

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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: Yoshiaki Yamamoto TEL 03-3546-7710  
 General Manager of Financial Department  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022  
 Scheduled date to file Securities Report: June 30, 2022  
 Scheduled date to commence dividend payments: June 30, 2022  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2022	36,213	19.7	1,746	–	1,848	–	981	–
Year ended March 31, 2021	30,261	(19.5)	(97)	–	24	(98.0)	(28)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	141.53	–	3.6	4.4	4.8
Year ended March 31, 2021	(3.91)	–	(0.1)	0.1	(0.3)

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	43,481	27,024	62.2	3,965.77
As of March 31, 2021	41,312	27,032	65.4	3,763.24

#### (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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,601	(904)	(594)	18,495
Year ended March 31, 2021	(689)	(612)	(591)	17,391

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	12.00	–	12.00	24.00	174	–	0.6
Year ended March 31, 2022	–	18.00	–	22.00	40.00	272	28.3	1.0
Year ending March 31, 2023 (Forecast)	–	12.00	–	12.00	24.00		21.7	

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
Six months ending September 30, 2022	17,713	5.0	594	6.3	616	8.8	326	(3.6)	47.84
Full year	35,442	(2.1)	1,157	(33.8)	1,198	(35.2)	753	(23.3)	110.50

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	7,950,000 shares	As of March 31, 2021	7,950,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,135,544 shares	As of March 31, 2021	766,609 shares
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Average number of shares during the period

Year ended March 31, 2022	6,937,434 shares	Year ended March 31, 2021	7,300,058 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	18,481	19,485
Notes and accounts receivable - trade	8,518	–
Notes receivable - trade	–	2,801
Accounts receivable - trade	–	6,727
Merchandise and finished goods	2,411	2,189
Work in process	68	155
Raw materials and supplies	473	545
Other	645	592
Allowance for doubtful accounts	(30)	(37)
<b>Total current assets</b>	<b>30,568</b>	<b>32,459</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,208	1,197
Machinery, equipment and vehicles, net	50	48
Land	1,969	1,969
Other, net	323	738
<b>Total property, plant and equipment</b>	<b>3,552</b>	<b>3,954</b>
<b>Intangible assets</b>		
Goodwill	133	39
Software	246	178
Other	20	20
<b>Total intangible assets</b>	<b>400</b>	<b>238</b>
<b>Investments and other assets</b>		
Investment securities	1,271	1,428
Shares of subsidiaries and associates	492	518
Deferred tax assets	382	234
Retirement benefit asset	1,392	1,421
Guarantee deposits	2,549	2,549
Other	766	718
Allowance for doubtful accounts	(62)	(41)
<b>Total investments and other assets</b>	<b>6,791</b>	<b>6,829</b>
<b>Total non-current assets</b>	<b>10,744</b>	<b>11,022</b>
<b>Total assets</b>	<b>41,312</b>	<b>43,481</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,904	5,167
Electronically recorded obligations - operating	2,766	2,879
Short-term borrowings	3,516	3,516
Income taxes payable	29	703
Provision for bonuses	388	387
Provision for product warranties	–	108
Other	704	1,370
Total current liabilities	12,310	14,133
Non-current liabilities		
Deferred tax liabilities	176	167
Retirement benefit liability	223	230
Provision for retirement benefits for directors (and other officers)	889	910
Other	679	1,015
Total non-current liabilities	1,969	2,323
<b>Total liabilities</b>	<b>14,279</b>	<b>16,457</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,590	25,363
Treasury shares	(1,089)	(1,854)
Total shareholders' equity	26,714	26,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	153	171
Remeasurements of defined benefit plans	164	130
Total accumulated other comprehensive income	318	301
<b>Total net assets</b>	<b>27,032</b>	<b>27,024</b>
<b>Total liabilities and net assets</b>	<b>41,312</b>	<b>43,481</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	30,261	36,213
Cost of sales	23,492	27,449
Gross profit	6,768	8,763
Selling, general and administrative expenses	6,865	7,017
Operating profit (loss)	(97)	1,746
Non-operating income		
Interest income	1	1
Dividend income	43	47
Share of profit of entities accounted for using equity method	23	33
Reversal of allowance for doubtful accounts	0	0
Subsidy income	20	–
Miscellaneous income	69	62
Total non-operating income	158	144
Non-operating expenses		
Interest expenses	34	40
Loss on investments in investment partnerships	–	1
Miscellaneous losses	2	0
Total non-operating expenses	37	43
Ordinary profit	24	1,848
Extraordinary income		
Gain on sale of membership	–	1
Total extraordinary income	–	1
Extraordinary losses		
Loss on retirement of non-current assets	–	5
Loss on sale of membership	1	–
Impairment losses	–	22
Total extraordinary losses	1	28
Profit before income taxes	22	1,821
Income taxes - current	86	695
Income taxes - deferred	(35)	143
Total income taxes	50	839
Profit (loss)	(28)	981
Profit attributable to non-controlling interests	–	–
Profit (loss) attributable to owners of parent	(28)	981

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(28)	981
Other comprehensive income		
Valuation difference on available-for-sale securities	185	18
Remeasurements of defined benefit plans, net of tax	264	(34)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	450	(16)
Comprehensive income	422	965
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	422	965

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,208	2,005	24,818	(696)	27,335
Changes during period					
Dividends of surplus			(199)		(199)
Profit (loss) attributable to owners of parent			(28)		(28)
Purchase of treasury shares				(393)	(393)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(227)	(393)	(621)
Balance at end of period	1,208	2,005	24,590	(1,089)	26,714

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(32)	(99)	(132)	27,203
Changes during period				
Dividends of surplus				(199)
Profit (loss) attributable to owners of parent				(28)
Purchase of treasury shares				(393)
Net changes in items other than shareholders' equity	185	264	450	450
Total changes during period	185	264	450	(170)
Balance at end of period	153	164	318	27,032

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,208	2,005	24,590	(1,089)	26,714
Changes during period					
Dividends of surplus			(208)		(208)
Profit (loss) attributable to owners of parent			981		981
Purchase of treasury shares				(764)	(764)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	773	(764)	8
Balance at end of period	1,208	2,005	25,363	(1,854)	26,722

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	153	164	318	27,032
Changes during period				
Dividends of surplus				(208)
Profit (loss) attributable to owners of parent				981
Purchase of treasury shares				(764)
Net changes in items other than shareholders' equity	18	(34)	(16)	(16)
Total changes during period	18	(34)	(16)	(8)
Balance at end of period	171	130	301	27,024

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	22	1,821
Depreciation	326	421
Amortization of goodwill	72	72
Loss on retirement of non-current assets	–	5
Impairment losses	–	22
Increase (decrease) in allowance for doubtful accounts	(118)	(11)
Increase (decrease) in provision for bonuses	(24)	(0)
Increase (decrease) in provision for product warranties	–	108
Increase (decrease) in retirement benefit liability	(1)	7
Decrease (increase) in retirement benefit asset	(187)	(63)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(82)	21
Interest and dividend income	(44)	(49)
Interest expenses	34	40
Share of loss (profit) of entities accounted for using equity method	(23)	(33)
Foreign exchange losses (gains)	(0)	(1)
Loss (gain) on sale of membership	1	(1)
Loss (gain) on investments in investment partnerships	–	1
Decrease (increase) in trade receivables	903	(991)
Decrease (increase) in inventories	(13)	64
Decrease (increase) in other current assets	(84)	92
Increase (decrease) in trade payables	(782)	374
Increase (decrease) in accounts payable - other	(24)	169
Increase (decrease) in other current liabilities	(368)	458
Other, net	13	5
Subtotal	(379)	2,534
Interest and dividends received	44	49
Interest paid	(34)	(40)
Income taxes refund (paid)	(320)	57
Net cash provided by (used in) operating activities	(689)	2,601
Cash flows from investing activities		
Payments into time deposits	(200)	–
Proceeds from withdrawal of time deposits	5	100
Purchase of property, plant and equipment	(203)	(678)
Proceeds from sale of property, plant and equipment	5	9
Purchase of intangible assets	(155)	(22)
Purchase of investment securities	(6)	(32)
Proceeds from sale of investment securities	2	1
Loan advances	(1)	(0)
Proceeds from collection of loans receivable	1	0
Other, net	(59)	(281)
Net cash provided by (used in) investing activities	(612)	(904)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Repayments of lease liabilities	–	(63)
Proceeds from sale and leaseback transactions	–	442
Purchase of treasury shares	(393)	(764)
Dividends paid	(198)	(209)
Net cash provided by (used in) financing activities	(591)	(594)
Effect of exchange rate change on cash and cash equivalents	0	1
Net increase (decrease) in cash and cash equivalents	(1,893)	1,104
Cash and cash equivalents at beginning of period	19,285	17,391
Cash and cash equivalents at end of period	17,391	18,495