
	Japan	United States of America	Thailand	Other	Total
	(Thousands of U.S. dollars)				
Sales	$ 2,558,384	$ 879,616	$1,047,937	$ 705,751	$ 5,191,688
Property, plant and equipment	710,135	194,581	152,644	187,826	1,245,186

(5) Information on major customers

For the years ended March 31, 2023 and 2022, information on major customers is omitted since there is no external customer accounting for 10% or more of the Group's net sales.

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

	Year ended March 31, 2023						
	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	¥ –	¥ –	¥ 5,538	¥ –	¥ 5,538	¥ –	¥ 5,538

	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, 2023						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Elimination s or corporate assets	Consolidated total
	(Thousands of U.S. dollars)						
Impairment loss	$ –	$ –	$ 41,471	$ –	$ 41,471	$ –	$ 41,471

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

There is no applicable information for the years ended March 31, 2023 and 2022.

27. Related Party Transactions

Year ended March 31, 2023

Transactions between the Company and related parties:

Type:	Affiliate
Name:	Faurecia-NHK co., Ltd.
Address:	Naka-ku, Yokohama
Capital:	¥400 million ($2,996 thousand)
Business area:	Automotive seating Division
Proportion of voting rights owned:	50.0%
Related party transactions:	Purchase of products from the Company
Details of transactions:	Purchase of products from the Company
Amount of transactions:	¥20,730 million ($155,248 thousand)
Accounts recorded:	Account receivable
Balance at end of year:	¥6,425 million ($48,115 thousand)

(Note)

Allowance for doubtful accounts of ¥449 million ($3,365 thousand) was recorded for long-term loans to affiliates. In addition, a reversal of allowance for doubtful accounts of ¥40 million ($296 thousand) was recorded in the year ended March 31, 2023.

Transactions between subsidiaries of the Company and related parties:

Type:	Affiliate
Name:	Faurecia-NHK co., Ltd.
Address:	Naka-ku, Yokohama
Capital:	¥400 million ($2,996 thousand)
Business area:	Automotive seating Division
Proportion of voting rights owned:	50.0%
Related party transactions:	Purchase of products from the Company
Details of transactions:	Purchase of products from the Company
Amount of transactions:	¥31,230 million ($233,883 thousand)
Accounts recorded:	Account receivable
Balance at end of year:	¥6,143 million ($46,007 thousand)

Year ended March 31, 2022

There were no related party transactions to be disclosed.

28. Subsequent Event

[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, 2023, was approved by the shareholders of the Company at the Annual General Meeting of Shareholders held on June 28, 2023:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash dividends of ¥17.0 ($0.13) per share	¥ 3,854	$ 28,864