

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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: Yoshiaki Yamamoto TEL 03-3546-7710
 General Manager of Financial Department
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: No
 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 year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	37,072	2.4	2,619	50.0	2,705	46.4	1,762	79.5
Year ended March 31, 2022	36,213	19.7	1,746	–	1,848	–	981	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	258.66	–	6.3	6.2	7.1
Year ended March 31, 2022	141.53	–	3.6	4.4	4.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	43,893	28,698	65.4	4,211.39
As of March 31, 2022	43,481	27,024	62.2	3,965.77

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	1,590	(10)	(390)	19,686
Year ended March 31, 2022	2,601	(904)	(594)	18,495

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	18.00	–	22.00	40.00	272	28.3	1.0
Year ended March 31, 2023	–	23.00	–	20.00	43.00	293	16.6	1.1
Year ending March 31, 2024 (Forecast)	–	12.00	–	12.00	24.00		54.2	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	16,806	(8.6)	160	(89.7)	185	(88.4)	51	(95.2)	7.48
Full year	35,402	(4.5)	539	(79.4)	581	(78.5)	302	(82.9)	44.32

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	7,950,000 shares	As of March 31, 2022	7,950,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,135,544 shares	As of March 31, 2022	1,135,544 shares
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Average number of shares during the period

Year ended March 31, 2023	6,814,456 shares	Year ended March 31, 2022	6,937,434 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	19,485	20,676
Notes receivable - trade	2,801	2,888
Accounts receivable - trade	6,727	5,931
Merchandise and finished goods	2,189	2,226
Work in process	155	99
Raw materials and supplies	545	618
Other	592	325
Allowance for doubtful accounts	(37)	(14)
Total current assets	32,459	32,751
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,197	1,144
Machinery, equipment and vehicles, net	48	51
Land	1,969	1,969
Other, net	738	650
Total property, plant and equipment	3,954	3,816
Intangible assets		
Goodwill	39	20
Software	178	127
Other	20	20
Total intangible assets	238	168
Investments and other assets		
Investment securities	1,428	1,804
Shares of subsidiaries and associates	518	567
Deferred tax assets	234	196
Retirement benefit asset	1,421	1,361
Guarantee deposits	2,549	2,550
Other	718	716
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	6,829	7,157
Total non-current assets	11,022	11,141
Total assets	43,481	43,893

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,167	4,724
Electronically recorded obligations - operating	2,879	2,468
Short-term borrowings	3,516	3,516
Income taxes payable	703	477
Provision for bonuses	387	386
Provision for product warranties	108	–
Other	1,370	1,105
Total current liabilities	14,133	12,677
Non-current liabilities		
Deferred tax liabilities	167	355
Retirement benefit liability	230	246
Provision for retirement benefits for directors (and other officers)	910	989
Other	1,015	924
Total non-current liabilities	2,323	2,516
Total liabilities	16,457	15,194
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	25,363	26,819
Treasury shares	(1,854)	(1,854)
Total shareholders' equity	26,722	28,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	171	493
Remeasurements of defined benefit plans	130	26
Total accumulated other comprehensive income	301	519
Total net assets	27,024	28,698
Total liabilities and net assets	43,481	43,893

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	36,213	37,072
Cost of sales	27,449	27,628
Gross profit	8,763	9,444
Selling, general and administrative expenses	7,017	6,824
Operating profit	1,746	2,619
Non-operating income		
Interest income	1	2
Dividend income	47	55
Share of profit of entities accounted for using equity method	33	26
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	62	49
Total non-operating income	144	134
Non-operating expenses		
Interest expenses	40	41
Loss on investments in investment partnerships	1	2
Miscellaneous losses	0	4
Total non-operating expenses	43	48
Ordinary profit	1,848	2,705
Extraordinary income		
Gain on sale of membership	1	–
Total extraordinary income	1	–
Extraordinary losses		
Loss on retirement of non-current assets	5	–
Loss on sale of investment securities	–	12
Loss on valuation of investment securities	–	2
Impairment losses	22	–
Total extraordinary losses	28	15
Profit before income taxes	1,821	2,690
Income taxes - current	695	797
Income taxes - deferred	143	130
Total income taxes	839	927
Profit	981	1,762
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	981	1,762

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	981	1,762
Other comprehensive income		
Valuation difference on available-for-sale securities	18	321
Remeasurements of defined benefit plans, net of tax	(34)	(103)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(16)	217
Comprehensive income	965	1,980
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	965	1,980

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,208	2,005	24,590	(1,089)	26,714
Changes during period					
Dividends of surplus			(208)		(208)
Profit (loss) attributable to owners of parent			981		981
Purchase of treasury shares				(764)	(764)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	773	(764)	8
Balance at end of period	1,208	2,005	25,363	(1,854)	26,722

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	153	164	318	27,032
Changes during period				
Dividends of surplus				(208)
Profit (loss) attributable to owners of parent				981
Purchase of treasury shares				(764)
Net changes in items other than shareholders' equity	18	(34)	(16)	(16)
Total changes during period	18	(34)	(16)	(8)
Balance at end of period	171	130	301	27,024

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,208	2,005	25,363	(1,854)	26,722
Changes during period					
Dividends of surplus			(306)		(306)
Profit (loss) attributable to owners of parent			1,762		1,762
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,455	–	1,455
Balance at end of period	1,208	2,005	26,819	(1,854)	28,178

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	171	130	301	27,024
Changes during period				
Dividends of surplus				(306)
Profit (loss) attributable to owners of parent				1,762
Purchase of treasury shares				–
Net changes in items other than shareholders' equity	321	(103)	217	217
Total changes during period	321	(103)	217	1,673
Balance at end of period	493	26	519	28,698

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,821	2,690
Depreciation	421	411
Amortization of goodwill	72	19
Loss (gain) on sale of investment securities	–	12
Loss (gain) on valuation of investment securities	–	2
Loss on retirement of non-current assets	5	–
Impairment losses	22	–
Increase (decrease) in allowance for doubtful accounts	(11)	(23)
Increase (decrease) in provision for bonuses	(0)	(1)
Increase (decrease) in provision for product warranties	108	(108)
Increase (decrease) in retirement benefit liability	7	15
Decrease (increase) in retirement benefit asset	(63)	(44)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21	78
Interest and dividend income	(49)	(57)
Interest expenses	40	41
Share of loss (profit) of entities accounted for using equity method	(33)	(26)
Foreign exchange losses (gains)	(1)	(1)
Loss (gain) on sale of membership	(1)	–
Loss (gain) on investments in investment partnerships	1	2
Decrease (increase) in trade receivables	(991)	709
Decrease (increase) in inventories	64	(53)
Decrease (increase) in other current assets	92	57
Increase (decrease) in trade payables	374	(853)
Increase (decrease) in accounts payable - other	169	(117)
Increase (decrease) in other current liabilities	458	(122)
Other, net	5	(5)
Subtotal	2,534	2,624
Interest and dividends received	49	57
Interest paid	(40)	(41)
Income taxes refund (paid)	57	(1,049)
Net cash provided by (used in) operating activities	2,601	1,590
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	100	–
Purchase of property, plant and equipment	(678)	(230)
Proceeds from sale of property, plant and equipment	9	3
Purchase of intangible assets	(22)	(23)
Purchase of investment securities	(32)	(58)
Proceeds from sale of investment securities	1	127
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	0
Other, net	(281)	171
Net cash provided by (used in) investing activities	(904)	(10)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Repayments of lease liabilities	(63)	(84)
Proceeds from sale and leaseback transactions	442	–
Purchase of treasury shares	(764)	–
Dividends paid	(209)	(306)
Net cash provided by (used in) financing activities	(594)	(390)
Effect of exchange rate change on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	1,104	1,190
Cash and cash equivalents at beginning of period	17,391	18,495
Cash and cash equivalents at end of period	18,495	19,686