

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 5, 2020

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: August 5, 2020
 Scheduled date to commence dividend payments: –
 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	27,803	(55.5)	(5,796)	–	(5,637)	–	(3,135)	–
Three months ended June 30, 2019	62,445	(3.1)	2,364	(40.7)	2,367	(46.9)	1,937	(42.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	(48.11)	–
Three months ended June 30, 2019	29.76	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	200,214	80,358	34.8	1,069.06
As of March 31, 2020	207,333	82,511	34.5	1,096.20

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, 2020	–	21.00	–	10.50	31.50
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	5.00	–	15.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	180,000	(23.8)	(900)	–	(1,900)	–	(800)	–	(12.26)

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (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: 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 June 30, 2020	65,184,001 shares	As of March 31, 2020	65,184,001 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	17,470 shares	As of March 31, 2020	17,470 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	65,166,531 shares	Three months ended June 30, 2019	65,117,547 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	20,665	16,972
Notes and accounts receivable - trade	25,370	20,365
Merchandise and finished goods	7,817	8,161
Work in process	7,054	7,042
Raw materials and supplies	18,843	20,084
Other	9,401	8,324
Allowance for doubtful accounts	(78)	(89)
Total current assets	89,075	80,861
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,233	44,803
Accumulated depreciation	(21,758)	(22,401)
Accumulated impairment loss	(308)	(294)
Buildings and structures, net	22,167	22,107
Machinery, equipment and vehicles	204,621	210,337
Accumulated depreciation	(151,437)	(157,758)
Accumulated impairment loss	(524)	(509)
Machinery, equipment and vehicles, net	52,659	52,068
Tools, furniture and fixtures	12,183	12,483
Accumulated depreciation	(8,217)	(8,549)
Accumulated impairment loss	(16)	(15)
Tools, furniture and fixtures, net	3,949	3,918
Land	6,994	7,301
Construction in progress	12,449	12,559
Total property, plant and equipment	98,219	97,956
Intangible assets		
Goodwill	972	903
Customer relationship assets	2,948	2,892
Software	1,560	1,541
Software in progress	33	31
Other	1,908	1,813
Total intangible assets	7,423	7,182
Investments and other assets		
Investment securities	6,203	7,117
Investments in capital	667	691
Long-term loans receivable	993	1,006
Deferred tax assets	2,189	2,730
Other	2,604	2,710
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,614	14,213
Total non-current assets	118,258	119,352
Total assets	207,333	200,214

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,189	9,129
Short-term borrowings	31,803	37,603
Current portion of long-term borrowings	19,345	18,636
Accounts payable - other	3,002	2,628
Accrued expenses	8,424	4,985
Income taxes payable	1,247	1,423
Provision for bonuses	2,230	1,606
Provision for bonuses for directors (and other officers)	42	7
Provision for product compensations	1,144	1,147
Other	5,369	5,549
Total current liabilities	87,800	82,718
Non-current liabilities		
Long-term borrowings	27,958	25,157
Deferred tax liabilities	2,285	2,871
Retirement benefit liability	5,169	5,682
Other	1,607	3,425
Total non-current liabilities	37,021	37,137
Total liabilities	124,821	119,855
Net assets		
Shareholders' equity		
Share capital	5,361	5,361
Capital surplus	4,340	4,340
Retained earnings	79,624	75,805
Treasury shares	(8)	(8)
Total shareholders' equity	89,317	85,498
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,437	1,820
Foreign currency translation adjustment	(19,314)	(17,620)
Remeasurements of defined benefit plans	(6)	(31)
Total accumulated other comprehensive income	(17,882)	(15,831)
Non-controlling interests	11,076	10,691
Total net assets	82,511	80,358
Total liabilities and net assets	207,333	200,214

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	62,445	27,803
Cost of sales	53,784	28,827
Gross profit (loss)	8,660	(1,023)
Selling, general and administrative expenses	6,296	4,772
Operating profit (loss)	2,364	(5,796)
Non-operating income		
Interest income	128	85
Dividend income	300	64
Foreign exchange gains	–	23
Subsidy income	–	127
Other	210	46
Total non-operating income	639	347
Non-operating expenses		
Interest expenses	204	155
Foreign exchange losses	221	–
Other	210	32
Total non-operating expenses	636	187
Ordinary profit (loss)	2,367	(5,637)
Extraordinary income		
Gain on sales of non-current assets	33	2
Gain on bargain purchase	–	877
Gain on reversal of liabilities	–	534
Total extraordinary income	33	1,413
Extraordinary losses		
Loss on sales of non-current assets	1	2
Loss on retirement of non-current assets	9	8
Impairment loss	30	–
Total extraordinary losses	41	11
Profit (loss) before income taxes	2,359	(4,234)
Income taxes	394	(411)
Profit (loss)	1,965	(3,823)
Profit (loss) attributable to non-controlling interests	27	(687)
Profit (loss) attributable to owners of parent	1,937	(3,135)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	1,965	(3,823)
Other comprehensive income		
Valuation difference on available-for-sale securities	(216)	382
Foreign currency translation adjustment	(3,369)	2,122
Remeasurements of defined benefit plans, net of tax	(1)	(33)
Total other comprehensive income	(3,587)	2,470
Comprehensive income	(1,622)	(1,352)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,262)	(1,084)
Comprehensive income attributable to non-controlling interests	(359)	(267)