

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 2022

Company name: MUSASHI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7521 URL <https://www.musashinet.co.jp>
 Representative: Representative Director Masataka Hatori
 President
 Director
 Inquiries: General Manager of Financial Department Yoshiaki Yamamoto TEL 03-3546-7710
 Scheduled date to file Quarterly Securities Report: November 9, 2022
 Scheduled date to commence dividend payments: December 12, 2022
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	18,389	9.0	1,555	178.3	1,592	181.2	1,060	213.6
Six months ended September 30, 2021	16,871	19.0	558	–	566	–	338	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	155.62		–	
Six months ended September 30, 2021	47.89		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	42,937	28,010	65.2
As of March 31, 2022	43,481	27,024	62.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	18.00	–	22.00	40.00
Year ending March 31, 2023	–	23.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	12.00	35.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,294	0.2	2,048	17.3	2,107	14.0	1,399	42.5	205.30

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	7,950,000 shares	As of March 31, 2022	7,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,135,544 shares	As of March 31, 2022	1,135,544 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	6,814,456 shares	Six months ended September 30, 2021	7,060,413 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	19,485	21,058
Notes and accounts receivable - trade, and contract assets	9,528	7,651
Merchandise and finished goods	2,189	2,075
Work in process	155	146
Raw materials and supplies	545	516
Other	592	541
Allowance for doubtful accounts	(37)	(30)
Total current assets	32,459	31,959
Non-current assets		
Property, plant and equipment	3,954	3,910
Intangible assets	238	203
Investments and other assets	6,829	6,863
Total non-current assets	11,022	10,977
Total assets	43,481	42,937
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,167	4,338
Electronically recorded obligations - operating	2,879	2,791
Short-term borrowings	3,516	3,516
Income taxes payable	703	492
Provision for bonuses	387	367
Provision for product warranties	108	40
Other	1,370	970
Total current liabilities	14,133	12,517
Non-current liabilities		
Retirement benefit liability	230	241
Provision for retirement benefits for directors (and other officers)	910	950
Other	1,182	1,217
Total non-current liabilities	2,323	2,408
Total liabilities	16,457	14,926
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	25,363	26,273
Treasury shares	(1,854)	(1,854)
Total shareholders' equity	26,722	27,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	171	262
Remeasurements of defined benefit plans	130	114
Total accumulated other comprehensive income	301	377
Total net assets	27,024	28,010
Total liabilities and net assets	43,481	42,937

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	16,871	18,389
Cost of sales	12,896	13,476
Gross profit	3,974	4,913
Selling, general and administrative expenses	3,415	3,358
Operating profit	558	1,555
Non-operating income		
Interest income	0	0
Dividend income	21	25
Share of profit of entities accounted for using equity method	–	12
Reversal of allowance for doubtful accounts	0	0
Other	22	23
Total non-operating income	44	63
Non-operating expenses		
Interest expenses	18	20
Share of loss of entities accounted for using equity method	18	–
Loss on investments in investment partnerships	–	1
Other	–	4
Total non-operating expenses	37	25
Ordinary profit	566	1,592
Extraordinary losses		
Loss on retirement of non-current assets	5	–
Loss on sale of investment securities	–	12
Total extraordinary losses	5	12
Profit before income taxes	560	1,579
Income taxes - current	266	464
Income taxes - deferred	(44)	54
Total income taxes	222	519
Profit	338	1,060
Profit attributable to owners of parent	338	1,060

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	338	1,060
Other comprehensive income		
Valuation difference on available-for-sale securities	39	90
Remeasurements of defined benefit plans, net of tax	(13)	(15)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	26	75
Comprehensive income	364	1,135
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	364	1,135

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	560	1,579
Depreciation	194	201
Loss on retirement of non-current assets	5	–
Amortization of goodwill	36	9
Increase (decrease) in allowance for doubtful accounts	1	(7)
Increase (decrease) in provision for bonuses	(25)	(20)
Increase (decrease) in provision for product warranties	–	(67)
Increase (decrease) in retirement benefit liability	8	10
Decrease (increase) in retirement benefit asset	(21)	(23)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(19)	39
Interest and dividend income	(22)	(26)
Interest expenses	18	20
Foreign exchange losses (gains)	(0)	(2)
Share of loss (profit) of entities accounted for using equity method	18	(12)
Loss (gain) on investments in investment partnerships	–	1
Decrease (increase) in trade receivables	(242)	1,877
Decrease (increase) in inventories	(53)	151
Decrease (increase) in other current assets	24	38
Increase (decrease) in trade payables	746	(916)
Loss (gain) on sale of investment securities	–	12
Increase (decrease) in accounts payable - other	21	(129)
Increase (decrease) in other current liabilities	269	(277)
Other, net	(5)	6
Subtotal	1,514	2,465
Interest and dividends received	22	26
Interest paid	(18)	(20)
Income taxes refund (paid)	79	(678)
Net cash provided by (used in) operating activities	1,598	1,792
Cash flows from investing activities		
Purchase of property, plant and equipment	(520)	(117)
Proceeds from sale of property, plant and equipment	4	2
Purchase of intangible assets	(19)	(10)
Purchase of investment securities	(4)	(30)
Proceeds from sale of investment securities	–	126
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	0
Other, net	(77)	(1)
Net cash provided by (used in) investing activities	(617)	(30)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Repayments of lease liabilities	(22)	(41)
Proceeds from sale and leaseback transactions	417	–
Purchase of treasury shares	(764)	–
Dividends paid	(86)	(149)
Net cash provided by (used in) financing activities	(455)	(191)
Effect of exchange rate change on cash and cash equivalents	0	2
Net increase (decrease) in cash and cash equivalents	524	1,572
Cash and cash equivalents at beginning of period	17,391	18,495
Cash and cash equivalents at end of period	17,915	20,068