

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 7, 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: General Manager of Financial Department Yoshiaki Yamamoto TEL 03-3546-7710  
 Scheduled date to file Quarterly Securities Report: November 8, 2023  
 Scheduled date to commence dividend payments: December 11, 2023  
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	16,779	(8.8)	730	(53.0)	751	(52.8)	498	(53.0)
Six months ended September 30, 2022	18,389	9.0	1,555	178.3	1,592	181.2	1,060	213.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	73.11		-	
Six months ended September 30, 2022	155.62		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	43,969	29,342	66.7
As of March 31, 2023	43,893	28,698	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, 2023	-	23.00	-	20.00	43.00
Year ending March 31, 2024	-	15.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	15.00	30.00

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
Full year	35,432	(4.4)	1,087	(58.5)	1,122	(58.5)	676	(61.6)	99.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(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: No
  - 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, 2023	7,950,000 shares	As of March 31, 2023	7,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,135,605 shares	As of March 31, 2023	1,135,544 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, 2023	6,814,395 shares	Six months ended September 30, 2022	6,814,456 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,676	19,985
Notes and accounts receivable - trade, and contract assets	8,819	8,702
Merchandise and finished goods	2,226	2,255
Work in process	99	82
Raw materials and supplies	618	971
Other	325	431
Allowance for doubtful accounts	(14)	(11)
Total current assets	32,751	32,416
Non-current assets		
Property, plant and equipment	3,816	3,878
Intangible assets	168	132
Investments and other assets	7,157	7,541
Total non-current assets	11,141	11,552
Total assets	43,893	43,969
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,724	4,218
Electronically recorded obligations - operating	2,468	2,857
Short-term borrowings	3,516	3,516
Income taxes payable	477	254
Provision for bonuses	386	383
Other	1,105	857
Total current liabilities	12,677	12,088
Non-current liabilities		
Retirement benefit liability	246	240
Provision for retirement benefits for directors (and other officers)	989	945
Other	1,280	1,352
Total non-current liabilities	2,516	2,538
Total liabilities	15,194	14,626
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	26,819	27,181
Treasury shares	(1,854)	(1,854)
Total shareholders' equity	28,178	28,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	493	784
Remeasurements of defined benefit plans	26	18
Total accumulated other comprehensive income	519	802
Total net assets	28,698	29,342
Total liabilities and net assets	43,893	43,969

**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, 2022	Six months ended September 30, 2023
Net sales	18,389	16,779
Cost of sales	13,476	12,567
Gross profit	4,913	4,212
Selling, general and administrative expenses	3,358	3,481
Operating profit	1,555	730
Non-operating income		
Interest income	0	0
Dividend income	25	28
Share of profit of entities accounted for using equity method	12	2
Reversal of allowance for doubtful accounts	0	0
Other	23	25
Total non-operating income	63	57
Non-operating expenses		
Interest expenses	20	19
Loss on investments in investment partnerships	1	2
Loss on abandonment of non-current assets	–	15
Other	4	0
Total non-operating expenses	25	37
Ordinary profit	1,592	751
Extraordinary losses		
Loss on sale of investment securities	12	2
Total extraordinary losses	12	2
Profit before income taxes	1,579	748
Income taxes - current	464	229
Income taxes - deferred	54	20
Total income taxes	519	249
Profit	1,060	498
Profit attributable to owners of parent	1,060	498

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,060	498
Other comprehensive income		
Valuation difference on available-for-sale securities	90	290
Remeasurements of defined benefit plans, net of tax	(15)	(8)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	75	282
Comprehensive income	1,135	780
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,135	780

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,579	748
Depreciation	201	193
Amortization of goodwill	9	9
Increase (decrease) in allowance for doubtful accounts	(7)	(1)
Increase (decrease) in provision for bonuses	(20)	(2)
Increase (decrease) in provision for product warranties	(67)	–
Increase (decrease) in retirement benefit liability	10	(6)
Decrease (increase) in retirement benefit asset	(23)	(12)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	39	(44)
Interest and dividend income	(26)	(29)
Interest expenses	20	19
Foreign exchange losses (gains)	(2)	(3)
Share of loss (profit) of entities accounted for using equity method	(12)	(2)
Loss (gain) on investments in investment partnerships	1	2
Decrease (increase) in trade receivables	1,877	117
Decrease (increase) in inventories	151	(364)
Decrease (increase) in other current assets	38	(88)
Increase (decrease) in trade payables	(916)	(116)
Loss (gain) on sale of investment securities	12	2
Increase (decrease) in accounts payable - other	(129)	22
Increase (decrease) in other current liabilities	(277)	(298)
Other, net	6	8
Subtotal	2,465	154
Interest and dividends received	26	28
Interest paid	(20)	(19)
Income taxes refund (paid)	(678)	(459)
Net cash provided by (used in) operating activities	1,792	(296)
Cash flows from investing activities		
Purchase of property, plant and equipment	(117)	(219)
Proceeds from sale of property, plant and equipment	2	5
Purchase of intangible assets	(10)	(9)
Purchase of investment securities	(30)	(6)
Proceeds from sale of investment securities	126	4
Loan advances	(0)	–
Proceeds from collection of loans receivable	0	–
Other, net	(1)	7
Net cash provided by (used in) investing activities	(30)	(218)
Cash flows from financing activities		
Repayments of lease liabilities	(41)	(42)
Purchase of treasury shares	–	(0)
Dividends paid	(149)	(136)
Net cash provided by (used in) financing activities	(191)	(179)
Effect of exchange rate change on cash and cash equivalents	2	3
Net increase (decrease) in cash and cash equivalents	1,572	(690)
Cash and cash equivalents at beginning of period	18,495	19,686
Cash and cash equivalents at end of period	20,068	18,995