

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

February 4, 2022

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: February 10, 2022 Phone: (03) 6758-6711
Expected date of payment for dividends: —
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 December 31, 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
Nine months ended Dec. 31, 2021	834,608	13.2	70,465	74.1	69,441	75.4
Nine months ended Dec. 31, 2020	737,439	(1.9)	40,474	(12.5)	39,599	(14.3)

	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
Nine months ended Dec. 31, 2021	53,432	69.1	53,447	69.3	59,092	51.7
Nine months ended Dec. 31, 2020	31,597	(13.1)	31,567	(11.2)	38,964	6.2

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)
Nine months ended Dec. 31, 2021	131.87	129.08
Nine months ended Dec. 31, 2020	77.29	75.59

(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 nine months 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 Dec. 31, 2021	1,062,671	490,290	487,558	45.9
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: No

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	1,100,000	11.3	92,000	79.8

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Year ending Mar. 31, 2022	72,500	87.1	178.91

(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 16 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 December 31, 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 December 31, 2021: 22,055,453 shares

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

3. Average number of shares (Quarterly cumulative period)

Nine months ended December 31, 2021: 405,286,374 shares

Nine months ended December 31, 2020: 408,403,546 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, February 4, 2022.

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

(1) Explanation of Operating Results

During the first nine months of the fiscal year (April 1, 2021 to December 31, 2021), the Japanese economy showed a gentle recovery with consumer spending bouncing back following the lifting of the state of emergency at the end of September despite decreased automobile production due to the global semiconductor shortage and a sharp rise in the cost of raw materials. The U.S. economy showed a recovery owing to progress on COVID-19 vaccination and expansion of consumer spending even as prolonged constraints on raw material supplies have hindered corporate activities. Economic recovery in Europe was limited due to a resurgence of COVID-19 and the impact of the sharp rise in resource prices. The Chinese economy was on the rise with steady consumer spending on top of strong exports. In Southeast Asia, there were signs of economic recovery as economic activity resumed following the easing of restrictions on movement.

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 97,169 million yen (13.2%) year on year to 834,608 million yen. Operating income was up 29,991 million yen (74.1%) to 70,465 million yen, profit before income taxes was up 29,842 million yen (75.4%) to 69,441 million yen, and profit for the period attributable to owners of the parent was up 21,880 million yen (69.3%) to 53,447 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 nine months 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 nine months 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 18,179 million yen (16.1%) year on year to 131,447 million yen, and operating income was up 12,058 million yen (53.9%) to 34,438 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. Net sales were up, owing primarily to strong performance of motors for HDD and increased demand for automotive motors.

As a result, net sales were up 19,318 million yen (7.6%) year on year to 274,798 million yen, and operating income was up 5,682 million yen (47.4%) to 17,655 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 45,494 million yen (16.5%) year on year to 321,945 million yen, and operating income was up 13,851 million yen (77.9%) to 31,639 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 in the first nine months were up 14,206 million yen (15.5%) year on year to 105,714 million yen, while operating income was down 228 million yen for an operating loss of 436 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales in the first nine months were down 28 million yen (-3.8%) year on year to 704 million yen, while the operating loss was 1,291 million yen, an improvement of 36 million yen year on year.

In addition to the figures noted above, 11,540 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 10,132 million yen for the first nine months 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 third quarter were 1,062,671 million yen, up 85,900 million yen from the end of the previous fiscal year. This was primarily due to increases in inventories, property, plant and equipment, and trade and other receivables.

Total liabilities at the end of the third quarter were 572,381 million yen, up 49,608 million yen from the end of the previous fiscal year. The main reason for this was an increase in trade and other payables.

Equity came to 490,290 million yen, bringing the equity ratio attributable to owners of the parent down 0.3 percentage points from the end of the previous fiscal year to 45.9%.

2. Cash flows

Cash and cash equivalents at the end of the third quarter were 138,784 million yen, down 26,695 million yen from the end of the previous fiscal year.

Cash flows from various business activities during the first nine months of the fiscal year and relevant factors were as follows:

Net cash provided by operating activities came to 37,356 million yen (compared to 43,744 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 inventories, and increases and decreases in trade and other payables. Net cash used in investing activities came to 44,668 million yen (compared to 57,781 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 21,888 million yen (compared to 19,884 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

The future of the global economy remains uncertain in the fourth quarter and thereafter, including the impact of COVID-19 and exchange rate fluctuation. In addition to third quarter results exceeding the initial forecast, we expect demand for semiconductor devices, optical devices, ball bearings, and other products to remain strong in the fourth quarter. As such, in regard to the financial forecasts last revised in November of last year, we have once again revised the forecast for net sales upward from 1,050,000 million yen to 1,100,000 million yen, the forecast for operating income from 90,000 million yen to 92,000 million yen, and the forecast for profit for the period attributable to owners of the parent from 72,000 million yen to 72,500 million yen.

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 November 5, 2021)	1,050,000	90,000	72,000
Revised forecast (B)	1,100,000	92,000	72,500
Difference (B – A)	50,000	2,000	500

(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, are determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Under this basic policy, we increased the interim dividend by 4 yen per share to 18 yen. 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

	As of March 31, 2021	(Amount: millions of yen) As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	165,479	138,784
Trade and other receivables	203,614	235,017
Inventories	171,368	224,629
Other financial assets	19,970	20,597
Other current assets	14,844	24,281
Total current assets	575,275	643,308
Non-current assets		
Property, plant and equipment	293,079	315,806
Goodwill	41,439	42,447
Intangible assets	18,666	17,860
Other financial assets	23,506	19,899
Deferred tax assets	16,892	17,422
Other non-current assets	7,914	5,929
Total non-current assets	401,496	419,363
Total assets	976,771	1,062,671

(Continued)

(Amount: millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	142,673	182,886
Bonds and borrowings	137,141	163,048
Other financial liabilities	8,798	15,543
Income taxes payable	6,689	12,023
Provisions	4,445	3,096
Other current liabilities	46,026	43,055
Total current liabilities	345,772	419,651
Non-current liabilities		
Bonds and borrowings	131,480	110,313
Other financial liabilities	14,408	15,079
Net defined benefit liabilities	23,122	20,771
Provisions	4,518	2,703
Deferred tax liabilities	1,603	1,448
Other non-current liabilities	1,870	2,416
Total non-current liabilities	177,001	152,730
Total liabilities	522,773	572,381
Equity		
Common stock	68,259	68,259
Capital surplus	139,456	139,833
Treasury stock	(39,166)	(46,014)
Retained earnings	265,417	303,782
Other components of equity	17,175	21,698
Total equity attributable to owners of the Company	451,141	487,558
Non-controlling interests	2,857	2,732
Total equity	453,998	490,290
Total liabilities and equity	976,771	1,062,671

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

Nine months ended December 31

	Nine months ended December 31,2020	(Amount: millions of yen) Nine months ended December 31,2021
Net sales	737,439	834,608
Cost of sales	615,399	671,690
Gross profit	122,040	162,918
Selling, general and administrative expenses	78,818	92,478
Other income	4,065	2,868
Other expenses	6,813	2,843
Operating income	40,474	70,465
Finance income	1,164	1,141
Finance expenses	2,039	2,165
Profit before income taxes	39,599	69,441
Income taxes	8,002	16,009
Profit for the year	<u>31,597</u>	<u>53,432</u>
Profit for the year attributable to:		
Owners of the Company	31,567	53,447
Non-controlling interests	30	(15)
Profit for the year	<u>31,597</u>	<u>53,432</u>
Earnings per share (EPS)		
Basic (Yen)	77.29	131.87
Diluted (Yen)	75.59	129.08

Three months ended December 31

	Three months ended December 31,2020	(Amount: millions of yen) Three months ended December 31,2021
Net sales	275,709	304,348
Cost of sales	228,421	246,437
Gross profit	47,288	57,911
Selling, general and administrative expenses	27,549	31,933
Other income	763	717
Other expenses	950	863
Operating income	19,552	25,832
Finance income	363	354
Finance expenses	566	1,064
Profit before income taxes	19,349	25,122
Income taxes	3,214	6,719
Profit for the year	16,135	18,403
Profit for the year attributable to:		
Owners of the Company	16,142	18,395
Non-controlling interests	(7)	8
Profit for the year	16,135	18,403
Earnings per share (EPS)		
Basic (Yen)	39.53	45.42
Diluted (Yen)	38.64	44.45

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

Nine months ended December 31

(Amount: millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit for the year	31,597	53,432
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	1,911	1,315
Sub-total	1,911	1,315
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	3,926	6,550
Cash flow hedges	1,530	(2,205)
Sub-total	5,456	4,345
Other comprehensive income, net of tax	7,367	5,660
Comprehensive income for the year	38,964	59,092
Comprehensive income attributable to:		
Owners of the Company	38,895	59,123
Non-controlling interests	69	(31)
Comprehensive income for the year	38,964	59,092

Three months ended December 31

	Three months ended December 31, 2020	(Amount: millions of yen) Three months ended December 31, 2021
Profit for the year	16,135	18,403
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	961	3
Sub-total	961	3
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	4,059	13,717
Cash flow hedges	603	3,847
Sub-total	4,662	17,564
Other comprehensive income, net of tax	5,623	17,567
Comprehensive income for the year	21,758	35,970
Comprehensive income attributable to:		
Owners of the Company	21,763	35,910
Non-controlling interests	(5)	60
Comprehensive income for the year	21,758	35,970

(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	—	—	—	31,567	—	—
Other comprehensive income	—	—	—	—	3,887	1,530
Comprehensive income for the period	—	—	—	31,567	3,887	1,530
Purchase of treasury stock	—	—	(244)	—	—	—
Disposal of treasury stock	—	11	229	—	—	—
Dividends	—	—	—	(11,435)	—	—
Transactions with non-controlling interests	—	4,600	—	—	—	—
Total transactions with owners	—	4,611	(15)	(11,435)	—	—
Balance as of December 31, 2020	68,259	139,318	(34,470)	254,799	(4,920)	523

	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, 2020	1,008	(8,806)	394,372	7,904	402,276	
Profit for the period	—	—	31,567	30	31,597	
Other comprehensive income	1,911	7,328	7,328	39	7,367	
Comprehensive income for the period	1,911	7,328	38,895	69	38,964	
Purchase of treasury stock	—	—	(244)	—	(244)	
Disposal of treasury stock	—	—	240	—	240	
Dividends	—	—	(11,435)	(43)	(11,478)	
Transactions with non-controlling interests	—	—	4,600	(5,357)	(757)	
Total transactions with owners	—	—	(6,839)	(5,400)	(12,239)	
Balance as of December 31, 2020	2,919	(1,478)	426,428	2,573	429,001	

(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, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)
Profit for the period	—	—	—	53,447	—	—
Other comprehensive income	—	—	—	—	6,566	(2,205)
Comprehensive income for the period	—	—	—	53,447	6,566	(2,205)
Conversion of convertible bonds with warrants	—	509	3,881	—	—	—
Purchase of treasury stock	—	(42)	(10,732)	—	—	—
Disposal of treasury stock	—	0	3	—	—	—
Dividends	—	—	—	(16,235)	—	—
Change in scope of consolidation	—	(90)	—	—	—	—
Transfer to retained earnings	—	—	—	1,153	—	—
Total transactions with owners	—	377	(6,848)	(15,082)	—	—
Balance as of December 31, 2021	68,259	139,833	(46,014)	303,782	21,107	(2,881)

	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	—	—	53,447	(15)	53,432	
Other comprehensive income	1,315	5,676	5,676	(16)	5,660	
Comprehensive income for the period	1,315	5,676	59,123	(31)	59,092	
Conversion of convertible bonds with warrants	—	—	4,390	—	4,390	
Purchase of treasury stock	—	—	(10,774)	—	(10,774)	
Disposal of treasury stock	—	—	3	—	3	
Dividends	—	—	(16,235)	—	(16,235)	
Change in scope of consolidation	—	—	(90)	(94)	(184)	
Transfer to retained earnings	(1,153)	(1,153)	—	—	—	
Total transactions with owners	(1,153)	(1,153)	(22,706)	(94)	(22,800)	
Balance as of December 31, 2021	3,472	21,698	487,558	2,732	490,290	

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	(Amount: millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities:		
Profit before income taxes	39,599	69,441
Depreciation and amortization	36,081	33,378
Interest income and dividends income	(927)	(958)
Interest expenses	1,195	1,134
Net loss (gain) on sale and disposal of property, plant and equipment	(238)	(128)
Decrease (increase) in trade and other receivables	(27,469)	(28,461)
Decrease (increase) in inventories	5,330	(49,824)
Increase (decrease) in trade and other payables	(8,036)	30,246
Other	4,760	(7,472)
Sub-total	50,295	47,356
Interest received	684	678
Dividends received	253	268
Interest paid	(1,169)	(1,118)
Income taxes paid	(6,319)	(9,828)
Net cash flows provided by operating activities	43,744	37,356
Cash flows from investing activities:		
Net decrease (increase) in time deposits	(608)	630
Purchase of property, plant and equipment	(33,192)	(50,544)
Proceeds from sale of property, plant and equipment	1,204	701
Purchase of intangible assets	(1,005)	(1,348)
Purchase of securities	(1,257)	(595)
Proceeds from sale and redemption of securities	1,219	5,377
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	502
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	364
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(24,160)	—
Other	18	245
Net cash flows used in investing activities	(57,781)	(44,668)

(Continued)

	Nine months ended December 31, 2020	(Amount: millions of yen) Nine months ended December 31, 2021
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	44,671	10,756
Proceeds from long-term borrowings	—	500
Repayments of long-term borrowings	(4,416)	(2,348)
Acquisition of non-controlling interests	(5,377)	—
Proceeds from disposal of treasury shares	240	3
Purchase of treasury shares	(244)	(10,774)
Dividends paid	(11,435)	(16,235)
Dividends paid to non-controlling interests	(43)	—
Payments of lease liabilities	(3,512)	(3,790)
Net cash flows provided by (used in) financing activities	19,884	(21,888)
Effect of exchange rate changes on cash and cash equivalents	(2,096)	2,505
Net increase (decrease) in cash and cash equivalents	3,751	(26,695)
Cash and cash equivalents at beginning of year	130,746	165,479
Cash and cash equivalents at end of year	134,497	138,784

(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 nine months of the fiscal year have each increased by 4,925 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
 (Nine months ended December 31, 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	113,268	255,480	276,451	91,508	732	—	737,439
Net sales to other segment	3,612	3,571	20,896	1	1,301	(29,381)	—
Total	116,880	259,051	297,347	91,509	2,033	(29,381)	737,439
Segment profit (loss)	22,380	11,973	17,788	(208)	(1,327)	(10,132)	40,474
Finance income	—	—	—	—	—	—	1,164
Finance expenses	—	—	—	—	—	—	2,039
Profit before income taxes	—	—	—	—	—	—	39,599

(Nine months ended December 31, 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	131,447	274,798	321,945	105,714	704	—	834,608
Net sales to other segment	5,312	6,104	19,586	80	1,505	(32,587)	—
Total	136,759	280,902	341,531	105,794	2,209	(32,587)	834,608
Segment profit (loss)	34,438	17,655	31,639	(436)	(1,291)	(11,540)	70,465
Finance income	—	—	—	—	—	—	1,141
Finance expenses	—	—	—	—	—	—	2,165
Profit before income taxes	—	—	—	—	—	—	69,441

(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 nine months 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 nine months 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 nine months of the fiscal year has increased by 1,565 million yen in the Machined components, 1,038 million yen in the Electronic devices and components, and 2,322 million yen in the MITSUMI business compared to the previous method.