

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 7, 2024

Company name: Musashi Seimitsu Industry Co.,Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7220 URL <https://www.musashi.co.jp>
 Representative: President & CEO Hiroshi Otsuka
 Deputy CFO & General Manager Finance & Accounting Div. Hiroki Matsuda TEL 0532-25-8111
 Inquiries: Accounting Div.
 Scheduled date to file Semi-annual Securities Report: November 7, 2024
 Scheduled date to commence dividend payments: November 29, 2024
 Preparation of supplementary material on financial results: Yes
 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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	173,402	2.3	7,840	16.9	6,251	(6.4)	2,972	(17.2)
Six months ended September 30, 2023	169,561	19.5	6,708	360.3	6,682	144.2	3,588	782.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	45.37	—
Six months ended September 30, 2023	54.94	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	275,030	120,678	40.6	1,702.45
As of March 31, 2024	290,339	125,391	39.9	1,767.95

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	15.00	—	25.00	40.00
Year ending March 31, 2025	—	25.00			
Year ending March 31, 2025 (Forecast)			—	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	335,000	(4.3)	18,500	0.7	15,500	(0.4)	9,500	19.9	145.41

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual 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 September 30, 2024	65,556,761 shares	As of March 31, 2024	65,517,161 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	33,530 shares	As of March 31, 2024	31,040 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, 2024	65,501,544 shares	Six months ended September 30, 2023	65,316,148 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	26,698	22,966
Notes and accounts receivable - trade	49,428	44,421
Merchandise and finished goods	13,039	13,113
Work in process	10,804	10,042
Raw materials and supplies	31,587	32,116
Other	10,766	11,783
Allowance for doubtful accounts	(516)	(372)
Total current assets	141,808	134,071
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,755	59,931
Accumulated depreciation	(33,319)	(33,729)
Accumulated impairment	(4)	(4)
Buildings and structures, net	27,430	26,197
Machinery, equipment and vehicles	305,549	302,351
Accumulated depreciation	(239,291)	(240,744)
Accumulated impairment	(548)	(501)
Machinery, equipment and vehicles, net	65,709	61,105
Tools, furniture and fixtures	17,963	18,025
Accumulated depreciation	(13,582)	(13,690)
Tools, furniture and fixtures, net	4,381	4,335
Land	9,730	9,737
Construction in progress	8,804	9,494
Total property, plant and equipment	116,056	110,868
Intangible assets		
Goodwill	674	930
Customer-related intangible assets	2,047	1,758
Software	888	769
Software in progress	12	11
Other	615	562
Total intangible assets	4,239	4,031
Investments and other assets		
Investment securities	16,574	16,054
Investments in capital	1,758	1,480
Long-term loans receivable	524	244
Retirement benefit asset	557	535
Deferred tax assets	3,996	4,089
Other	4,955	3,759
Allowance for doubtful accounts	(133)	(104)
Total investments and other assets	28,234	26,058
Total non-current assets	148,530	140,959
Total assets	290,339	275,030

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,309	21,688
Short-term borrowings	49,587	39,823
Current portion of long-term borrowings	8,154	12,714
Accounts payable - other	4,255	3,225
Accrued expenses	9,746	9,928
Income taxes payable	1,435	2,233
Provision for bonuses	2,759	3,749
Provision for bonuses for directors (and other officers)	27	30
Provision for product warranties	74	74
Provision for loss on guarantees	200	200
Provision for loss on litigation	315	159
Other	6,159	6,428
Total current liabilities	107,025	100,256
Non-current liabilities		
Long-term borrowings	41,625	39,060
Deferred tax liabilities	6,257	5,000
Retirement benefit liability	7,780	7,810
Other	2,258	2,223
Total non-current liabilities	57,921	54,095
Total liabilities	164,947	154,352
Net assets		
Shareholders' equity		
Share capital	5,602	5,639
Capital surplus	—	37
Retained earnings	88,650	89,985
Treasury shares	(8)	(8)
Total shareholders' equity	94,243	95,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,608	3,923
Foreign currency translation adjustment	15,616	11,720
Remeasurements of defined benefit plans	307	252
Total accumulated other comprehensive income	21,532	15,895
Non-controlling interests	9,615	9,128
Total net assets	125,391	120,678
Total liabilities and net assets	290,339	275,030

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, 2023	Six months ended September 30, 2024
Net sales	169,561	173,402
Cost of sales	147,615	148,560
Gross profit	21,945	24,842
Selling, general and administrative expenses	15,237	17,001
Operating profit	6,708	7,840
Non-operating income		
Interest income	229	284
Dividend income	260	328
Gain on valuation of investment securities	141	8
Foreign exchange gains	997	—
Other	268	653
Total non-operating income	1,897	1,274
Non-operating expenses		
Interest expenses	1,377	1,265
Loss on sale of investment securities	113	—
Foreign exchange losses	—	1,249
Share of loss of entities accounted for using equity method	230	126
Other	201	222
Total non-operating expenses	1,923	2,863
Ordinary profit	6,682	6,251
Extraordinary income		
Gain on sale of non-current assets	106	22
Insurance claim income	—	29
Total extraordinary income	106	51
Extraordinary losses		
Loss on sale of non-current assets	11	8
Loss on retirement of non-current assets	29	20
Loss on valuation of investment securities	122	3
Total extraordinary losses	162	32
Profit before income taxes	6,625	6,271
Income taxes	2,814	2,859
Profit	3,810	3,411
Profit attributable to non-controlling interests	222	439
Profit attributable to owners of parent	3,588	2,972

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	3,810	3,411
Other comprehensive income		
Valuation difference on available-for-sale securities	2,612	(1,685)
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	11,080	(3,874)
Remeasurements of defined benefit plans, net of tax	4	(51)
Share of other comprehensive income of entities accounted for using equity method	(101)	(72)
Total other comprehensive income	13,596	(5,684)
Comprehensive income	17,407	(2,273)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,301	(2,664)
Comprehensive income attributable to non-controlling interests	1,105	390

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	6,625	6,271
Depreciation	9,693	9,537
Amortization of goodwill	178	97
Increase (decrease) in allowance for doubtful accounts	(0)	(168)
Increase (decrease) in provision for bonuses	710	1,013
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	3
Increase (decrease) in provision for product warranties	275	(2)
Increase (decrease) in retirement benefit liability	(45)	66
Decrease (increase) in retirement benefit asset	—	21
Increase (decrease) in provision for loss on litigation	—	(165)
Interest and dividend income	(489)	(612)
Interest expenses	1,377	1,265
Foreign exchange losses (gains)	(676)	930
Loss (gain) on sale and retirement of property, plant and equipment	(65)	6
Loss (gain) on sale of investment securities	113	—
Loss (gain) on valuation of investment securities	(19)	(4)
Share of loss (profit) of entities accounted for using equity method	230	126
Decrease (increase) in trade receivables	892	3,432
Decrease (increase) in inventories	(607)	(1,539)
Increase (decrease) in trade payables	(1,393)	(1,476)
Other, net	381	69
Subtotal	17,165	18,871
Interest and dividends received	451	578
Interest paid	(1,544)	(1,355)
Income taxes paid	(2,470)	(2,524)
Net cash provided by (used in) operating activities	13,603	15,569
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,933)	(7,193)
Proceeds from sale of property, plant and equipment	77	79
Purchase of intangible assets	(163)	(72)
Purchase of investment securities	(1,854)	(1,594)
Proceeds from sale of investment securities	268	—
Loan advances	(571)	(263)
Proceeds from collection of loans receivable	442	302
Payments for acquisition of businesses	(1,148)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(238)
Other, net	517	64
Net cash provided by (used in) investing activities	(7,366)	(8,916)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,436)	(9,082)
Proceeds from long-term borrowings	412	4,196
Repayments of long-term borrowings	(6,403)	(2,102)
Dividends paid	(653)	(1,637)
Dividends paid to non-controlling interests	(800)	(913)
Other, net	(242)	(294)
Net cash provided by (used in) financing activities	(12,122)	(9,833)
Effect of exchange rate change on cash and cash equivalents	2,290	(223)
Net increase (decrease) in cash and cash equivalents	(3,594)	(3,404)
Cash and cash equivalents at beginning of period	26,753	26,747
Cash and cash equivalents at end of period	23,158	23,342