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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]



May 6, 2021

Company name: MISUMI Group Inc. Stock exchange listing: Tokyo Stock Exchange  
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 Scheduled date of Annual General Meeting of Shareholders: June 17, 2021  
 Scheduled date of dividend payments: June 23, 2021  
 Scheduled date of filing securities report: June 25, 2021  
 Preparation of supplemental explanatory materials: Yes (materials for institutional investors)  
 Holding of financial results meeting: Yes (meeting for institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	310,719	(0.8)	27,199	15.1	27,189	17.0	17,138	3.8
March 31, 2020	313,337	(5.6)	23,640	(25.8)	23,245	(26.9)	16,504	(31.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥24,969 million 130.9%  
 Fiscal year ended March 31, 2020: ¥10,816 million (54.9)%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	60.36	60.14	7.8	9.8	8.8
March 31, 2020	58.18	57.98	8.0	9.0	7.5

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2021: ¥29 million

Fiscal year ended March 31, 2020: ¥50 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	288,921	233,569	80.0	813.57
As of March 31, 2020	264,684	211,630	79.2	737.99

(Reference) Shareholders' equity: As of March 31, 2021: ¥231,147 million  
 As of March 31, 2020: ¥209,514 million

### (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, 2021	36,492	(7,069)	(5,530)	71,964
March 31, 2020	28,218	(16,659)	(6,428)	44,439

### 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, 2020	Yen —	Yen 7.51	Yen —	Yen 7.04	Yen 14.55
Fiscal year ended March 31, 2021	—	5.91	—	9.18	15.09
Fiscal year ending March 31, 2022 (Forecast)	—	12.32	—	11.79	24.11

	Total cash dividends paid	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
Fiscal year ended March 31, 2020	Million yen 4,128	% 25.0	% 2.0
Fiscal year ended March 31, 2021	4,286	25.0	1.9
Fiscal year ending March 31, 2022 (Forecast)		25.0	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
2nd quarter-end (Cumulative)	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	168,000	17.2	19,400	112.6	19,200	110.8	14,000	108.7	49.31
	340,000	9.4	38,000	39.7	37,600	38.3	27,400	59.9	96.50

**\* 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: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (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, 2021 : 284,244,497 shares
    - As of March 31, 2020 : 284,028,197 shares
  - 2) Total number of treasury stock at the end of the fiscal year:
    - As of March 31, 2021 : 129,760 shares
    - As of March 31, 2020 : 129,616 shares
  - 3) Weighted average number of shares outstanding during the fiscal year:
    - Fiscal year ended March 31, 2021 : 283,943,994 shares
    - Fiscal year ended March 31, 2020 : 283,700,700 shares

(Reference) Overview of Non-consolidated Financial Results

**Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)**

(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, 2021	22,120	(6.3)	3,679	(9.2)	4,134	(1.0)	3,920	0.9
March 31, 2020	23,608	(10.1)	4,051	(10.8)	4,177	(10.2)	3,885	(11.3)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Fiscal year ended		
March 31, 2021	13.81	13.76
March 31, 2020	13.70	13.65

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	71,104	64,636	88.4	221.21
As of March 31, 2020	71,849	63,755	86.6	219.07

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

As of March 31, 2020: ¥62,194 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 FY2020 was impacted by the spread of COVID-19 infection throughout the entire fiscal year; notwithstanding, the economy in China recovered quickly primarily in the manufacturing industry, and business conditions in other overseas regions also improved from the latter half of the fiscal year with capital investment demand on a recovery trend. In Japan, although there were signs of recovery in some industries such as semiconductors at the end of the fiscal year, full-scale demand did not recover.

Even in such an economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and by advancing the business foundation that supports these businesses globally, we are contributing to the manufacturing industry worldwide by responding to customer's reliable quick delivery needs. Amidst the continued impact of COVID-19, we continued to steadily provide products meeting customers' reliable and quick delivery needs, by fully utilizing the strong business foundations built to date in IT, logistics, and production; as well as leveraging the global network. Although demand of overseas regions recovered gradually throughout the year, sales decreased slightly year-on-year due to the impact of sluggish business conditions in the first half. Profits, on the other hand, increased due to the effects of profitability improvement measures.

Consequently, consolidated net sales were ¥310,719 million (0.8% decrease year-on-year). In terms of profits, operating income was ¥27,199 million (15.1% increase year-on-year) owing to the thorough control of SG&A expenses by fundamentally eliminating inefficient operations, while carefully selected and continuing upfront investment essential for sustainable growth. Ordinary income was ¥27,189 million (17.0% increase year-on-year), and net income attributable to owners of parent was ¥17,138 million (3.8% increase year-on-year).

(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	99,403	102,244	2.9	12,578	16,115	28.1
Die Components Business	72,413	66,871	(7.7)	5,009	4,930	(1.6)
VONA Business	141,519	141,602	0.1	6,052	6,152	1.7
Total	313,337	310,719	(0.8)	23,640	27,199	15.1

#### ① Factory Automation (FA) Business

In the FA business, in addition to China's strong performance throughout the year, other regions showed a recovery trend in the latter half of the fiscal year, with sales of ¥102,244 million (2.9% increase year-on-year). Operating income was ¥16,115 million (28.1% increase year-on-year) owing to the recovery of sales volume and thorough profitability improvement measures.

#### ② Die Components Business

In the Die components business, although the automobile-related business showed a gradual recovery in the second half, it could not compensate for the shortfall in the first half with sales of ¥66,871 million (7.7% decrease year-on-year). Although the impact of the decrease in sales was mostly covered by restraining SG&A expenses, operating income was ¥4,930 million (1.6% decrease year-on-year).

#### ③ VONA Business

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials, and MRO (consumable) products. This business segment includes MISUMI brand products, as well as third-party manufacturer's products. Despite the impact of sluggish capital investment in Japan, overseas sales were favorable on the whole, owing to reliable quick deliveries being bolstered as well as the cultivation of new customers. Sales was ¥141,602 million (0.1% increase year-on-year). Operating income was ¥6,152 million (1.7% increase year-on-year) due to the effects of eliminating inefficient operations, and price adjustments.

## **(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 ¥288,921 million, an increase of ¥24,236 million (9.2%) compared to the previous year-end. Current assets was ¥203,976 million, an increase of ¥27,580 million (15.6%). This was mainly attributable to cash and deposits which rose by ¥20,781 million (40.2%) and an increase of ¥8,509 million (13.5%) in notes and accounts receivable – trade. Non-current assets was ¥84,945 million, a decrease of ¥3,344 million (3.8%). Property, plant and equipment was ¥42,488 million, a decrease of ¥3,014 million (6.6%). This was mainly attributable to a decrease of ¥3,592 million (61.5%) in construction in progress. Intangible assets decreased by ¥553 million (1.7%) to ¥31,781 million. Investments and other assets increased by ¥223 million (2.1%) to ¥10,675 million.

#### **2) Liabilities**

Total liabilities amounted to ¥55,351 million, an increase of ¥2,297 million (4.3%) compared to the previous year-end. Current liabilities was ¥42,591 million, an increase of ¥1,998 million (4.9%). This was mainly attributable to an increase of ¥2,009 million (11.5%) in notes and accounts payable – trade. Long-term liabilities was ¥12,760 million, due mainly to an increase of ¥803 million (13.4%) in liability for retirement benefits, while lease obligations decreased by ¥654 million (18.6%).

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

#### **3) Net assets**

Total net assets amounted to ¥233,569 million, an increase of ¥21,939 million (10.4%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥13,871 million (6.5%) due to an increase of ¥13,462 million (7.6%) in retained earnings, and an increase of ¥7,761 million in accumulated other comprehensive income including foreign currency translation adjustments.

As a result, the equity ratio was 80.0%, compared to 79.2% at the end of the previous year.

### (3) Overview of Cash Flows for the Fiscal Year

#### • Cash flows

At the end of the fiscal year, cash and cash equivalents amounted to ¥71,964 million, an increase of ¥27,524 million compared to the previous year-end.

#### 1) Cash flows from operating activities

Cash inflows from operating activities was ¥36,492 million, an increase of ¥8,274 million compared to the previous year.

The breakdown of cash flows from operating activities is as follows. Income before income taxes was ¥23,496 million. Depreciation and amortization was ¥14,963 million. The amount of increase in notes and accounts receivable - trade was ¥5,767 million. A decrease in inventories was ¥1,860 million. The amount of increase in notes and accounts payable – trade was ¥1,900 million. Income taxes paid was ¥7,438 million.

#### 2) Cash flows from investing activities

Cash outflows from investing activities was ¥7,069 million, a decrease of ¥9,590 million compared to the previous year. The breakdown of cash flows from investing activities is as follows. The purchase of fixed assets was ¥14,016 million. Payments into time deposits was ¥2,147 million. Refund from time deposits was ¥8,740 million.

#### 3) Cash flows from financing activities

Cash outflows from financing activities was ¥5,530 million, a decrease of ¥897 million compared to the previous year. The main item of cash flows from financing activities was dividends paid of ¥3,676 million.

(Reference) Trend of cash flow indicators

	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Equity ratio (%)	72.9	76.1	80.6	79.2	80.0
Equity ratio (market value basis) (%)	261.5	339.9	309.3	252.6	316.2
Interest-bearing debt to cash flow ratio (%)	53.3	0.4	—	18.4	11.2
Interest coverage ratio (times)	4,972.6	21,868.1	8,853.9	360.1	541.8

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 caused by the impact of the prolonged spread of COVID-19 infection and the US-China conflict. In the industrial sector, 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 accelerate the shift of resources to businesses with higher growth potential and profitability, and strive to innovate the business models in anticipation of transitions occurring in the post-corona market structure, as well as changes in the competitive environment.

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2022, MISUMI Group expects net sales of 340.0 billion yen, operating income of 38.0 billion yen, and net income attributable to owners of parent of 27.4 billion yen.

(Forex assumptions: 105.0 yen/USD, 125.0 yen/EUR, 16.0 yen/RMB)

Note that this earnings forecast may change due to changes in the business environment such as the spread of COVID-19 infection 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 2022 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, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	51,646	72,428
Notes and accounts receivable - trade	63,178	71,687
Merchandise and finished goods	46,506	46,329
Work in process	2,391	2,513
Raw materials and supplies	6,280	6,501
Income taxes receivable	776	99
Other	5,857	4,693
Allowance for doubtful accounts	(242)	(277)
Total current assets	176,395	203,976
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,685	25,808
Accumulated depreciation	(10,216)	(11,494)
Buildings and structures, net	12,469	14,314
Machinery, equipment and vehicles	33,342	35,170
Accumulated depreciation	(17,998)	(19,362)
Machinery, equipment and vehicles, net	15,344	15,808
Land	4,249	3,950
Right-of-use assets	6,856	6,347
Accumulated depreciation	(1,708)	(2,713)
Right-of-use assets, net	5,147	3,633
Construction in progress	5,844	2,252
Other	7,441	7,813
Accumulated depreciation	(4,993)	(5,284)
Other, net	2,447	2,529
Total property, plant and equipment	45,503	42,488
Intangible assets		
Software	25,734	26,215
Other	6,600	5,565
Total intangible assets	32,334	31,781
Investments and other assets		
Investment securities	6	6
Deferred tax assets	5,737	6,094
Other	4,914	4,917
Allowance for doubtful accounts	(206)	(343)
Total investments and other assets	10,451	10,675
Total non-current assets	88,289	84,945
Total assets	264,684	288,921

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,448	19,458
Lease obligations	1,663	1,208
Accounts payable - other	9,961	8,024
Income taxes payable	2,658	2,775
Provision for bonuses	2,463	3,571
Provision for directors' bonuses	30	41
Other	6,365	7,510
Total current liabilities	40,592	42,591
Long-term liabilities		
Lease obligations	3,529	2,874
Deferred tax liabilities	1,353	845
Liability for retirement benefits	6,008	6,811
Other	1,571	2,228
Total long-term liabilities	12,462	12,760
<b>Total liabilities</b>	<b>53,054</b>	<b>55,351</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,231	13,436
Capital surplus	23,586	23,791
Retained earnings	177,317	190,779
Treasury stock	(78)	(78)
Total shareholders' equity	214,057	227,929
Accumulated other comprehensive income		
Foreign currency translation adjustments	(4,455)	3,371
Defined retirement benefit plans	(88)	(153)
Total accumulated other comprehensive income	(4,543)	3,217
Stock acquisition rights	1,560	1,787
Non-controlling interests	555	634
<b>Total net assets</b>	<b>211,630</b>	<b>233,569</b>
<b>Total liabilities and net assets</b>	<b>264,684</b>	<b>288,921</b>

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

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	313,337	310,719
Cost of sales	179,751	175,841
Gross profit	133,585	134,878
Selling, general and administrative expenses	109,944	107,679
Operating income	23,640	27,199
Non-operating income		
Interest income	276	306
Share of profit of entities accounted for using equity method	50	29
Miscellaneous income	342	343
Total non-operating income	670	678
Non-operating expenses		
Interest expenses	78	67
Sales discounts	72	77
Foreign exchange losses	683	256
Loss on retirement of non-current assets	138	129
Miscellaneous loss	92	156
Total non-operating expenses	1,065	688
Ordinary income	23,245	27,189
Extraordinary losses		
Loss on sale of non-current assets	—	392
Impairment loss	464	3,300
Total extraordinary losses	464	3,693
Income before income taxes	22,781	23,496
Income taxes - current	6,665	7,008
Income taxes - deferred	(415)	(689)
Income taxes	6,249	6,319
Net income	16,531	17,176
Net income attributable to non-controlling interests	27	38
Net income attributable to owners of parent	16,504	17,138

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net income	16,531	17,176
Other comprehensive income (loss)		
Foreign currency translation adjustments	(5,696)	7,857
Defined retirement benefit plans	(12)	(65)
Share of other comprehensive income (loss) in associates	(6)	0
Total other comprehensive income (loss)	(5,715)	7,793
Comprehensive income	10,816	24,969
Comprehensive income (loss) attributable to		
Owners of parent	10,824	24,900
Non-controlling interests	(8)	69

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	13,023	23,378	166,060	(78)	202,384
Changes of items during fiscal year					
Issuance of new shares	208	208	—	—	416
Dividends of surplus	—	—	(5,247)	—	(5,247)
Net income attributable to owners of parent	—	—	16,504	—	16,504
Purchase of treasury stock	—	—	—	—	—
Disposal of treasury stock	—	—	—	0	0
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during fiscal year	208	208	11,257	0	11,673
Balance at end of fiscal year	13,231	23,586	177,317	(78)	214,057

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,211	(75)	1,135	1,331	572	205,424
Changes of items during fiscal year						
Issuance of new shares	—	—	—	—	—	416
Dividends of surplus	—	—	—	—	—	(5,247)
Net income attributable to owners of parent	—	—	—	—	—	16,504
Purchase of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	0
Net changes of items other than shareholders' equity	(5,666)	(12)	(5,679)	229	(17)	(5,467)
Total changes of items during fiscal year	(5,666)	(12)	(5,679)	229	(17)	6,205
Balance at end of fiscal year	(4,455)	(88)	(4,543)	1,560	555	211,630

**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
	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

#### (4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	22,781	23,496
Depreciation and amortization	13,070	14,963
Impairment loss	464	3,300
Increase (decrease) in liability for retirement benefits	577	693
Increase (decrease) in provision for bonuses	(14)	1,002
Increase (decrease) in provision for directors' bonuses	(5)	10
Increase (decrease) in allowance for doubtful accounts	73	147
Interest and dividend income	(282)	(312)
Interest expenses	78	67
Share-based compensation expenses	626	606
Foreign exchange (gains) losses	(75)	67
Share of (profit) loss of entities accounted for using equity method	(50)	(29)
(Increase) decrease in notes and accounts receivable - trade	2,486	(5,767)
(Increase) decrease in inventories	(5,151)	1,860
Increase (decrease) in accounts payable - other	(115)	(97)
(Increase) decrease in consumption taxes refund receivable	39	835
Increase (decrease) in notes and accounts payable - trade	(341)	1,900
(Increase) decrease in other assets	(406)	(64)
Increase (decrease) in other liabilities	1,244	640
Subtotal	35,000	43,323
Interest and dividend income received	270	315
Interest expenses paid	(78)	(67)
Income taxes refund	50	359
Income taxes paid	(7,024)	(7,438)
Net cash provided by operating activities	28,218	36,492
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(18,018)	(14,016)
Proceeds from sales of fixed assets	51	132
Payments into time deposits	(8,291)	(2,147)
Refund from time deposits	9,987	8,740
Payments for lease and guarantee deposits	(692)	(385)
Proceeds from collection of lease and guarantee deposits	123	574
Other, net	180	33
Net cash used in investing activities	(16,659)	(7,069)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	416	30
Repayments of lease obligations	(1,597)	(1,881)
Dividends paid	(5,247)	(3,676)
Other, net	0	(3)
Net cash used in financing activities	(6,428)	(5,530)
Effect of exchange rate change on cash and cash equivalents	(2,443)	3,631
Net increase (decrease) in cash and cash equivalents	2,686	27,524
Cash and cash equivalents at beginning of fiscal year	41,753	44,439
Cash and cash equivalents at end of fiscal year	44,439	71,964

## (5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Changes in accounting policies)

Not applicable

(Changes in accounting estimates)

Not applicable

(Additional information)

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

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.

(Accounting estimates in view of the spread of COVID-19)

The spread of COVID-19 has had a certain impact on capital investment demand in the manufacturing industry and customers’ operations. Accounting estimates, including inventory valuation, impairment accounting for non-current assets, and recoverability of deferred tax assets, have been calculated based on the assumption that COVID-19 will affect our business performance for a certain period of the fiscal year ending March 31, 2022.

This assumption is significantly affected by various factors such as the timing of when the spread of infection ends and so on. Future business results based on actual figures may therefore differ from these estimates and assumptions.

(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 or MRO (consumables) as well as production equipment.

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 by reportable segment

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	99,403	72,413	141,519	313,337	–	313,337
Internal sales to other segments	–	–	–	–	–	–
Total	99,403	72,413	141,519	313,337	–	313,337
Segment income	12,578	5,009	6,052	23,640	–	23,640
Segment income before amortization of goodwill*	12,578	5,616	6,052	24,247	–	24,247

\*(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, 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.

4. Differences between the total amount of reportable segments and the amounts in consolidated statement of income, and major breakdown of such differences (reconciliation)  
Not applicable

[Supplementary information]

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
168,331	50,406	44,872	28,001	15,999	5,724	313,337

(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
16,202	8,018	7,761	4,927	8,594	45,503

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, 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.

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

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

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 ¥464 million.

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.

[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, 2020	For the fiscal year ended March 31, 2021
Net assets per share	737.99	813.57
Net income per share	58.18	60.36
Net income per share (diluted)	57.98	60.14

Notes:

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

	As of March 31, 2020	As of March 31, 2021
Total net assets (Millions of yen)	211,630	233,569
Net assets pertaining to shares of common stock (Millions of yen)	209,514	231,147
Major components of the difference (Millions of yen)		
Stock acquisition rights	1,560	1,787
Non-controlling interests	555	634
Number of shares of common stock outstanding (Thousands of shares)	284,028	284,244
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)	283,898	284,114

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, 2020	For the fiscal year ended March 31, 2021
Net income per share		
Net income attributable to owners of parent (Millions of yen)	16,504	17,138
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)	16,504	17,138
Average number of shares of common stock in the fiscal year (Thousands of shares)	283,700	283,943
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	950	1,024
Increase in the number of shares of common stock (Thousands of shares)	950	1,024
Summary of residual shares not included in calculation of net income per share (diluted) because of no dilutive effect	—	—

(Significant subsequent events)

Not applicable