

SECOND QUARTER BRIEF REPORT OF FINANCIAL RESULTS [IFRS] (Consolidated)  
(Year ending March 31, 2022)

November 5, 2021

Registered

Company Name: MINEBEA MITSUMI Inc. Common Stock Listings: Tokyo  
Code No: 6479 URL: <https://www.minebeamitsumi.com/>  
Representative: Yoshihisa Kainuma Representative Director, CEO & COO  
Contact: Mitsunobu Yamamoto General Manager of Accounting Department  
Quarterly report filing date: November 11, 2021 Phone: (03) 6758-6711  
Expected date of payment for dividends: November 29, 2021  
Preparation of supplementary explanation material for quarterly financial results : Yes  
Holding of presentation meeting for quarterly financial results : Yes (For Analyst)

(Amounts less than one million yen have been rounded.)

1. Business Performance (April 1, 2021 through September 30, 2021)

(1) Consolidated Results of Operations (Year-to-date) (%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Profit before income taxes (millions of yen)	% Change
Six months ended Sep. 30, 2021	530,260	14.8	44,633	113.3	44,319	118.9
Six months ended Sep. 30, 2020	461,730	(4.6)	20,922	(8.8)	20,250	(11.9)

	Profit for the period (millions of yen)	% Change	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Comprehensive income for the period (millions of yen)	% Change
Six months ended Sep. 30, 2021	35,029	126.6	35,052	127.3	23,122	34.4
Six months ended Sep. 30, 2020	15,462	(9.1)	15,425	(5.5)	17,206	211.8

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)
Six months ended Sep. 30, 2021	86.45	84.51
Six months ended Sep. 30, 2020	37.77	36.95

(Notes) At March 31, 2021, provisional accounting treatments for business combinations were finalized, and the contents of finalization of the provisional accounting treatments are reflected on the figures for the first half of the fiscal year ended March 31, 2021.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Total equity (millions of yen)	Total equity attributable to owners of the parent (millions of yen)	Equity ratio attributable to owners of the parent (%)
As of Sep. 30, 2021	1,030,021	461,411	458,739	44.5
As of Mar. 31, 2021	976,771	453,998	451,141	46.2

2. Dividends

	Annual dividends				
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)
Year ended Mar. 31, 2021	—	14.00	—	22.00	36.00
Year ending Mar. 31, 2022	—	18.00			
Year ending Mar. 31, 2022 (Forecast)			—	18.00	36.00

(Notes) Changes from the latest dividend forecast: Yes

The year-end dividend will be increased 4 yen compared to the previous fiscal year (excluding the 70th anniversary commemorative dividend of 8 yen), bringing it to 18 yen per share. Considering the results this fiscal year, the dividends payout ratio will be set at around 20%.

3. Prospect for Consolidated Forecast for the Fiscal Year (April 1, 2021 through March 31, 2022)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change
Year ending Mar. 31, 2022	1,050,000	6.2	90,000	75.9

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Year ending Mar. 31, 2022	72,000	85.8	177.69

(Notes) Changes from the latest consolidated results forecast: Yes

\* Notes

(1) Changes in significant subsidiaries during the period (Changes in certain subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than 1: None

3. Changes in accounting estimates: Yes

(Notes) For details, please refer to “2. Condensed Quarterly Consolidated Financial Statements and Major Notes,” “(5) Notes on Condensed Quarterly Consolidated Financial Statements (Change in Accounting Estimate)” on page 13 of the documents attached hereunder.

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of each period (Including treasury stock)

As of September 30, 2021: 427,080,606 shares

As of March 31, 2021: 427,080,606 shares

2. Number of treasury shares at the end of each period

As of September 30, 2021: 22,151,367 shares

As of March 31, 2021: 20,418,303 shares

3. Average number of shares (Quarterly cumulative period)

Six months ended September 30, 2021: 405,449,759 shares

Six months ended September 30, 2020: 408,403,852 shares

\* These quarterly financial results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

\* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned forecasts are based on the information available as of the date when this information is disclosed as well as on the assumptions as of the disclosing date of this information related to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to “1. Qualitative information related to the financial results for the quarter,” “(3) Explanation of Consolidated Forecast and Other Forecasts” on page 5 of the documents attached hereunder.

(Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via our corporate website (<https://www.minebeamitsumi.com/>) on Friday, November 5, 2021.

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## 1. Qualitative information related to the financial results for the quarter

### (1) Explanation of Operating Results

During the six months ended September 30, 2021, the Japanese economy was on the rise due to an increase in exports against a backdrop of economic recovery abroad. This was despite sluggish consumer spending resulting from the extension of the state of emergency due to the resurgence of COVID-19. The U.S. economy was also bouncing back owing primarily to an increase in exports and corporate capital investment despite a decrease in automobile production due to the semiconductor shortage and the disruption of distribution. The European economy, too, is showing signs of a recovery. These include a resumption of consumer spending owing to the relaxation of restrictions as more people are vaccinated and an expansion of exports, particularly to the U.S. Meanwhile, the economic recovery in China has slowed due primarily to tightening of government-led infrastructure and real estate development investments. In Southeast Asia, the future of the economy remains uncertain as exports decelerate in conjunction with lockdowns imposed due to the spread of the Delta variant.

Working against this backdrop, the MinebeaMitsumi Group concentrated on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

As a result, net sales were up 68,530 million yen (14.8%) year on year to 530,260 million yen. Operating income was up 23,711 million yen (113.3%) year on year to 44,633 million yen, profit before income taxes was up 24,069 million yen (118.9%) year on year to 44,319 million yen, and profit for the period attributable to owners of the parent was up 19,627 million yen (127.3%) year on year to 35,052 million yen.

Provisional accounting treatments for business combinations were finalized at the end of the previous fiscal year, and the contents of finalization of the provisional accounting treatments are reflected on the figures for the first half of the previous year.

Performance by segment was as follows:

From the first quarter of the fiscal year, the classification of reporting segments has been changed for some businesses. The segment information disclosed for the first half of the previous year has been prepared based on the classification of reporting segments after the corporate organization change.

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings were up owing to favorable demand for use in fan motors associated with solid server demand at data centers. Rod-end bearing sales decreased due to decreased aircraft-related demand.

As a result, net sales were up 14,809 million yen (20.1%) year on year to 88,357 million yen, and operating income was up 8,752 million yen (62.2%) year on year to 22,819 million yen.

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers, and special devices. Demand for LED backlights for LCDs was down due to a decrease in the number of smartphone models using them, but net sales were up owing to increased demand for automotive motors.

As a result, net sales were up 13,529 million yen (7.9%) year on year to 184,127 million yen, and operating income was up 6,127 million yen (78.4%) year on year to 13,941 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, power supply components and smart product. Semiconductor and optical devices for camera actuators performed well, resulting in an increase in net sales.

As a result, net sales were up 23,333 million yen (14.2%) year on year to 187,710 million yen, and operating income was up 8,727 million yen (113.5%) to 16,414 million yen.

The main products of U-Shin business are key sets, door latches, door handles, and other automotive components as well as industrial equipment components. Net sales were up owing to a recovery in demand for automotive components associated with a recovery in the automotive market and favorable demand for industrial equipment components used in agricultural and construction machinery.

As a result, net sales were up 16,781 million yen (31.8%) year on year to 69,579 million yen, and operating loss was 104 million yen, an improvement of 1,723 million yen year on year due to increased sales.

Machines produced in-house are the main products in our Other business segment. Net sales were up 78 million yen (19.0%) year on year to 487 million yen, while the operating loss increased 86 million yen year on year to total 910 million yen.

In addition to the figures noted above, 7,527 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 5,995 million yen for the first half of the previous fiscal year.

(2) Explanation of Financial Position

1. Assets, liabilities and equity

Our Group sees “strengthening our financial position” as a top priority and is taking various steps, such as efficient controlling of capital investments, asset management, and reducing interest-bearing debt. We will reform our portfolio to increase the weight of our highly profitable core businesses and engage in highly effective M&A, promoting an appropriate and flexible financial strategy.

Total assets at the end of the second quarter were 1,030,021 million yen, up 53,250 million yen from the end of the previous fiscal year. This was primarily due to increases and decreases in inventories, property, plant and equipment, and trade and other receivables.

Total liabilities at the end of the second quarter were 568,610 million yen, up 45,837 million yen from the end of the previous fiscal year. The main reason for this was an increase in trade and other payables, bonds, and borrowings.

Equity came to 461,411 million yen, bringing the equity ratio attributable to owners of the parent down 1.7 percentage points from the end of the previous fiscal year to 44.5%.

2. Cash flows

Cash and cash equivalents at the end of the second quarter were 167,062 million yen, up 1,583 million yen from the end of the previous fiscal year.

Cash flows from various business activities during the first fiscal half and relevant factors were as follows:

Net cash provided by operating activities came to 34,783 million yen (compared to 7,731 million yen in the same period of the previous year). This was primarily due to profit before income taxes, depreciation and amortization, increases and decreases in trade and other payables and inventories. Net cash used in investing activities came to 25,163 million yen (compared to 47,455 million yen in the same period of the previous year). This was primarily due to purchase of property, plant and equipment and proceeds from sale and redemption of securities, etc. Net cash used in financing activities came to 7,185 million yen (compared to 33,425 million yen provided by financing activities in the same period of the previous year). This was primarily due to increases and decreases in short-term borrowings, purchase of treasury stock and dividends paid.

(3) Explanation of Consolidated Forecast and Other Forecasts

Future economic trends, including trade policies of each country, exchange rates, and geopolitical risks remain uncertain in the third quarter and thereafter.

Under these circumstances, we have reviewed the full-year consolidated forecast according to currently available information and revised it as shown below based on the results from the fiscal half-year ended September 30 2021 and the most recent situation.

Full-year consolidated business forecast for the fiscal year ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

	Net sales (millions of yen)	Operating income (millions of yen)	Profit for the period attributable to owners of the parent (millions of yen)
Previous forecast (A) (announced on August 4, 2021)	1,050,000	87,000	68,000
<b>Revised forecast (B)</b>	<b>1,050,000</b>	<b>90,000</b>	<b>72,000</b>
Difference (B – A)	–	3,000	4,000

(4) Basic Policy for Profit Sharing and Dividend for the Current Fiscal Year

Sharing profits with our shareholders is first priority at MinebeaMitsumi. That is why our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, have been determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Based on the basic policy above, the interim dividend for the current fiscal year will be increased by 4 yen compared to the previous fiscal year, bringing it to 18 yen per share. In addition, the year-end dividend will be increased 4 yen compared to the previous fiscal year (excluding the 70th anniversary commemorative dividend of 8 yen), bringing it to 18 yen per share. Considering the results this fiscal year, the dividends payout ratio will be set at around 20%.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Amount: millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	165,479	167,062
Trade and other receivables.....	203,614	207,176
Inventories.....	171,368	214,098
Other financial assets .....	19,970	23,460
Other current assets .....	14,844	17,320
<b>Total current assets.....</b>	<b>575,275</b>	<b>629,116</b>
<b>Non-current assets</b>		
Property, plant and equipment.....	293,079	298,565
Goodwill.....	41,439	41,455
Intangible assets .....	18,666	17,841
Other financial assets .....	23,506	19,031
Deferred tax assets.....	16,892	17,998
Other non-current assets .....	7,914	6,015
<b>Total non-current assets .....</b>	<b>401,496</b>	<b>400,905</b>
<b>Total assets.....</b>	<b>976,771</b>	<b>1,030,021</b>

(Amount: millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables.....	142,673	170,016
Bonds and borrowings.....	137,141	168,674
Other financial liabilities.....	8,798	13,754
Income taxes payable.....	6,689	9,742
Provisions.....	4,445	2,946
Other current liabilities.....	46,026	49,103
Total current liabilities.....	345,772	414,235
Non-current liabilities		
Bonds and borrowings.....	131,480	110,360
Other financial liabilities.....	14,408	17,123
Net defined benefit liabilities.....	23,122	20,523
Provisions.....	4,518	2,660
Deferred tax liabilities.....	1,603	1,444
Other non-current liabilities.....	1,870	2,265
Total non-current liabilities.....	177,001	154,375
Total liabilities.....	522,773	568,610
Equity		
Common stock.....	68,259	68,259
Capital surplus.....	139,456	139,810
Treasury stock.....	(39,166)	(46,188)
Retained earnings.....	265,417	292,613
Other components of equity.....	17,175	4,245
Total equity attributable to owners of the parent.....	451,141	458,739
Non-controlling interests.....	2,857	2,672
Total equity.....	453,998	461,411
Total liabilities and equity.....	976,771	1,030,021

(2) Condensed Quarterly Consolidated Statements of Income  
and Condensed Quarterly Consolidated Statements of Comprehensive Income  
(Condensed Quarterly Consolidated Statements of Income)

Six months ended September 30

(Amount: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales.....	461,730	530,260
Cost of sales.....	386,978	425,253
Gross profit.....	74,752	105,007
Selling, general and administrative expenses.....	51,269	60,545
Other income.....	3,302	2,151
Other expenses.....	5,863	1,980
Operating income.....	20,922	44,633
Finance income.....	801	787
Finance expenses.....	1,473	1,101
Profit before income taxes.....	20,250	44,319
Income taxes.....	4,788	9,290
Profit for the period.....	15,462	35,029
Profit for the period attributable to:		
Owners of the parent.....	15,425	35,052
Non-controlling interests.....	37	(23)
Profit for the period.....	15,462	35,029
Earnings per share (EPS)		
Basic (Yen).....	37.77	86.45
Diluted (Yen).....	36.95	84.51

Three months ended September 30

(Amount: millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
Net sales.....	274,267	281,955
Cost of sales.....	231,120	226,287
Gross profit.....	43,147	55,668
Selling, general and administrative expenses.....	26,064	30,410
Other income.....	2,039	986
Other expenses.....	1,609	1,239
Operating income.....	17,513	25,005
Finance income.....	286	275
Finance expenses.....	868	564
Profit before income taxes.....	16,931	24,716
Income taxes.....	3,728	4,329
Profit for the period.....	13,203	20,387
Profit for the period attributable to:		
Owners of the parent.....	13,209	20,393
Non-controlling interests.....	(6)	(6)
Profit for the period.....	13,203	20,387
Earnings per share (EPS)		
Basic (Yen).....	32.34	50.36
Diluted (Yen).....	31.62	49.22



## (Condensed Quarterly Consolidated Statements of Comprehensive Income)

Six months ended September 30

(Amount: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit for the period.....	15,462	35,029
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income .....	950	1,312
Sub-total	950	1,312
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations .....	(133)	(7,167)
Cash flow hedges .....	927	(6,052)
Sub-total	794	(13,219)
Other comprehensive income, net of tax.....	1,744	(11,907)
Comprehensive income for the period .....	17,206	23,122
Comprehensive income attributable to:		
Owners of the parent .....	17,132	23,213
Non-controlling interests .....	74	(91)
Comprehensive income for the period.....	17,206	23,122

Three months ended September 30

(Amount: millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
Profit for the period.....	13,203	20,387
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income .....	65	561
Sub-total	65	561
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations .....	(5,312)	(4,908)
Cash flow hedges .....	(240)	(4,543)
Sub-total	(5,552)	(9,451)
Other comprehensive income, net of tax.....	(5,487)	(8,890)
Comprehensive income for the period .....	7,716	11,497
Comprehensive income attributable to:		
Owners of the parent .....	7,661	11,569
Non-controlling interests .....	55	(72)
Comprehensive income for the period.....	7,716	11,497

## (3) Condensed Quarterly Consolidated Statements of Changes in Equity

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation	Cash flow hedge
Balance as of April 1, 2020	68,259	134,707	(34,455)	234,667	(8,807)	(1,007)
Profit for the period	—	—	—	15,425	—	—
Other comprehensive income	—	—	—	—	(170)	927
Comprehensive income for the period	—	—	—	15,425	(170)	927
Purchase of treasury stock	—	—	(242)	—	—	—
Disposal of treasury stock	—	11	229	—	—	—
Dividends	—	—	—	(5,718)	—	—
Transactions with non-controlling interests	—	4,643	—	—	—	—
Total transactions with owners	—	4,654	(13)	(5,718)	—	—
Balance as of September 30, 2020	68,259	139,361	(34,468)	244,374	(8,977)	(80)

	Equity attributable to owners of the Company					Non-controlling interests	Total equity
	Other components of equity				Total		
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income		Subtotal				
Balance as of April 1, 2020		1,008	(8,806)		394,372	7,904	402,276
Profit for the period		—	—		15,425	37	15,462
Other comprehensive income		950	1,707		1,707	37	1,744
Comprehensive income for the period		950	1,707		17,132	74	17,206
Purchase of treasury stock		—	—		(242)	—	(242)
Disposal of treasury stock		—	—		240	—	240
Dividends		—	—		(5,718)	(43)	(5,761)
Transactions with non-controlling interests		—	—		4,643	(5,400)	(757)
Total transactions with owners		—	—		(1,077)	(5,443)	(6,520)
Balance as of September 30, 2020		1,958	(7,099)		410,427	2,535	412,962

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation reserve	Cash flow hedge reserve
Balance as of April 1, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)
Profit for the period	—	—	—	35,052	—	—
Other comprehensive income	—	—	—	—	(7,099)	(6,052)
Comprehensive income for the period	—	—	—	35,052	(7,099)	(6,052)
Conversion of convertible bonds with warrants	—	485	3,705	—	—	—
Purchase of treasury stock	—	(42)	(10,729)	—	—	—
Disposal of treasury stock	—	1	2	—	—	—
Dividends	—	—	—	(8,947)	—	—
Change in scope of consolidation	—	(90)	—	—	—	—
Transfer to retained earnings	—	—	—	1,091	—	—
Total transactions with owners	—	354	(7,022)	(7,856)	—	—
Balance as of September 30, 2021	68,259	139,810	(46,188)	292,613	7,442	(6,728)

	Equity attributable to owners of the Company					
	Other components of equity			Total	Non-controlling interests	Total equity
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Subtotal				
Balance as of April 1, 2021	3,310	17,175	451,141	2,857	453,998	
Profit for the period	—	—	35,052	(23)	35,029	
Other comprehensive income	1,312	(11,839)	(11,839)	(68)	(11,907)	
Comprehensive income for the period	1,312	(11,839)	23,213	(91)	23,122	
Conversion of convertible bonds with warrants	—	—	4,190	—	4,190	
Purchase of treasury stock	—	—	(10,771)	—	(10,771)	
Disposal of treasury stock	—	—	3	—	3	
Dividends	—	—	(8,947)	—	(8,947)	
Change in scope of consolidation	—	—	(90)	(94)	(184)	
Transfer to retained earnings	(1,091)	(1,091)	—	—	—	
Total transactions with owners	(1,091)	(1,091)	(15,615)	(94)	(15,709)	
Balance as of September 30, 2021	3,531	4,245	458,739	2,672	461,411	

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities:		
Profit before income taxes.....	20,250	44,319
Depreciation and amortization.....	23,893	21,805
Interest income and dividends income.....	(614)	(627)
Interest expenses.....	804	760
Loss (gain) on sale and disposal of property, plant and equipment.....	(247)	(48)
Decrease (increase) in trade and other receivables.....	(12,276)	(4,354)
Decrease (increase) in inventories.....	(8,207)	(44,133)
Increase (decrease) in trade and other payables.....	(17,506)	25,015
Other.....	5,081	(2,539)
Subtotal	11,178	40,198
Interest received.....	435	431
Dividends received.....	174	177
Interest paid.....	(776)	(722)
Income taxes paid.....	(3,280)	(5,301)
Net cash flows provided by operating activities	7,731	34,783
Cash flows from investing activities:		
Decrease (increase) in time deposits.....	(1,326)	(2,760)
Purchase of property, plant and equipment.....	(23,873)	(28,274)
Proceeds from sales of property, plant and equipment.....	965	1,102
Purchase of intangible assets.....	(652)	(684)
Purchase of securities.....	(937)	(193)
Proceeds from sale and redemption of securities.....	920	4,957
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation.....	—	502
Purchase of investments in subsidiaries resulting in change in scope of consolidation.....	(22,686)	—
Other.....	134	187
Net cash flows used in investing activities	(47,455)	(25,163)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings.....	48,463	16,224
Repayments of long-term borrowings.....	(1,628)	(1,282)
Acquisition of non-controlling interests.....	(5,377)	—
Proceeds from disposal of treasury stock.....	240	3
Purchase of treasury stock.....	(242)	(10,771)
Dividends paid.....	(5,718)	(8,947)
Dividends paid to non-controlling interests.....	(43)	—
Repayments of lease liabilities.....	(2,270)	(2,412)
Net cash flows used in financing activities	33,425	(7,185)
Effect of exchange rate changes on cash and cash equivalents	122	(852)
Increase (decrease) in cash and cash equivalents	(6,177)	1,583
Cash and cash equivalents at beginning of period	130,746	165,479
Cash and cash equivalents at end of period	124,569	167,062

(5) Notes on Condensed Quarterly Consolidated Financial Statements  
 (Notes on Going Concern Assumptions)  
 Not applicable.

(Change in Accounting Estimate)

(Change of useful lives of property, plant and equipment)

The Group comprehensively reviewed the useful lives of its manufacturing facilities, triggered by the progress of the unification with the business integrated through the business combinations implemented in recent years throughout the Group, the progress made in ascertaining the actual long-term use of existing equipment with a view to future capital investment, and changes in product life cycle conditions in some businesses.

As a result, the useful lives of machinery and equipment in some businesses have been changed in the future from the first quarter of the fiscal year.

Because of this change, operating income and profit before income taxes for the first half of the fiscal year have each increased by 3,246 million yen compared to the previous method.

Please refer to “(Segment Information)” for the impact on segment profit (loss).

(Segment Information)

Information related to sales and income (loss) by reportable segments

(Six months ended September 30, 2020)

(Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	73,548	170,598	164,377	52,798	409	—	461,730
Net sales to other segment	2,237	2,260	14,974	1	852	(20,324)	—
Total	75,785	172,858	179,351	52,799	1,261	(20,324)	461,730
Segment profit (loss)	14,067	7,814	7,687	(1,827)	(824)	(5,995)	20,922
Finance income	—	—	—	—	—	—	801
Finance expenses	—	—	—	—	—	—	1,473
Profit before income taxes	—	—	—	—	—	—	20,250

(Six months ended September 30, 2021)

(Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	88,357	184,127	187,710	69,579	487	—	530,260
Net sales to other segment	3,561	4,342	14,365	36	686	(22,990)	—
Total	91,918	188,469	202,075	69,615	1,173	(22,990)	530,260
Segment profit (loss)	22,819	13,941	16,414	(104)	(910)	(7,527)	44,633
Finance income	—	—	—	—	—	—	787
Finance expenses	—	—	—	—	—	—	1,101
Profit before income taxes	—	—	—	—	—	—	44,319

(Notes) \*1. The classification of “Other” refers to business units not included in the reportable segments.

Their products are mainly machines made in-house.

\*2. The amount of the adjustment is as follows.

Adjustments to segment profit (loss) are corporate expenses such as general and administrative expenses in addition to research and development expenses that do not belong to the reportable segments.

\*3. Provisional accounting treatments for business combinations were finalized at the end of the previous fiscal year, and the contents of finalization of the provisional accounting treatments are reflected on the figures for the first half of the previous year.

\*4. The changes of reportable segments are as follows.

From the first quarter of the fiscal year, the Company changed its corporate organization to transfer the smart product included in the Electronic devices and components business to the MITSUMI business, the automotive device included in the MITSUMI business to the U-Shin business, and the home security units included in the U-Shin business to the MITSUMI business. Accordingly, segment information has been updated.

The segment information disclosed for the first half of the previous year has been prepared based on the classification of reporting segments after the corporate organization change.

\*5. As described on “(Change of useful lives of property, plant and equipment)”, useful lives of machinery and equipment have been changed from the first quarter of the fiscal year.

Because of this, segment profit (loss) for the first half of the fiscal year has increased by 1,083 million yen in the Machined components, 876 million yen in the Electronic devices and components, and 1,287 million yen in the MITSUMI business compared to the previous method.