

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 Seimitsu Industry Co.,Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7220 URL <https://www.musashi.co.jp>
 Representative: President & CEO Hiroshi Otsuka
 Inquiries: Deputy CFO Shinichi Takahashi TEL 0532-25-8111
 Scheduled date to file Quarterly Securities Report: November 8, 2022
 Scheduled date to commence dividend payments: November 30, 2022
 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 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	141,851	24.9	1,457	(37.6)	2,735	41.2	406	(67.4)
Six months ended September 30, 2021	113,545	37.9	2,333	–	1,936	–	1,248	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	6.23		–	
Six months ended September 30, 2021	19.14		–	

(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, 2022	273,580	119,332	39.2	1,642.95
As of March 31, 2022	259,960	112,269	38.7	1,541.26

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	–	15.00	–	30.00	45.00
Year ending March 31, 2023	–	20.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	25.00	45.00

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	300,000	24.0	10,000	18.9	9,500	0.7	6,500	19.7	99.61

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: 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, 2022	65,333,301 shares	As of March 31, 2022	65,287,701 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	30,955 shares	As of March 31, 2022	24,144 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	65,276,680 shares	Six months ended September 30, 2021	65,246,703 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	27,554	26,597
Notes and accounts receivable - trade	39,188	45,319
Merchandise and finished goods	11,159	12,217
Work in process	9,308	10,540
Raw materials and supplies	26,477	29,038
Other	8,574	8,280
Allowance for doubtful accounts	(83)	(53)
Total current assets	122,180	131,941
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,636	54,743
Accumulated depreciation	(27,388)	(29,767)
Accumulated impairment	(382)	(398)
Buildings and structures, net	23,864	24,578
Machinery, equipment and vehicles	251,601	273,936
Accumulated depreciation	(192,256)	(210,003)
Accumulated impairment	(753)	(805)
Machinery, equipment and vehicles, net	58,590	63,127
Tools, furniture and fixtures	14,566	15,848
Accumulated depreciation	(10,951)	(12,058)
Accumulated impairment	(20)	(21)
Tools, furniture and fixtures, net	3,594	3,769
Land	7,735	8,031
Construction in progress	17,912	16,611
Total property, plant and equipment	111,699	116,118
Intangible assets		
Goodwill	416	277
Customer relationship assets	2,543	2,432
Software	1,428	1,192
Software in progress	7	7
Other	1,130	919
Total intangible assets	5,525	4,828
Investments and other assets		
Investment securities	12,583	11,984
Investments in capital	997	1,336
Long-term loans receivable	224	147
Deferred tax assets	2,782	2,798
Other	4,023	4,462
Allowance for doubtful accounts	(56)	(36)
Total investments and other assets	20,556	20,692
Total non-current assets	137,780	141,639
Total assets	259,960	273,580

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,508	19,989
Short-term borrowings	42,380	52,609
Current portion of long-term borrowings	12,287	12,507
Accounts payable - other	3,738	3,974
Accrued expenses	6,257	7,101
Income taxes payable	1,393	1,654
Provision for bonuses	2,267	3,202
Provision for bonuses for directors (and other officers)	20	12
Provision for product compensations	212	213
Other	5,760	5,380
Total current liabilities	92,827	106,645
Non-current liabilities		
Long-term borrowings	41,914	36,221
Deferred tax liabilities	3,785	3,402
Retirement benefit liability	6,152	5,626
Other	3,010	2,350
Total non-current liabilities	54,863	47,601
Total liabilities	147,690	154,247
Net assets		
Shareholders' equity		
Share capital	5,427	5,458
Capital surplus	3,126	3,158
Retained earnings	87,724	86,173
Treasury shares	(8)	(8)
Total shareholders' equity	96,270	94,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,878	2,815
Foreign currency translation adjustment	215	9,251
Remeasurements of defined benefit plans	223	439
Total accumulated other comprehensive income	4,317	12,506
Non-controlling interests	11,681	12,043
Total net assets	112,269	119,332
Total liabilities and net assets	259,960	273,580

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	113,545	141,851
Cost of sales	99,403	125,994
Gross profit	14,142	15,856
Selling, general and administrative expenses	11,808	14,399
Operating profit	2,333	1,457
Non-operating income		
Interest income	166	240
Dividend income	106	120
Gain on valuation of investment securities	–	123
Foreign exchange gains	–	1,074
Compensation income	–	272
Other	140	190
Total non-operating income	413	2,022
Non-operating expenses		
Interest expenses	261	512
Share of loss of entities accounted for using equity method	–	82
Foreign exchange losses	494	–
Other	54	148
Total non-operating expenses	810	743
Ordinary profit	1,936	2,735
Extraordinary income		
Gain on termination of retirement benefit plan	–	405
Gain on sale of non-current assets	29	17
Total extraordinary income	29	422
Extraordinary losses		
Loss on sale of non-current assets	7	2
Loss on retirement of non-current assets	151	25
Loss on valuation of investment securities	5	–
Total extraordinary losses	165	27
Profit before income taxes	1,801	3,130
Income taxes	586	2,555
Profit	1,215	575
Profit (loss) attributable to non-controlling interests	(33)	168
Profit attributable to owners of parent	1,248	406

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,215	575
Other comprehensive income		
Valuation difference on available-for-sale securities	3,192	(1,062)
Foreign currency translation adjustment	243	9,684
Remeasurements of defined benefit plans, net of tax	288	431
Total other comprehensive income	3,724	9,054
Comprehensive income	4,939	9,630
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,062	8,595
Comprehensive income attributable to non-controlling interests	(122)	1,034

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	1,801	3,130
Depreciation	8,309	9,310
Amortization of goodwill	139	139
Increase (decrease) in allowance for doubtful accounts	(1)	(52)
Increase (decrease) in provision for bonuses	567	842
Increase (decrease) in provision for bonuses for directors (and other officers)	(8)	(7)
Increase (decrease) in provision for product compensations	(8)	(5)
Increase (decrease) in retirement benefit liability	127	(93)
Interest and dividend income	(272)	(360)
Interest expenses	261	512
Foreign exchange losses (gains)	(615)	(37)
Loss (gain) on sale and retirement of property, plant and equipment	129	10
Loss (gain) on valuation of investment securities	5	(123)
Share of loss (profit) of entities accounted for using equity method	–	82
Decrease (increase) in trade receivables	4,829	(3,244)
Decrease (increase) in inventories	(7,918)	(1,881)
Increase (decrease) in trade payables	(1,724)	(82)
Other, net	(1,182)	1,176
Subtotal	4,439	9,316
Interest and dividends received	271	370
Interest paid	(249)	(568)
Income taxes paid	(2,735)	(2,674)
Net cash provided by (used in) operating activities	1,726	6,443
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,517)	(7,517)
Proceeds from sale of property, plant and equipment	184	32
Purchase of intangible assets	(320)	(59)
Purchase of investment securities	(1,397)	(849)
Loan advances	(315)	(233)
Proceeds from collection of loans receivable	317	155
Other, net	7	458
Net cash provided by (used in) investing activities	(9,041)	(8,013)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,527	7,447
Proceeds from long-term borrowings	–	203
Repayments of long-term borrowings	(6,228)	(6,363)
Purchase of treasury shares	(0)	–
Dividends paid	(1,957)	(1,957)
Dividends paid to non-controlling interests	(255)	(672)
Other, net	(206)	(282)
Net cash provided by (used in) financing activities	6,879	(1,625)
Effect of exchange rate change on cash and cash equivalents	(154)	2,401
Net increase (decrease) in cash and cash equivalents	(590)	(793)
Cash and cash equivalents at beginning of period	24,891	28,325
Cash and cash equivalents at end of period	24,300	27,532