

Translation

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

November 9, 2021

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: General Manager of Financial Department Yoshiaki Yamamoto TEL 03-3546-7710
 Scheduled date to file Quarterly Securities Report: November 10, 2021
 Scheduled date to commence dividend payments: December 10, 2021
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(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	16,871	19.0	558	–	566	–	338	–
Six months ended September 30, 2020	14,180	(28.6)	(185)	–	(129)	–	(106)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	47.89		–	
Six months ended September 30, 2020	(14.38)		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2021	42,578		26,546		62.3	
As of March 31, 2021	41,312		27,032		65.4	

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	–	12.00	–	12.00	24.00
Year ending March 31, 2022	–	18.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	12.00	30.00

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	35,646	17.8	1,284	–	1,302	–	742	–	106.96

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: No
- (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	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 September 30, 2021	1,135,544 shares	As of March 31, 2021	766,609 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	7,060,413 shares	Six months ended September 30, 2020	7,383,391 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
Assets		
Current assets		
Cash and deposits	18,481	19,005
Notes and accounts receivable - trade	8,518	–
Notes and accounts receivable - trade, and contract assets	–	8,761
Merchandise and finished goods	2,411	2,440
Work in process	68	151
Raw materials and supplies	473	415
Other	645	490
Allowance for doubtful accounts	(30)	(32)
Total current assets	30,568	31,233
Non-current assets		
Property, plant and equipment	3,552	4,015
Intangible assets	400	330
Investments and other assets	6,791	6,999
Total non-current assets	10,744	11,345
Total assets	41,312	42,578
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,904	5,653
Electronically recorded obligations - operating	2,766	2,764
Short-term borrowings	3,516	3,516
Income taxes payable	29	288
Provision for bonuses	388	362
Other	704	1,095
Total current liabilities	12,310	13,681
Non-current liabilities		
Retirement benefit liability	223	231
Provision for retirement benefits for directors (and other officers)	889	869
Other	856	1,249
Total non-current liabilities	1,969	2,350
Total liabilities	14,279	16,031
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,590	24,842
Treasury shares	(1,089)	(1,854)
Total shareholders' equity	26,714	26,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	153	193
Remeasurements of defined benefit plans	164	151
Total accumulated other comprehensive income	318	345
Total net assets	27,032	26,546
Total liabilities and net assets	41,312	42,578

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	14,180	16,871
Cost of sales	10,979	12,896
Gross profit	3,201	3,974
Selling, general and administrative expenses	3,386	3,415
Operating profit (loss)	(185)	558
Non-operating income		
Interest income	0	0
Dividend income	23	21
Share of profit of entities accounted for using equity method	3	–
Reversal of allowance for doubtful accounts	0	0
Other	45	22
Total non-operating income	73	44
Non-operating expenses		
Interest expenses	16	18
Share of loss of entities accounted for using equity method	–	18
Other	1	–
Total non-operating expenses	18	37
Ordinary profit (loss)	(129)	566
Extraordinary losses		
Loss on retirement of non-current assets	–	5
Total extraordinary losses	–	5
Profit (loss) before income taxes	(129)	560
Income taxes - current	53	266
Income taxes - deferred	(77)	(44)
Total income taxes	(23)	222
Profit (loss)	(106)	338
Profit (loss) attributable to owners of parent	(106)	338

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(106)	338
Other comprehensive income		
Valuation difference on available-for-sale securities	69	39
Remeasurements of defined benefit plans, net of tax	(10)	(13)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	59	26
Comprehensive income	(47)	364
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(47)	364

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	(129)	560
Depreciation	156	194
Loss on retirement of non-current assets	–	5
Amortization of goodwill	36	36
Increase (decrease) in allowance for doubtful accounts	(102)	1
Increase (decrease) in provision for bonuses	(40)	(25)
Increase (decrease) in retirement benefit liability	(10)	8
Decrease (increase) in retirement benefit asset	(29)	(21)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6)	(19)
Interest and dividend income	(24)	(22)
Interest expenses	16	18
Foreign exchange losses (gains)	(0)	(0)
Share of loss (profit) of entities accounted for using equity method	(3)	18
Decrease (increase) in trade receivables	1,452	(242)
Decrease (increase) in inventories	(116)	(53)
Decrease (increase) in other current assets	108	24
Increase (decrease) in trade payables	(1,508)	746
Increase (decrease) in accounts payable - other	(37)	21
Increase (decrease) in other current liabilities	(454)	269
Other, net	2	(5)
Subtotal	(693)	1,514
Interest and dividends received	24	22
Interest paid	(16)	(18)
Income taxes refund (paid)	(258)	79
Net cash provided by (used in) operating activities	(944)	1,598
Cash flows from investing activities		
Payments into time deposits	(200)	–
Proceeds from withdrawal of time deposits	5	–
Purchase of property, plant and equipment	(89)	(520)
Proceeds from sale of property, plant and equipment	2	4
Purchase of intangible assets	(73)	(19)
Purchase of investment securities	(3)	(4)
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	0
Other, net	(39)	(77)
Net cash provided by (used in) investing activities	(397)	(617)
Cash flows from financing activities		
Repayments of lease obligations	–	(22)
Proceeds from sale and leaseback transactions	–	417
Purchase of treasury shares	–	(764)
Dividends paid	(110)	(86)
Net cash provided by (used in) financing activities	(110)	(455)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(1,452)	524
Cash and cash equivalents at beginning of period	19,285	17,391
Cash and cash equivalents at end of period	17,832	17,915