

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	55,391	(22,761)	(9,609)	101,443
March 31, 2021	36,492	(7,069)	(5,530)	71,964

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 5.91	Yen —	Yen 9.18	Yen 15.09
Fiscal year ended March 31, 2022	—	18.33	—	14.71	33.04
Fiscal year ending March 31, 2023 (Forecast)	—	18.38	—	18.56	36.94

	Total cash dividends paid	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
Fiscal year ended March 31, 2021	Million yen 4,286	% 25.0	% 1.9
Fiscal year ended March 31, 2022	9,391	25.0	3.7
Fiscal year ending March 31, 2023 (Forecast)		25.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter-end (Cumulative)	190,900	4.8	28,500	0.0	28,700	0.0	20,900	0.3	73.51
Full year	403,500	10.2	57,300	9.7	57,600	9.7	42,000	11.8	147.72

*** Notes:**

- (1) Changes in significant consolidated subsidiaries during the fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 1) Changes in accounting policies due to the revision of accounting standards: Yes
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None
 4) Retrospective restatement: None
 (Note) For details, please refer to 3. Consolidated Financial Statements and Primary Notes, (5) Notes to the Consolidated Financial Statements (Changes in accounting policies) on page 13 of the attached document.
- (3) Total number of shares outstanding (common shares)
 1) Total number of shares outstanding at the end of the fiscal year (including treasury stock):
 As of March 31, 2022 : 284,452,897 shares
 As of March 31, 2021 : 284,244,497 shares
- 2) Total number of treasury stock at the end of the fiscal year:
 As of March 31, 2022 : 129,896 shares
 As of March 31, 2021 : 129,760 shares
- 3) Weighted average number of shares outstanding during the fiscal year:
 Fiscal year ended March 31, 2022 : 284,200,208 shares
 Fiscal year ended March 31, 2021 : 283,943,994 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	26,307	18.9	7,834	112.9	8,142	96.9	7,953	102.8
March 31, 2021	22,120	(6.3)	3,679	(9.2)	4,134	(1.0)	3,920	0.9

	Net income per share	Net income per share (diluted)
Fiscal year ended	Yen	Yen
March 31, 2022	27.98	27.89
March 31, 2021	13.81	13.76

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	77,548	65,377	81.8	223.13
As of March 31, 2021	71,104	64,636	88.4	221.21

(Reference) Shareholders' equity: As of March 31, 2022: ¥63,439 million
 As of March 31, 2021: ¥62,848 million

* These financial results are outside the scope of audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of forecasts and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may differ significantly from the forecasts due to various factors. For the assumptions on the earnings forecasts and notes on their use, please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 5 of the attached document.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year

The global economy during FY2021 saw demand for automation remain at generally elevated levels amid the recovery from the COVID-19 pandemic. However, uncertainty in supply chains persisted, as there continued to be shortages of parts and materials, making it difficult to source some. This coupled with the peaking out of production facility setup and utilization rates along with the impacts of the Ukraine situation and resurgence of COVID-19 in China toward the end of the fiscal year resulted in further supply chain disruptions.

Under this economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we contribute to industries worldwide that related to automation demand, particularly the manufacturing industry, by responding to customers' reliable, quick delivery needs.

By utilizing the strong business foundation built to date in IT, logistics, and production as well as our global network, we continue to implement profitability improvement measures since last year while dedicating efforts to appropriately capturing demand for automation that has recovered across all regions. Despite some supply constraints, we were able to display our strength of reliably quick delivery worldwide.

Consequently, consolidated net sales totaled ¥366,160 million (17.8% increase year-on-year).

In terms of profits, operating income was ¥52,210 million (92.0% increase year-on-year) due to increased sales, the effects of profitability improvement and forex. Ordinary income was ¥52,500 million (93.1% increase year-on-year), and net income attributable to owners of parent totaled ¥37,557 million (119.1% increase year-on-year). Both sales and profits reached record highs.

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. For details, please refer to 3. Consolidated Financial Statements and Primary Notes, (5) Notes to the Consolidated Financial Statements (Changes in accounting policies).

(Million yen)

	Net Sales			Operating Income		
	Previous Consolidated fiscal year	Current Consolidated fiscal year	Percentage Change (%)	Previous Consolidated fiscal year	Current Consolidated fiscal year	Percentage Change (%)
Factory Automation (FA) Business	102,244	119,253	16.6	16,115	23,381	45.1
Die Components Business	66,871	75,108	12.3	4,930	9,542	93.5
VONA Business	141,602	171,799	21.3	6,152	19,287	213.5
Total	310,719	366,160	17.8	27,199	52,210	92.0

① Factory Automation (FA) Business

In the FA business, sales totaled ¥119,253 million (16.6% increase year-on-year) and operating income reached ¥23,381 million (45.1% increase year-on-year) due to strong growth across all regions owing to robust demand for automation.

② Die Components Business

In the Die components business, sales totaled ¥75,108 million (12.3% increase year-on-year) and operating income was ¥9,542 million (93.5% increase year-on-year), amid the recovery in automobile-related demand worldwide, driven by the U.S. and Asia.

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of manufacturing / automation-related equipment parts, and indirect materials such as MRO (consumables) products. This business segment includes MISUMI brand products, as well as third-party manufacturers' products. With our acquisition of automation related demand worldwide, significant growth was achieved as sales totaled ¥171,799 million (21.3% increase year-on-year) and operating income was ¥19,287 million (213.5% increase year-on-year), despite the impacts from the termination of low-profit products and shortages of certain products.

(2) Overview of Financial Position for the Fiscal Year

Assets, liabilities and net assets

1) Assets

Total assets as of the end of fiscal year was ¥347,390 million, an increase of ¥58,468 million (20.2%) compared to the previous year-end. Current assets was ¥253,123 million, an increase of ¥49,147 million (24.1%). This was mainly attributable to cash and deposits, which rose by ¥36,466 million (50.3%), and an increase of ¥5,131 million (7.2%) in notes and accounts receivable – trade. Non-current assets was ¥94,266 million, an increase of ¥9,321 million (11.0%). Property, plant and equipment was ¥46,520 million, an increase of ¥4,031 million (9.5%). This was mainly attributable to an increase of ¥3,062 million (48.2%) in Right-of-use assets. Intangible assets increased by ¥3,938 million (12.4%) to ¥35,719 million. Investments and other assets increased by ¥1,350 million (12.7%) to ¥12,026 million.

2) Liabilities

Total liabilities amounted to ¥67,430 million, an increase of ¥12,078 million (21.8%) compared to the previous year-end. Current liabilities was ¥52,410 million, an increase of ¥9,819 million (23.1%). This was mainly attributable to Income taxes payable, which rose by ¥4,378 million (157.7%), and an increase of ¥2,159 million (11.1%) in notes and accounts payable – trade. Long-term liabilities was ¥15,019 million, due mainly to an increase of ¥2,534 million (88.2%) in lease obligations.

As a result, the current ratio was 4.8 times, and the Company maintained high stability.

3) Net assets

Total net assets amounted to ¥279,959 million, an increase of ¥46,390 million (19.9%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥30,195 million (13.2%) due to an increase of ¥29,739 million (15.6%) in retained earnings, and an increase of ¥15,882 million in accumulated other comprehensive income including foreign currency translation adjustments.

As a result, the equity ratio was 79.8%, compared to 80.0% at the end of the previous year.

(3) Overview of Cash Flows for the Fiscal Year

At the end of the fiscal year, cash and cash equivalents amounted to ¥101,443 million, an increase of ¥29,479 million compared to the previous year-end.

1) Cash flows from operating activities

Cash inflows from operating activities was ¥55,391 million, an increase of ¥18,898 million compared to the previous year.

The breakdown is as follows. Income before income taxes was ¥51,131 million. Depreciation and amortization was ¥15,341 million. The amount of increase in notes and accounts receivable - trade was ¥511 million. An increase in inventories was ¥2,857 million. The amount of increase in notes and accounts payable – trade was ¥1,029 million. Income taxes paid was ¥10,655 million.

2) Cash flows from investing activities

Cash outflows from investing activities was ¥22,761 million, an increase of ¥15,692 million compared to the previous year. The breakdown is as follows. The purchase of fixed assets was ¥16,508 million. Payments into time deposits was ¥13,463 million. Refund from time deposits was ¥7,102 million.

3) Cash flows from financing activities

Cash outflows from financing activities was ¥9,609 million, an increase of ¥4,078 million compared to the previous year. The main item was dividends paid of ¥7,817 million.

(Reference) Trend of cash flow indicators

	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Equity ratio (%)	76.1	80.6	79.2	80.0	79.8
Equity ratio (market value basis) (%)	339.9	309.3	252.6	316.2	300.0
Interest-bearing debt to cash flow ratio (%)	0.4	—	18.4	11.2	13.0
Interest coverage ratio (times)	21,868.1	8,853.9	360.1	541.8	623.9

1. Equity ratio: Shareholders' equity / Total assets
2. Equity ratio (market value basis): Total market capitalization / Total assets
3. Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows
4. Interest coverage ratio: Cash flows / Interest expenses

Notes:

1. All indicators are calculated using consolidated financial figures.
2. Total market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of that date.
3. Cash flows are cash flows from operating activities stated in the consolidated statements of cash flows. Interest-bearing debt includes convertible bonds and lease obligations according to application of IFRS16 "Leases" from the fiscal year ended March 31, 2020. Interest expenses are interest expenses paid stated in the consolidated statements of cash flows.

(4) Future Outlook

It is expected that the global economy and the Japanese economy will continue to face uncertain business environments amid structural transitions of post-corona market and shifts toward regional blocks in the global supply chain. In the industrial sector, however, demand for automation is expected to increase globally in anticipation of post-corona.

To meet these customer needs, we will continue to advance our IT, logistics, and manufacturing business foundations and further refine our "global reliable and quick delivery".

In addition, we will focus on regions, businesses and services that with higher growth potential and profitability, and strive to innovate the business model in anticipation of the changes in the competition environment and geopolitical risks, among others.

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2023, MISUMI Group expects net sales of 403.5 billion yen, operating income of 57.3 billion yen, and net income attributable to owners of parent of 42.0 billion yen.

(Forex assumptions: 120.0 yen/USD, 132.0 yen/EUR, 18.7 yen/RMB)

Note that this earnings forecast may change due to changes in the business environment such as the spread of COVID-19 infection and the growing geopolitical risks in the future. We will promptly notify the public when an event that should be disclosed occurs.

[Considerations related to estimated earnings]

The outlook for the year ending March 2023 and the future posted in this document has been prepared on the basis of information that is available at the current point in time, such as the domestic and foreign economic climate, changes in the exchange rates of various currencies, and other factors that may affect business performance, that has been determined as logical by MISUMI Group, but include risks and uncertainties. Therefore, please refrain from making investment decisions solely on the basis of such outlook. The actual business performance may differ greatly from this outlook based on various factors. Such factors include the economic climate, market trends and exchange rates that affect MISUMI Group.

2. Basic Policy Regarding Selection of Accounting Standards

The Group intends to consider adopting the International Financial Reporting Standards (IFRS) in view of the trend of the ratio of foreign shareholders and the trend in IFRS adoption by other companies in Japan from now on.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	72,428	108,895
Notes and accounts receivable - trade	71,687	76,819
Merchandise and finished goods	46,329	50,593
Work in process	2,513	2,823
Raw materials and supplies	6,501	8,324
Income taxes receivable	99	452
Other	4,693	5,498
Allowance for doubtful accounts	(277)	(282)
Total current assets	203,976	253,123
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,808	26,550
Accumulated depreciation	(11,494)	(12,734)
Buildings and structures, net	14,314	13,815
Machinery, equipment and vehicles	35,170	40,493
Accumulated depreciation	(19,362)	(24,221)
Machinery, equipment and vehicles, net	15,808	16,272
Land	3,950	3,876
Right-of-use assets	6,347	9,410
Accumulated depreciation	(2,713)	(2,686)
Right-of-use assets, net	3,633	6,724
Construction in progress	2,252	3,210
Other	7,813	8,700
Accumulated depreciation	(5,284)	(6,079)
Other, net	2,529	2,620
Total property, plant and equipment	42,488	46,520
Intangible assets		
Software	26,215	28,527
Other	5,565	7,192
Total intangible assets	31,781	35,719
Investments and other assets		
Investment securities	6	6
Deferred tax assets	6,094	6,550
Other	4,917	5,824
Allowance for doubtful accounts	(343)	(355)
Total investments and other assets	10,675	12,026
Total non-current assets	84,945	94,266
Total assets	288,921	347,390

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,458	21,617
Lease obligations	1,208	1,775
Accounts payable - other	8,024	9,208
Income taxes payable	2,775	7,154
Provision for bonuses	3,571	4,819
Provision for directors' bonuses	41	250
Other	7,510	7,585
Total current liabilities	42,591	52,410
Long-term liabilities		
Lease obligations	2,874	5,409
Deferred tax liabilities	845	939
Liability for retirement benefits	6,811	6,872
Other	2,228	1,798
Total long-term liabilities	12,760	15,019
Total liabilities	55,351	67,430
Net assets		
Shareholders' equity		
Common stock	13,436	13,664
Capital surplus	23,791	24,020
Retained earnings	190,779	220,519
Treasury stock	(78)	(79)
Total shareholders' equity	227,929	258,125
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	-	36
Foreign currency translation adjustments	3,371	19,063
Defined retirement benefit plans	(153)	(0)
Total accumulated other comprehensive income	3,217	19,100
Stock acquisition rights	1,787	1,937
Non-controlling interests	634	797
Total net assets	233,569	279,959
Total liabilities and net assets	288,921	347,390

(2) Consolidated Statement of Income and Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	310,719	366,160
Cost of sales	175,841	199,296
Gross profit	134,878	166,863
Selling, general and administrative expenses	107,679	114,652
Operating income	27,199	52,210
Non-operating income		
Interest income	306	532
Share of profit of entities accounted for using equity method	29	37
Miscellaneous income	343	473
Total non-operating income	678	1,043
Non-operating expenses		
Interest expenses	67	99
Sales discounts	77	—
Foreign exchange losses	256	450
Miscellaneous loss	286	204
Total non-operating expenses	688	753
Ordinary income	27,189	52,500
Extraordinary income		
Gain on sale of non-current assets	—	57
Total extraordinary income	—	57
Extraordinary losses		
Loss on sale of non-current assets	392	—
Impairment loss	3,300	642
Loss related to COVID-19	—	783
Total extraordinary losses	3,693	1,426
Income before income taxes	23,496	51,131
Income taxes - current	7,008	13,975
Income taxes - deferred	(689)	(466)
Income taxes	6,319	13,509
Net income	17,176	37,621
Net income attributable to non-controlling interests	38	64
Net income attributable to owners of parent	17,138	37,557

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net income	17,176	37,621
Other comprehensive income		
Deferred gain (loss) on hedges	–	36
Foreign currency translation adjustments	7,857	15,706
Defined retirement benefit plans	(65)	153
Share of other comprehensive income in associates	0	9
Total other comprehensive income	7,793	15,906
Comprehensive income	24,969	53,528
Comprehensive income attributable to		
Owners of parent	24,900	53,439
Non-controlling interests	69	88

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	13,231	23,586	177,317	(78)	214,057
Changes of items during fiscal year					
Issuance of new shares	205	205	—	—	410
Dividends of surplus	—	—	(3,676)	—	(3,676)
Net income attributable to owners of parent	—	—	17,138	—	17,138
Purchase of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	0	—	0	0
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during fiscal year	205	205	13,462	(0)	13,871
Balance at end of fiscal year	13,436	23,791	190,779	(78)	227,929

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	—	(4,455)	(88)	(4,543)	1,560	555	211,630
Changes of items during fiscal year							
Issuance of new shares	—	—	—	—	—	—	410
Dividends of surplus	—	—	—	—	—	—	(3,676)
Net income attributable to owners of parent	—	—	—	—	—	—	17,138
Purchase of treasury stock	—	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	—	0
Net changes of items other than shareholders' equity	—	7,826	(65)	7,761	226	79	8,067
Total changes of items during fiscal year	—	7,826	(65)	7,761	226	79	21,939
Balance at end of fiscal year	—	3,371	(153)	3,217	1,787	634	233,569

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	13,436	23,791	190,779	(78)	227,929
Changes of items during fiscal year					
Issuance of new shares	228	228	—	—	456
Dividends of surplus	—	—	(7,817)	—	(7,817)
Net income attributable to owners of parent	—	—	37,557	—	37,557
Purchase of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during fiscal year	228	228	29,739	(0)	30,195
Balance at end of fiscal year	13,664	24,020	220,519	(79)	258,125

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	—	3,371	(153)	3,217	1,787	634	233,569
Changes of items during fiscal year							
Issuance of new shares	—	—	—	—	—	—	456
Dividends of surplus	—	—	—	—	—	—	(7,817)
Net income attributable to owners of parent	—	—	—	—	—	—	37,557
Purchase of treasury stock	—	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	36	15,692	153	15,882	149	162	16,194
Total changes of items during fiscal year	36	15,692	153	15,882	149	162	46,390
Balance at end of fiscal year	36	19,063	(0)	19,100	1,937	797	279,959

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	23,496	51,131
Depreciation and amortization	14,963	15,341
Impairment loss	3,300	642
Increase (decrease) in liability for retirement benefits	693	249
Increase (decrease) in provision for bonuses	1,002	1,080
Increase (decrease) in provision for directors' bonuses	10	208
Increase (decrease) in allowance for doubtful accounts	147	(10)
Interest and dividend income	(312)	(539)
Interest expenses	67	99
Share-based compensation expenses	606	589
Foreign exchange (gains) losses	67	47
Share of (profit) loss of entities accounted for using equity method	(29)	(37)
Loss related to COVID-19	—	783
(Increase) decrease in notes and accounts receivable - trade	(5,767)	(511)
(Increase) decrease in inventories	1,860	(2,857)
Increase (decrease) in accounts payable - other	(97)	1,153
(Increase) decrease in consumption taxes refund receivable	835	(870)
Increase (decrease) in notes and accounts payable - trade	1,900	1,029
(Increase) decrease in other assets	(64)	(368)
Increase (decrease) in other liabilities	640	(987)
Subtotal	43,323	66,172
Interest and dividend income received	315	396
Interest expenses paid	(67)	(88)
Payments related to COVID-19	—	(773)
Income taxes refund	359	338
Income taxes paid	(7,438)	(10,655)
Net cash provided by operating activities	36,492	55,391
Cash flows from investing activities		
Purchase of fixed assets	(14,016)	(16,508)
Proceeds from sales of fixed assets	132	220
Payments into time deposits	(2,147)	(13,463)
Refund from time deposits	8,740	7,102
Payments for lease and guarantee deposits	(385)	(1,284)
Proceeds from collection of lease and guarantee deposits	574	1,144
Other, net	33	26
Net cash used in investing activities	(7,069)	(22,761)
Cash flows from financing activities		
Proceeds from issuance of stock	30	17
Repayments of lease obligations	(1,881)	(1,808)
Dividends paid	(3,676)	(7,817)
Other, net	(3)	(0)
Net cash used in financing activities	(5,530)	(9,609)
Effect of exchange rate change on cash and cash equivalents	3,631	6,459
Net increase (decrease) in cash and cash equivalents	27,524	29,479
Cash and cash equivalents at beginning of fiscal year	44,439	71,964
Cash and cash equivalents at end of fiscal year	71,964	101,443

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter “Revenue Recognition Standard”), etc. from the beginning of the fiscal year ended March 31, 2022, and recognizes revenue when control over promised goods or services is transferred to a customer in an amount of consideration to which it expects to be entitled in exchange of those goods or services. As a result, with regard to transactions of providing parts to suppliers with compensation for which the Company bears a repurchase obligation, inventories continue to be recognized as a result of deemed financing transactions, and the amount of the ending inventory of those parts retained by the suppliers are recognized as financial liabilities.

The application of the Revenue Recognition Standard is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Standard. There is no impact on the balance of retained earnings at beginning of fiscal year, profit/loss for the fiscal year ended March 31, 2022, and per share information. As a result, compared with figures calculated using the previous accounting procedures, merchandise and finished goods increased by ¥496 million, and current liabilities – other increased by ¥496 million as of March 31, 2022.

In accordance with the transitional treatment stipulated in paragraph 89-3 of the Revenue Recognition Standard, the information on disaggregation of revenue from contracts with customers for the fiscal year ended March 31, 2021 is not stated.

(Application of Accounting Standard for Fair Value Measurement and other standards)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter “Fair Value Measurement Standard”), etc. from the beginning of the fiscal year ended March 31, 2022, and will continue to apply new accounting policies established by the Fair Value Measurement Standard in the future pursuant to the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on consolidated financial statements.

(Changes in accounting estimates)

Not applicable

(Changes in presentation method)

(Consolidated statement of income)

“Loss on retirement of non-current assets” under “Non-operating expenses,” which was independently presented in the previous fiscal year, is included in “Miscellaneous loss” in the fiscal year ended March 31, 2022, because it decreased to less than 10/100 of the total amount of non-operating expenses. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Loss on retirement of non-current assets” of ¥129 million and “Miscellaneous loss” of ¥156 million, which were presented under “Non-operating expenses” in the consolidated statement of income for the previous fiscal year, are reclassified as “Miscellaneous loss” of ¥286 million.

(Additional information)

(Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system)

The Company and its consolidated subsidiaries in Japan will transition from the consolidated taxation system to the group tax sharing system from the fiscal year ending March 31, 2023. However, regarding items that have been transitioned to a group tax sharing system established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), and for which a revision of the non-consolidated taxation system has been carried out pursuant to this transition, the Company and its consolidated subsidiaries in Japan have not applied the provisions in paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment prescribed in paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities for these items are based on taxation law as it was before the amendment.

Effective from the beginning of the fiscal year ending March 31, 2023, the Company plans to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021), which provides for accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in the case where a group tax sharing system is applied.

(Segment information)

[Segment information]

1. Description of reportable segments

Reportable segments are parts of the Group whose financial data can be obtained separately. The Board of Directors reviews the financial data periodically to evaluate earnings and determine how to allocate business resources.

The Group consists of MISUMI Group Inc. (the Company), 50 consolidated subsidiaries, 1 non-consolidated subsidiary and 2 affiliated companies, operating in three business segments: FA Business, Die Components Business and VONA Business.

“FA Business” develops and provides standard components that help streamline production and save labor costs in a production system such as factory automation as well as auto locating modules for high-precision production equipment. Various optics research and experimental equipment and components for production equipment, which change due to digitalization of electronic devices, are also developed and offered.

“Die Components Business” serves the automotive, electronics, and electrical machinery industries by developing and supplying standardized die components for metal press and plastic injection molding applications and precision die components.

“VONA Business” provides third-party brands alongside original MISUMI-branded products mainly through online sales. It provides indirect materials such as MRO (consumables), etc as well as manufacturing, automation-related equipment parts.

2. Method of computing net sales, income/loss and assets/liabilities by reportable segment

Accounting treatment applied for reportable business segments is consistent with those described in “Basis of Presentation of Consolidated Financial Statements.”

Income of reportable segments is presented on an operating income basis.

3. Net sales, income/loss and assets/liabilities, and disaggregation of revenue by reportable segment
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	102,244	66,871	141,602	310,719	–	310,719
Internal sales to other segments	–	–	–	–	–	–
Total	102,244	66,871	141,602	310,719	–	310,719
Segment income	16,115	4,930	6,152	27,199	–	27,199
Segment income before amortization of goodwill*	16,115	5,520	6,152	27,789	–	27,789

*(Note)

Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

(Note) For the Group's internal management, assets (or liabilities) are not allocated to reportable segments. Thus, assets (or liabilities) by reportable segment are not presented.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Revenue from contracts with customers	119,253	75,108	171,799	366,160	–	366,160
Sales to customers	119,253	75,108	171,799	366,160	–	366,160
Internal sales to other segments	–	–	–	–	–	–
Total	119,253	75,108	171,799	366,160	–	366,160
Segment income	23,381	9,542	19,287	52,210	–	52,210
Segment income before amortization of goodwill*	23,381	10,010	19,287	52,677	–	52,677

*(Note)

Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

(Note) For the Group's internal management, assets (or liabilities) are not allocated to reportable segments. Thus, assets (or liabilities) by reportable segment are not presented.

[Supplementary information]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

Information by product and service is not presented because similar information is presented in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
154,748	63,517	43,126	27,548	16,089	5,689	310,719

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
16,630	7,317	6,507	4,416	7,616	42,488

3. Information by major customer

Information by major customer is not presented because sales to no specific customer account for 10% or more of net sales in the consolidated statement of income.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by product and service

Information by product and service is not presented because similar information is presented in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
175,463	74,986	53,918	33,899	20,781	7,110	366,160

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
15,161	11,052	6,205	4,939	9,161	46,520

3. Information by major customer

Information by major customer is not presented because sales to no specific customer account for 10% or more of net sales in the consolidated statement of income.

[Information on impairment losses of fixed assets by reportable segment]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

The Company posted impairment losses of ¥791 million in the FA Business, of ¥2,415 million in the Die Components Business, and ¥5 million in the VONA Business. The impairment loss on Companywide assets was ¥88 million.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

For the Group's internal management, impairment losses of non-current assets are not allocated to reportable segments. Thus, impairment losses by reportable segment are ¥642 million.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Not applicable

[Information on gain from negative goodwill by reportable segment]

Not applicable

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	813.57	975.04
Net income per share	60.36	132.15
Net income per share (diluted)	60.14	131.72

Notes:

1. The basis for the calculation of net assets per share is as follows.

	As of March 31, 2021	As of March 31, 2022
Total net assets (Millions of yen)	233,569	279,959
Net assets pertaining to shares of common stock (Millions of yen)	231,147	277,225
Major components of the difference (Millions of yen)		
Stock acquisition rights	1,787	1,937
Non-controlling interests	634	797
Number of shares of common stock outstanding (Thousands of shares)	284,244	284,452
Number of treasury stock (Thousands of shares)	129	129
Number of shares of common stock used for calculation of net assets per share (Thousands of shares)	284,114	284,323

2. The basis for the calculation of net income per share and net income per share (diluted) is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net income per share		
Net income attributable to owners of parent (Millions of yen)	17,138	37,557
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to shares of common stock (Millions of yen)	17,138	37,557
Average number of shares of common stock in the fiscal year (Thousands of shares)	283,943	284,200
Net income per share (diluted)		
Adjusted net income attributable to owners of parent (Millions of yen)	—	—
Major components of the increase in the number of shares of common stock used for calculation of net income per share (diluted) (Thousands of shares)		
Stock acquisition rights	1,024	935
Increase in the number of shares of common stock (Thousands of shares)	1,024	935
Summary of residual shares not included in calculation of net income per share (diluted) because of no dilutive effect	—	Stock acquisition rights by resolution of the Board of Directors on November 18, 2021 Number of stock acquisition rights: 997 (Number of common shares: 99,700)

(Significant subsequent events)

Not applicable