

Translation

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Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

February 13, 2024
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
Code number : 5991
URL : <https://www.nhkspg.co.jp/>
Representative : Takashi Kayamoto, President & Chief Executive Officer, Representative Member of the Board
Contact person : Kazuko Tachibana, Director, Corporate Communications Dept, Corporate Planning & Control Division
TEL +81-45-786-7513

Filing date of quarterly securities report : February 14, 2024
Payment date of cash dividends : -
Supplemental materials prepared for financial results : No
Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal Year Ending March 31, 2024 (April 1, 2023 through December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	562,288	10.0	17,695	(28.5)	28,425	(18.0)	20,981	(11.4)
December 31, 2022	511,332	19.5	24,754	51.6	34,677	56.4	23,681	66.8

Note: Comprehensive income
 Nine months ended December 31, 2023 (41,647 million 14.3 %)
 Nine months ended December 31, 2022 (36,433 million 88.3 %)

	Earnings per share, Basic	Earnings per share, Diluted
	Yen	Yen
Nine months ended		
December 31, 2023	92.62	—
December 31, 2022	103.86	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
As of			
December 31, 2023	658,188	398,089	58.0
March 31, 2023	606,039	365,860	57.6

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
 As of December 31, 2023 381,922 million yen
 As of March 31, 2023 349,221 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	15.00	—	17.00	32.00
Fiscal year ending March 31, 2024	—	17.00	—		
Fiscal year ending March 31, 2024 (Forecast)				23.00	40.00

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

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	760,000	9.6	27,000	(6.4)	40,000	7.2	35,000	62.5	154.51

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

4. Others

- (1) Changes of significant subsidiaries in the third quarter of fiscal year ending March 31, 2024 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares

As of December 31, 2023	244,066,144 shares
As of March 31, 2023	244,066,144 shares

[2] Number of treasury stock

As of December 31, 2023	17,545,618 shares
As of March 31, 2023	17,548,689 shares

[3] Average number of shares (Cumulative)

Nine months ended December 31, 2023	226,519,276 shares
Nine months ended December 31, 2022	228,017,775 shares

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

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

Attached Documents

Table of Contents

1.	Qualitative Information related to Consolidated Financial Results	2
(1)	Explanation of Consolidated Financial Results	2
(2)	Explanation of Consolidated Financial Position	3
(3)	Explanation Regarding Future Projection Including Consolidated Financial Forecasts	3
2.	Quarterly Consolidated Financial Statements and Primary Notes	4
(1)	Quarterly Consolidated Balance Sheets	4
(2)	Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	6
	Quarterly Consolidated Statement of Income	
	Nine Months Ended December 31, 2023	6
	Quarterly Consolidated Statement of Comprehensive Income	
	Nine Months Ended December 31, 2023	7
(3)	Notes to Quarterly Consolidated Financial Statements	8
	(Notes to Going Concern Assumption)	8
	(Notes to Significant Changes in the Amount of Shareholders' Equity)	8
	(Business Segment Information)	9
	(Reference Information)	10

1. Qualitative Information related to Consolidated Financial Results

(1) Explanation of Consolidated Financial Results

During the nine months ended December 31, 2023 (hereinafter the “period under review”), the global economy showed signs of recovery, but the outlook remained uncertain due to a global rise in interest rates, soaring prices of energy and various materials, and other factors.

In the automotive market, one of the main business fields of the Group, the production volume in Japan was 6,569 thousand units, an increase of 16.1% from the same period last year. In addition, in North America (U.S. and Canada), 9,194 thousand units were manufactured, up 6.2% from the same period last year. In China, 20,875 thousand units were manufactured, up 5.0% from the same period last year. In Thailand, 1,404 thousand units were manufactured, up 4.4% from the same period last year. (All calculations are based on the figures of each region at the end of the quarter.)

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

As a result of the business environment mentioned above, the Group recorded net sales of 562,288 million yen (up 10.0% year-on-year), operating profit of 17,695 million yen (down 28.5% year-on-year), ordinary profit of 28,425 million yen (down 18.0% year-on-year), and profit attributable to owners of parent of 20,891 million yen (down 11.4% year-on-year).

Results by segment are as follows:

[Automotive Suspension Springs Business]

Automotive suspension springs business was significantly affected by soaring labor costs due to the tight labor market in North America and increased fixed costs, including power and utilities costs, although production which had been depressed due to shortages in the supply of semiconductors and other automotive parts, recovered. As a result, we posted net sales of 122,572 million yen (up 15.3% year-on-year) and an operating loss of 3,209 million yen (compared with an operating loss of 3,315 million yen in the same period last year).

[Automotive Seating Business]

Production in the automotive seating business, which had been depressed due to shortages in the supply of semiconductors and other automotive parts, has recovered. As a result, our net sales increased by 22.9% year-on-year to 240,985 million yen and operating profit increased by 189.4% year-on-year to 12,564 million yen.

[Precision Springs and Components Business]

Precision springs and components business was significantly affected by increasing fixed costs, including power and utilities costs, although production, which had been depressed due to shortages in the supply of semiconductors and other automotive parts, recovered. In the information and data communications-related business, sales volume declined due to production adjustments by HDD manufacturers. As a result, net sales decreased 5.1% year-on-year to 117,181 million yen, and operating profit decreased 77.1% year-on-year to 3,087 million yen.

[Industrial Machinery and Equipment, and Other Operations]

In the industrial machinery and equipment, and other operations, net sales decreased 4.4% year-on-year to 81,549 million yen and operating profit decreased 48.7% year-on-year to 5,253 million yen, due to a decrease in the volume of semiconductor process components, affected by the sluggish semiconductor market.

(2) Explanation of Consolidated Financial Position

Total assets at the end of the period under review increased by 52,149 million yen from the end of the previous fiscal year to 658,188 million yen. This was mainly attributable to an increase in investment securities resulting from an increase in the market value of listed shares held, and an increase in cash and deposits, etc. resulting from the impact of a weakening yen on foreign exchange rates.

Liabilities increased by 19,919 million yen from the end of the previous fiscal year to 260,099 million yen. This is mainly attributable to an increase in deferred tax liabilities resulting from an increase in the market value of investment securities.

Net assets increased by 32,229 million yen from the end of the previous fiscal year to 398,089 million yen. This is mainly attributable to increases in valuation difference on available-for-sale securities, foreign currency translation adjustments, and retained earnings owing to profit attributable to owners of parent.

(3) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

We have revised its full-year earnings forecast as of today. For details, please refer to the "Notice Concerning Recording of Gain on Sale of Investment Securities (Extraordinary income) and Revision of earnings forecast and Revision of Dividend Forecast" released on February 13, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	72,948	94,834
Notes and accounts receivable - trade, and contract assets	146,793	154,290
Merchandise and finished goods	33,396	28,625
Work in process	13,114	15,163
Raw materials and supplies	33,339	31,061
Partly-finished goods	11,648	11,841
Other	26,024	26,939
Allowance for doubtful accounts	△27	△37
Total current assets	337,237	362,719
Non-current assets		
Property, plant and equipment		
Buildings and structures	160,712	170,433
Accumulated depreciation	△108,933	△113,958
Buildings and structures, net	51,779	56,475
Machinery, equipment and vehicles	296,394	312,188
Accumulated depreciation	△237,348	△252,137
Machinery, equipment and vehicles, net	59,045	60,050
Land	31,520	32,021
Leased assets	1,258	1,040
Accumulated depreciation	△787	△554
Leased assets, net	470	485
Construction in progress	14,314	19,217
Other	86,964	94,093
Accumulated depreciation	△77,825	△83,217
Other, net	9,138	10,875
Total property, plant and equipment	166,269	179,126
Intangible assets	3,317	3,573
Investments and other assets		
Investment securities	62,287	74,577
Long-term loans receivable	1,796	1,999
Deferred tax assets	10,161	9,382
Retirement benefit asset	14,410	15,421
Other	12,200	13,074
Allowance for doubtful accounts	△1,642	△1,687
Total investments and other assets	99,214	112,768
Total non-current assets	268,801	295,469
Total assets	606,039	658,188

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	91,525	95,506
Electronically recorded obligations - operating	18,147	19,739
Short-term borrowings	21,167	15,532
Lease liabilities	484	488
Income taxes payable	4,400	3,165
Provision for bonuses	10,038	7,690
Provision for bonuses for directors (and other officers)	261	194
Notes payable - facilities	1,273	1,718
Other	24,316	30,070
Total current liabilities	171,615	174,106
Non-current liabilities		
Bonds payable	11,000	12,000
Long-term borrowings	17,090	24,756
Lease liabilities	759	904
Deferred tax liabilities	12,351	17,663
Retirement benefit liability	22,506	23,954
Provision for retirement benefits for directors (and other officers)	578	509
Provision for officers' retirement benefits	843	996
Other	3,435	5,209
Total non-current liabilities	68,563	85,992
Total liabilities	240,179	260,099
Net assets		
Shareholders' equity		
Share capital	17,009	17,009
Capital surplus	19,826	19,903
Retained earnings	275,386	288,659
Treasury shares	△15,703	△15,701
Total shareholders' equity	296,518	309,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,217	35,310
Foreign currency translation adjustment	21,018	32,225
Remeasurements of defined benefit plans	4,468	4,514
Total accumulated other comprehensive income	52,703	72,051
Non-controlling interests	16,638	16,167
Total net assets	365,860	398,089
Total liabilities and net assets	606,039	658,188

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Nine Months ended December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	511,332	562,288
Cost of sales	448,301	504,445
Gross profit	63,031	57,843
Selling, general and administrative expenses	38,276	40,147
Operating profit	24,754	17,695
Non-operating income		
Interest income	503	1,151
Dividend income	2,095	2,709
Share of profit of entities accounted for using equity method	704	1,066
Foreign exchange gains	6,611	5,288
Other	1,275	1,480
Total non-operating income	11,191	11,697
Non-operating expenses		
Interest expenses	251	172
Loss on retirement of non-current assets	209	250
Loss on disaster	257	—
Other	550	545
Total non-operating expenses	1,268	968
Ordinary profit	34,677	28,425
Extraordinary income		
Gain on sale of investment securities	—	1,091
Gain on sale of shares of subsidiaries and associates	—	289
Total extraordinary income	—	1,381
Extraordinary losses		
Litigation settlement	1,388	—
Total extraordinary losses	1,388	—
Profit before income taxes	33,288	29,806
Income taxes	8,369	8,133
Profit	24,919	21,672
Profit attributable to non-controlling interests	1,237	691
Profit attributable to owners of parent	23,681	20,981

(Quarterly Consolidated Statements of Comprehensive Income)
 (Nine Months ended December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	24,919	21,672
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,761	8,099
Foreign currency translation adjustment	12,068	10,863
Remeasurements of defined benefit plans, net of tax	161	49
Share of other comprehensive income of entities accounted for using equity method	1,046	962
Total other comprehensive income	11,514	19,974
Comprehensive income	36,433	41,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,299	40,330
Comprehensive income attributable to non-controlling interests	2,134	1,316

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

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

Not applicable

(Business Segment Information)

<Business Segment Information>

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

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

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

(Note 1) Adjustment for inter-segment sales of ¥11,993 million is elimination of the inter-segment transaction.

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

2. Result of Third Quarter of the Year ending March 31, 2024 (Nine Months ended December 31, 2023)

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

	Reportable Segment					Adjustments	Consolidated Total
	Automotive Suspension Springs	Automotive Seating	Precision Springs & Components	Industrial Machinery & Equipment, & Other Operations	Total		
Sales:	(Millions of yen)						
Sales to External Customers	122,572	240,985	117,181	81,549	562,288	-	562,288
Inter-segment Sales	1,398	267	1,235	9,618	12,520	(12,520)	-
Net Sales	123,971	241,253	118,416	91,168	574,809	(12,520)	562,288
Segment Profit (Loss)	(3,209)	12,564	3,087	5,253	17,695	-	17,695

(Note 1) Adjustment for inter-segment sales of ¥12,520 million is elimination of the inter-segment transaction.

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

(Reference Information)

<Region Segment Information>

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

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

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

(Note 2) Countries in the groups except Japan

(1) Asia Thailand, Malaysia, China, India

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

2. Result of Third Quarter of the Year ending March 31, 2024 (Nine Months ended December 31, 2023)

	Japan	Asia	America, Europe & Others	Total	Adjustments	Consolidated Total
Sales:	(Millions of yen)					
Sales to External Customers	325,057	137,212	100,017	562,288	-	562,288
Inter-segment Sales	19,821	2,606	1,469	23,897	(23,897)	-
Net Sales	344,879	139,818	101,487	586,185	(23,897)	562,288
Segment Profit (Loss)	17,380	5,744	(5,429)	17,695	-	17,695

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

(Note 2) Countries in the groups except Japan

(1) Asia Thailand, Malaysia, China, India

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