

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 4, 2021

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: November 4, 2021  
 Scheduled date to commence dividend payments: November 30, 2021  
 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, 2021 (from April 1, 2021 to September 30, 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	%
Six months ended September 30, 2021	113,545	37.9	2,333	–	1,936	–	1,248	–
Six months ended September 30, 2020	82,328	(33.5)	(2,918)	–	(3,126)	–	(1,484)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	19.14	–
Six months ended September 30, 2020	(22.77)	–

#### (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, 2021	235,876	98,707	37.4	1,353.16
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	Yen	Yen	Yen	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 six months ended September 30, 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 September 30, 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 September 30, 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)

Six months ended September 30, 2021	65,246,703 shares	Six months ended September 30, 2020	65,192,620 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	24,143	23,431
Notes and accounts receivable - trade	33,776	29,080
Merchandise and finished goods	8,309	11,491
Work in process	8,077	9,465
Raw materials and supplies	21,417	24,736
Other	6,430	7,748
Allowance for doubtful accounts	(102)	(81)
Total current assets	102,053	105,872
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,213	48,091
Accumulated depreciation	(24,197)	(25,029)
Accumulated impairment	(293)	(305)
Buildings and structures, net	22,722	22,756
Machinery, equipment and vehicles	223,359	225,061
Accumulated depreciation	(168,586)	(172,733)
Accumulated impairment	(527)	(541)
Machinery, equipment and vehicles, net	54,245	51,786
Tools, furniture and fixtures	13,057	13,639
Accumulated depreciation	(9,315)	(9,901)
Accumulated impairment	(15)	(16)
Tools, furniture and fixtures, net	3,726	3,721
Land	7,488	7,427
Construction in progress	14,065	16,409
Total property, plant and equipment	102,249	102,101
Intangible assets		
Goodwill	694	555
Customer relationship assets	2,807	2,612
Software	1,318	1,338
Software in progress	36	36
Other	1,559	1,316
Total intangible assets	6,416	5,858
Investments and other assets		
Investment securities	9,749	15,492
Investments in capital	777	1,001
Long-term loans receivable	65	101
Deferred tax assets	2,243	2,534
Other	2,556	2,977
Allowance for doubtful accounts	(43)	(63)
Total investments and other assets	15,348	22,043
Total non-current assets	124,013	130,003
Total assets	226,066	235,876

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,843	16,220
Short-term borrowings	38,932	54,487
Current portion of long-term borrowings	11,410	9,785
Accounts payable - other	3,967	3,871
Accrued expenses	7,614	6,652
Income taxes payable	1,954	1,109
Provision for bonuses	2,054	2,628
Provision for bonuses for directors (and other officers)	23	14
Provision for product compensations	235	214
Other	5,826	7,118
<b>Total current liabilities</b>	<b>89,862</b>	<b>102,103</b>
<b>Non-current liabilities</b>		
Long-term borrowings	27,151	22,197
Deferred tax liabilities	2,653	3,512
Retirement benefit liability	6,695	6,341
Other	3,788	3,014
<b>Total non-current liabilities</b>	<b>40,289</b>	<b>35,065</b>
<b>Total liabilities</b>	<b>130,152</b>	<b>137,168</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,394	5,427
Capital surplus	3,093	3,126
Retained earnings	85,992	85,283
Treasury shares	(8)	(8)
<b>Total shareholders' equity</b>	<b>94,472</b>	<b>93,829</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,605	5,798
Foreign currency translation adjustment	(11,581)	(11,259)
Remeasurements of defined benefit plans	(354)	(55)
<b>Total accumulated other comprehensive income</b>	<b>(9,330)</b>	<b>(5,516)</b>
<b>Non-controlling interests</b>	<b>10,773</b>	<b>10,395</b>
<b>Total net assets</b>	<b>95,914</b>	<b>98,707</b>
<b>Total liabilities and net assets</b>	<b>226,066</b>	<b>235,876</b>

**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, 2020	Six months ended September 30, 2021
Net sales	82,328	113,545
Cost of sales	74,942	99,403
Gross profit	7,386	14,142
Selling, general and administrative expenses	10,304	11,808
Operating profit (loss)	(2,918)	2,333
Non-operating income		
Interest income	177	166
Dividend income	80	106
Subsidy income	365	–
Other	166	140
Total non-operating income	790	413
Non-operating expenses		
Interest expenses	320	261
Foreign exchange losses	611	494
Other	65	54
Total non-operating expenses	997	810
Ordinary profit (loss)	(3,126)	1,936
Extraordinary income		
Gain on sale of non-current assets	8	29
Gain on bargain purchase	877	–
Gain on reversal of liabilities	547	–
Total extraordinary income	1,433	29
Extraordinary losses		
Loss on sale of non-current assets	2	7
Loss on retirement of non-current assets	22	151
Loss on disaster	116	–
Loss on valuation of investment securities	–	5
Total extraordinary losses	141	165
Profit (loss) before income taxes	(1,834)	1,801
Income taxes	386	586
Profit (loss)	(2,220)	1,215
Loss attributable to non-controlling interests	(736)	(33)
Profit (loss) attributable to owners of parent	(1,484)	1,248

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(2,220)	1,215
Other comprehensive income		
Valuation difference on available-for-sale securities	77	3,192
Foreign currency translation adjustment	1,450	243
Remeasurements of defined benefit plans, net of tax	(35)	288
Total other comprehensive income	1,493	3,724
Comprehensive income	(727)	4,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(230)	5,062
Comprehensive income attributable to non-controlling interests	(497)	(122)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(1,834)	1,801
Depreciation	7,799	8,309
Loss on disaster	116	–
Amortization of goodwill	139	139
Debt reversal gain	(547)	–
Gain on bargain purchase	(877)	–
Increase (decrease) in allowance for doubtful accounts	5	(1)
Increase (decrease) in provision for bonuses	491	567
Increase (decrease) in provision for bonuses for directors (and other officers)	(33)	(8)
Increase (decrease) in provision for product compensations	(44)	(8)
Increase (decrease) in retirement benefit liability	165	127
Interest and dividend income	(258)	(272)
Interest expenses	320	261
Foreign exchange losses (gains)	(191)	(615)
Loss (gain) on sale and retirement of property, plant and equipment	16	129
Loss (gain) on valuation of investment securities	–	5
Decrease (increase) in trade receivables	(2,253)	4,829
Decrease (increase) in inventories	2,611	(7,918)
Increase (decrease) in trade payables	(2,256)	(1,724)
Other, net	4,140	(1,182)
Subtotal	7,509	4,439
Interest and dividends received	260	271
Interest paid	(318)	(249)
Income taxes paid	(1,289)	(2,735)
Net cash provided by (used in) operating activities	6,161	1,726
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,409)	(7,517)
Proceeds from sale of property, plant and equipment	11	184
Purchase of intangible assets	(39)	(320)
Purchase of investment securities	(454)	(1,397)
Loan advances	(126)	(315)
Proceeds from collection of loans receivable	67	317
Purchase of shares of subsidiaries	(5)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,176	–
Other, net	83	7
Net cash provided by (used in) investing activities	(5,696)	(9,041)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,696)	15,527
Proceeds from long-term borrowings	10,038	–
Repayments of long-term borrowings	(6,759)	(6,228)
Purchase of treasury shares	–	(0)
Dividends paid	(684)	(1,957)
Dividends paid to non-controlling interests	(335)	(255)
Other, net	(243)	(206)
Net cash provided by (used in) financing activities	(2,680)	6,879
Effect of exchange rate change on cash and cash equivalents	651	(154)
Net increase (decrease) in cash and cash equivalents	(1,563)	(590)
Cash and cash equivalents at beginning of period	23,246	24,891
Cash and cash equivalents at end of period	21,683	24,300