

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 8, 2022

Company name: Musashi Seimitsu Industry Co.,Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7220 URL <http://www.musashi.co.jp>
 Representative: President & CEO Hiroshi Otsuka
 Executive Officer General Manager of Finance & Accounting Div. Shinichi Takahashi TEL 0532-25-8111
 Inquiries: Finance & Accounting Div.
 Scheduled date to file Quarterly Securities Report: February 8, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(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	%
Nine months ended December 31, 2021	172,392	20.8	3,147	36.3	3,285	33.0	1,706	(32.9)
Nine months ended December 31, 2020	142,740	(21.5)	2,308	(64.5)	2,469	(62.8)	2,544	(41.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	26.16		–	
Nine months ended December 31, 2020	39.02		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	245,158	102,236	37.4	1,404.82
As of March 31, 2021	226,066	95,914	37.7	1,305.03

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, 2021	–	5.00	–	30.00	35.00
Year ending March 31, 2022	–	15.00	–		
Year ending March 31, 2022 (Forecast)				30.00	45.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	230,000	12.4	9,000	19.9	7,900	(4.6)	5,600	(24.1)	85.83

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(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: Yes
- (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 December 31, 2021	65,287,701 shares	As of March 31, 2021	65,258,601 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	24,144 shares	As of March 31, 2021	17,558 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	65,252,342 shares	Nine months ended December 31, 2020	65,208,835 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	24,143	25,641
Notes and accounts receivable - trade	33,776	31,072
Merchandise and finished goods	8,309	10,751
Work in process	8,077	9,111
Raw materials and supplies	21,417	26,720
Other	6,430	7,227
Allowance for doubtful accounts	(102)	(80)
Total current assets	102,053	110,445
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,213	48,946
Accumulated depreciation	(24,197)	(25,739)
Accumulated impairment	(293)	(308)
Buildings and structures, net	22,722	22,898
Machinery, equipment and vehicles	223,359	234,200
Accumulated depreciation	(168,586)	(179,141)
Accumulated impairment	(527)	(656)
Machinery, equipment and vehicles, net	54,245	54,403
Tools, furniture and fixtures	13,057	13,895
Accumulated depreciation	(9,315)	(10,198)
Accumulated impairment	(15)	(16)
Tools, furniture and fixtures, net	3,726	3,680
Land	7,488	7,509
Construction in progress	14,065	16,363
Total property, plant and equipment	102,249	104,855
Intangible assets		
Goodwill	694	486
Customer relationship assets	2,807	2,526
Software	1,318	1,288
Software in progress	36	7
Other	1,559	1,201
Total intangible assets	6,416	5,509
Investments and other assets		
Investment securities	9,749	16,657
Investments in capital	777	945
Long-term loans receivable	65	152
Deferred tax assets	2,243	2,947
Other	2,556	3,700
Allowance for doubtful accounts	(43)	(56)
Total investments and other assets	15,348	24,348
Total non-current assets	124,013	134,713
Total assets	226,066	245,158

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,843	17,578
Short-term borrowings	38,932	37,438
Current portion of long-term borrowings	11,410	12,042
Accounts payable - other	3,967	4,134
Accrued expenses	7,614	6,249
Income taxes payable	1,954	1,224
Provision for bonuses	2,054	1,367
Provision for bonuses for directors (and other officers)	23	18
Provision for product compensations	235	204
Other	5,826	6,358
Total current liabilities	89,862	86,616
Non-current liabilities		
Long-term borrowings	27,151	42,550
Deferred tax liabilities	2,653	4,205
Retirement benefit liability	6,695	6,522
Other	3,788	3,027
Total non-current liabilities	40,289	56,305
Total liabilities	130,152	142,922
Net assets		
Shareholders' equity		
Share capital	5,394	5,427
Capital surplus	3,093	3,126
Retained earnings	85,992	84,763
Treasury shares	(8)	(8)
Total shareholders' equity	94,472	93,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,605	6,586
Foreign currency translation adjustment	(11,581)	(8,080)
Remeasurements of defined benefit plans	(354)	(130)
Total accumulated other comprehensive income	(9,330)	(1,624)
Non-controlling interests	10,773	10,552
Total net assets	95,914	102,236
Total liabilities and net assets	226,066	245,158

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	142,740	172,392
Cost of sales	124,652	152,063
Gross profit	18,088	20,328
Selling, general and administrative expenses	15,779	17,181
Operating profit	2,308	3,147
Non-operating income		
Interest income	242	264
Dividend income	109	190
Foreign exchange gains	–	110
Subsidy income	458	–
Other	216	283
Total non-operating income	1,026	849
Non-operating expenses		
Interest expenses	490	444
Foreign exchange losses	176	–
Loss on valuation of investment securities	–	101
Other	198	165
Total non-operating expenses	865	711
Ordinary profit	2,469	3,285
Extraordinary income		
Gain on sale of non-current assets	17	38
Gain on bargain purchase	877	–
Gain on reversal of liabilities	551	–
Total extraordinary income	1,445	38
Extraordinary losses		
Loss on sale of non-current assets	2	8
Loss on retirement of non-current assets	35	159
Impairment losses	–	108
Loss on disaster	83	–
Other	–	5
Total extraordinary losses	121	282
Profit before income taxes	3,793	3,041
Income taxes	1,754	1,426
Profit	2,039	1,614
Loss attributable to non-controlling interests	(504)	(91)
Profit attributable to owners of parent	2,544	1,706

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	2,039	1,614
Other comprehensive income		
Valuation difference on available-for-sale securities	836	3,980
Foreign currency translation adjustment	3,111	3,661
Remeasurements of defined benefit plans, net of tax	(136)	190
Total other comprehensive income	3,811	7,832
Comprehensive income	5,850	9,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,876	9,412
Comprehensive income attributable to non-controlling interests	(25)	34