

August 5, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Japanese GAAP)

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 Listing : Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code : 7220
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 Payment date of cash dividends : -
 Supplemental materials for financial results : Yes
 Earnings announcement for financial results : Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest million yen.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	83,076	(6.6)	3,808	(4.4)	3,339	(22.7)	1,666	(43.3)
June 30, 2024	88,941	7.9	3,985	73.0	4,322	68.3	2,939	65.4

Note: Comprehensive income For the three months ended June 30, 2025 : (86) million yen [-%]
 For the three months ended June 30, 2024 : 9,857 million yen [(25.2)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	25.43	-
June 30, 2024	44.88	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2025	287,340	122,263	39.3	1,722.44
March 31, 2025	285,126	123,969	40.2	1,751.52

Reference: Equity
 As of June 30, 2025 :112,853 million yen
 As of March 31, 2025 :114,761 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	25.00	-	25.00	50.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		25.00	-	25.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026

(from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2026	330,000	(5.0)	21,000	6.5	18,500	2.9	11,000	41.3	167.91

Note: Revisions to the earnings forecasts most recently announced: None

*Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Musashi Energy Solutions North America Inc.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes to Quarterly Consolidated Financial Statements (Application of Specific Accounting Treatments in Preparing Quarterly Consolidated Financial Statements)” of “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement of changes: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	65,556,761 shares
As of March 31, 2025	65,556,761 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	37,255 shares
As of March 31, 2025	35,825 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	65,519,967 shares
Three months ended June 30, 2024	65,485,783 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation on proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. Please refer to “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” of “1. Qualitative Information on Quarterly Financial Results” on page 3 of the attached materials or the conditions that form the assumptions for the earnings forecasts and cautions concerning the use thereof.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the consolidated cumulative period of the first quarter (April 1, 2025 to June 30, 2025), the global economy continued on a path of gradual recovery. However, overall growth has slowed due to rising uncertainties in the international situation and retaliatory tariffs stemming from protectionist movements. In the United States, the economy remained firm, supported by a strong labor market; however, careful monitoring is required regarding the impact of trade policies such as additional tariffs. In Europe, the manufacturing sector continues to stagnate, resulting in a sluggish pace of economic recovery. In China, while government stimulus measures have provided some support, the ongoing adjustment in the real estate market has led to a slow recovery.

The automotive industry is at a turning point in its electrification strategy. Due to revisions in subsidy policies in major markets, the growth in demand for battery electric vehicles (BEVs) has shown signs of slowdown. Meanwhile, global demand for hybrid electric vehicles (HEVs) is expanding once again. Additionally, in countries and regions such as the United States, tariffs on imported vehicles and electric vehicle-related components have been raised. In response, OEM manufacturers are working to restructure their diverse portfolios—including BEVs, HEVs, and plug-in hybrid electric vehicles (PHEVs)—to better meet market needs and optimize their production and supply systems.

To address geopolitical risks and changes in tariff policies, our Group is working to strengthen its management foundation. In April of this year, we transitioned to an executive officer structure led by CxOs (Chief Officers) and regional CEOs, aiming to realize the vision of "creating another Musashi." This shift is intended to accelerate decision-making and enhance our ability to respond to changes in the business environment. In our core business, orders for key products—such as differential assemblies and components used in BEVs and HEVs—continue to show steady growth.

In our new business domains, the Energy Solution business is working to establish a production expansion framework for hybrid supercapacitors (HSCs), which are experiencing rapidly growing demand for use in AI data centers. In the e-Mobility business, following our initiatives in Kenya, our efforts to promote the adoption of two-wheeled EVs in Ethiopia have been selected for the Ministry of Economy, Trade and Industry's "Future-Oriented Co-Creation Project for the Global South," further advancing our business development in emerging markets.

Under these circumstances, consolidated net sales for the first quarter cumulative period amounted to 83,076 million yen (down 6.6% year-on-year). In terms of profitability, consolidated operating profit was 3,808 million yen (down 4.4% year-on-year), consolidated ordinary income was 3,339 million yen (down 22.7% year-on-year), and quarterly net income attributable to owners of the parent was 1,666 million yen (down 43.3% year-on-year). The business performance by segment is as follows:

(Japan)

Although sales remained solid, upfront investment costs in the Energy Solution business increased. As a result, net sales were 9,515 million yen (up 4.2% year-on-year), while segment profit was 341 million yen (down 55.9% year-on-year).

(Americas)

Sales continued to be strong since last year, but due to the impact of foreign exchange, net sales were 27,228 million yen (down 0.3% year-on-year) and segment profit was 1,390 million yen (up 1.1% year-on-year).

(Asia)

Sales of motorcycles remained steady, but due to the impact of exchange rates, net sales were 18,236 million yen (down 6.7% year-on-year), and segment profit was 1,730 million yen (down 14.7% year-on-year).

(China)

While sales of Japanese-brand automobiles continued to stagnate, thorough cost management resulted in net sales of 6,516 million yen (down 10.6% year-on-year) and segment profit of 32 million yen. (compared to a loss of 234 million yen in the same period of the previous year).

(Europe)

Amid the continued stagnation of the overall automobile market, ongoing efforts to strengthen cost management led to net sales of 21,578 million yen (down 15.9% year-on-year) and segment profit of 295 million yen (up 1.0% year-on-year).

(2) Explanation of Financial Position

Total assets increased by 2,214 million yen from the end of the previous fiscal year to 287,340 million yen.

Current assets increased by 2,554 million yen to 149,462 million yen, mainly due to an increase in cash and deposits.

Fixed assets decreased by 340 million yen to 137,877 million yen, primarily due to the reversal of assets related to retirement benefits.

Liabilities increased by 3,920 million yen to 165,076 million yen, mainly due to an increase in short-term borrowings.

Net assets, including non-controlling interests, decreased by 1,706 million yen to 122,263 million yen compared to the end of the previous fiscal year.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements
There are no changes to the consolidated earnings forecasts announced on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	33,849	38,039
Notes and accounts receivable - trade	51,033	46,707
Merchandise and finished goods	11,518	12,940
Work in process	11,059	11,134
Raw materials and supplies	31,018	30,985
Other	9,052	10,501
Allowance for doubtful accounts	(622)	(845)
Total current assets	146,908	149,462
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,072	61,020
Accumulated depreciation	(34,864)	(35,239)
Accumulated impairment	(4)	(4)
Buildings and structures, net	26,203	25,775
Machinery, equipment and vehicles	307,774	307,172
Accumulated depreciation	(245,664)	(247,110)
Accumulated impairment	(514)	(523)
Machinery, equipment and vehicles, net	61,595	59,538
Tools, furniture and fixtures	18,511	18,574
Accumulated depreciation	(14,126)	(14,203)
Tools, furniture and fixtures, net	4,384	4,371
Land	9,860	9,854
Construction in progress	9,171	12,696
Total property, plant and equipment	111,216	112,235
Intangible assets		
Goodwill	815	758
Customer-related intangible assets	1,541	1,485
Software	784	779
Software in progress	7	7
Other	509	493
Total intangible assets	3,658	3,523
Investments and other assets		
Investment securities	13,135	13,354
Investments in capital	1,528	1,477
Long-term loans receivable	154	155
Retirement benefit asset	661	-
Deferred tax assets	4,179	3,683
Other	3,729	3,482
Allowance for doubtful accounts	(45)	(36)
Total investments and other assets	23,343	22,118
Total non-current assets	138,218	137,877
Total assets	285,126	287,340

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,342	21,464
Short-term borrowings	35,940	41,697
Current portion of long-term borrowings	10,852	10,544
Accounts payable - other	5,926	4,864
Accrued expenses	9,253	9,696
Income taxes payable	2,069	1,467
Provision for bonuses	2,824	2,390
Provision for bonuses for directors (and other officers)	61	74
Provision for product warranties	37	37
Provision for loss on guarantees	200	200
Provision for loss on litigation	162	339
Other	5,367	7,499
Total current liabilities	95,038	100,277
Non-current liabilities		
Long-term borrowings	49,996	49,133
Deferred tax liabilities	5,233	4,596
Retirement benefit liability	8,247	8,425
Other	2,640	2,644
Total non-current liabilities	66,117	64,799
Total liabilities	161,156	165,076
Net assets		
Shareholders' equity		
Share capital	5,639	5,639
Capital surplus	37	37
Retained earnings	93,157	93,197
Treasury shares	(8)	(8)
Total shareholders' equity	98,826	98,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,221	3,311
Foreign currency translation adjustment	12,350	10,809
Remeasurements of defined benefit plans	362	(134)
Total accumulated other comprehensive income	15,935	13,987
Non-controlling interests	9,208	9,410
Total net assets	123,969	122,263
Total liabilities and net assets	285,126	287,340

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	88,941	83,076
Cost of sales	76,248	70,905
Gross profit	12,693	12,170
Selling, general and administrative expenses	8,708	8,361
Operating profit	3,985	3,808
Non-operating income		
Interest income	153	133
Dividend income	230	199
Foreign exchange gains	333	-
Compensation income	13	0
Other	407	101
Total non-operating income	1,139	434
Non-operating expenses		
Interest expenses	659	512
Loss on valuation of investment securities	14	3
Share of loss of entities accounted for using equity method	16	26
Provision of allowance for doubtful accounts	-	230
Foreign exchange losses	-	12
Other	113	118
Total non-operating expenses	802	903
Ordinary profit	4,322	3,339
Extraordinary income		
Gain on sale of non-current assets	15	12
Gain on termination of retirement benefit plan	-	25
Total extraordinary income	15	37
Extraordinary losses		
Loss on sale of non-current assets	0	3
Loss on retirement of non-current assets	16	6
Provision for loss on litigation	-	165
Total extraordinary losses	16	175
Profit before income taxes	4,320	3,201
Income taxes	1,177	1,316
Net Profit	3,143	1,885
Net Profit attributable to non-controlling interests	204	219
Net Profit attributable to owners of parent	2,939	1,666

(Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net Profit	3,143	1,885
Other comprehensive income		
Valuation difference on available-for-sale securities	(251)	89
Foreign currency translation adjustment	7,054	(1,569)
Remeasurements of defined benefit plans, net of tax	(14)	(490)
Share of other comprehensive income of entities accounted for using equity method	(75)	(2)
Total other comprehensive income	6,713	(1,972)
Comprehensive income	9,857	(86)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,358	(281)
Comprehensive income attributable to non-controlling interests	498	194

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

None.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

None.

(Changes in Scope of Consolidation or Scope of Application of the Equity Method)

(Significant Changes in Scope of Consolidation)

Musashi Energy Solutions North America, Inc., newly established during the first quarter of the consolidated accounting period, has been included in the scope of consolidation.

(Changes in Matters Related to Fiscal Year of Consolidated Subsidiaries)

Musashi WIRED Co., Ltd., a consolidated subsidiary whose fiscal year-end had traditionally been February 28, previously prepared its financial statements as of that date and made necessary consolidation adjustments for significant transactions occurring between that date and the consolidated fiscal year-end. However, starting from the first quarter of the current consolidated accounting period, the fiscal year-end has been changed to March 31. Accordingly, its profit and loss for the period from March 1 to March 31, 2025, has been adjusted as a change in retained earnings. The impact of this change on the consolidated financial statements is immaterial.

(Application of Specific Accounting Treatments in Preparing Quarterly Consolidated Financial Statements)

With regard to income tax expenses, the Company and its domestic consolidated subsidiaries reasonably estimate the effective tax rate after applying tax-effect accounting to the pre-tax net income for the consolidated fiscal year, and calculate quarterly income tax expenses by applying the estimated effective tax rate to pre-tax quarterly net income.

However, if applying the estimated effective tax rate results in a significantly unreasonable outcome, the statutory effective tax rate is used instead.

(Accounting Standards Not Yet Applied)

- Accounting Standard for Leases (Accounting Standards Board of Japan Statement No. 34, issued on September 13, 2024, by the Accounting Standards Board of Japan)
- Guidance on Accounting Standard for Leases (Accounting Standards Board of Japan Guidance No. 33, issued on September 13, 2024, by the Accounting Standards Board of Japan), etc.

(1) Overview

As part of efforts by the Accounting Standards Board of Japan (ASBJ) to align Japanese standards with international norms, a lease accounting standard has been developed that requires lessees to recognize assets and liabilities for all leases. This development was based on international accounting standards, and while the basic policy adopts the single accounting model of IFRS 16, it does not incorporate all provisions of IFRS 16. Instead, only the key provisions are adopted to ensure simplicity and usability, with the aim that applying IFRS 16 to individual financial statements would generally not require adjustments.

Under the lessee's accounting treatment, the method of allocating lease expenses follows a single accounting model, similar to IFRS 16. Regardless of whether the lease is classified as a finance lease or an operating lease, all leases are accounted for by recognizing depreciation of the right-of-use asset and interest on the lease liability.

(2) Scheduled Date of Application

The standard will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effect of the Adoption of the Accounting Standard

The impact of applying the "Accounting Standard for Leases", etc., on the consolidated financial statements is currently under evaluation.

(Notes to Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the first quarter cumulative period has not been prepared. However, depreciation expenses for the first quarter cumulative period (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill are as follows:

	Previous First Quarter (From April 1, 2024 To June 30, 2024)	First Quarter Consolidated Cumulative Period (From April 1, 2025 To June 30, 2025)
Depreciation	4,985 million yen	4,282 million yen
Amortization of goodwill	39	57

(Notes to Segment Information, etc.)

Segment Information

I. The three months of the previous fiscal year (April 1, 2024 to June 30, 2024)

1. Information on the amounts of net sales and profit or loss for each reportable segment

(Million yen)

	Japan	Americas	Asia	China	Europe	Total	Adjustment amount (Note) 1	Quarterly consolidated income statement amounts (Note)2
Net sales								
Sales to external customers	9,130	27,318	19,554	7,292	25,645	88,941	-	88,941
Internal sales or transfers between segments	6,459	269	1,714	769	596	9,809	(9,809)	-
Total	15,590	27,588	21,269	8,062	26,241	98,751	(9,809)	88,941
Segment profit (loss)	774	1,374	2,029	(234)	292	4,236	(250)	3,985

Note: 1. The adjustment amount of ¥250 million for segment profit or loss represents elimination of intersegment transactions.

2. Segment profit or loss is reconciled with operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets and goodwill by reportable segment

In the "Japan" segment, on April 26, 2024, the Company acquired 60% of the shares of Musashi WIRED Co., Ltd. (formerly WIRED Co., Ltd.). As a result of this transaction, goodwill increased by ¥353 million. The amount of goodwill has been finalized, as the identification of identifiable assets and liabilities, the determination of their fair values, and the allocation of the acquisition cost have all been completed.

II. The three months of the current fiscal year (April 1, 2025 to June 30, 2025)

1. Information on the amounts of net sales and profit or loss for each reportable segment

(Million yen)

	Japan	Americas	Asia	China	Europe	Total	Adjustment amount (Note) 1	Quarterly consolidated income statement amounts (Note) 2
Net sales								
Sales to external customers	9,515	27,228	18,236	6,516	21,578	83,076	-	83,076
Internal sales or transfers between segments	7,527	11	1,509	886	351	10,287	(10,287)	-
Total	17,043	27,239	19,745	7,403	21,930	93,363	(10,287)	83,076
Segment profit	341	1,390	1,730	32	295	3,790	17	3,808

Note: 1. The adjustment amount of ¥17 million for segment profit represents elimination of intersegment transactions.

2. Segment profit is reconciled with operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets and goodwill by reportable segment

None.

(Revenue Recognition)

Breakdown of revenue arising from contracts with customers

(From April 1, 2024 to June 30, 2024)

(Million yen)

	Japan	Americas	Asia	China	Europe	Total
Honda Motor Co., Ltd. and its affiliates	5,272	21,515	13,831	2,593	-	43,213
Other global customers	3,857	5,803	5,723	4,699	25,645	45,728
Revenue from contracts with customers	9,130	27,318	19,554	7,292	25,645	88,941
Other income	-	-	-	-	-	-
Sales to external customers	9,130	27,318	19,554	7,292	25,645	88,941

(From April 1, 2025 to June 30, 2025)

(Million yen)

	Japan	Americas	Asia	China	Europe	Total
Honda Motor Co., Ltd. and its affiliates	5,205	21,574	12,869	2,082	-	41,732
Other global customers	4,310	5,653	5,367	4,434	21,578	41,343
Revenue from contracts with customers	9,515	27,228	18,236	6,516	21,578	83,076
Other income	-	-	-	-	-	-
Sales to external customers	9,515	27,228	18,236	6,516	21,578	83,076

(Significant Subsequent Events)

None.