

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 4, 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: Shinichi Takahashi  
 Scheduled date to file Quarterly Securities Report: November 4, 2020  
 Scheduled date to commence dividend payments: November 30, 2020  
 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 six months ended September 30, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	82,328	(33.5)	(2,918)	-	(3,126)	-	(1,484)	-
Six months ended September 30, 2019	123,893	(4.0)	4,038	(48.1)	3,959	(53.2)	2,697	(50.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	(22.77)	-
Six months ended September 30, 2019	41.42	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	205,135	81,049	34.4	1,081.94
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	-	5.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	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	187,000	(20.9)	1,500	(79.4)	1,300	(81.7)	1,500	-	23.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2020	65,258,601 shares	As of March 31, 2020	65,184,001 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	17,470 shares	As of March 31, 2020	17,470 shares
--------------------------	---------------	----------------------	---------------

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

Six months ended September 30, 2020	65,192,620 shares	Six months ended September 30, 2019	65,134,140 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	20,665	19,309
Notes and accounts receivable - trade	25,370	28,312
Merchandise and finished goods	7,817	7,059
Work in process	7,054	7,051
Raw materials and supplies	18,843	18,437
Other	9,401	6,937
Allowance for doubtful accounts	(78)	(84)
Total current assets	89,075	87,024
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,233	44,960
Accumulated depreciation	(21,758)	(22,588)
Accumulated impairment loss	(308)	(280)
Buildings and structures, net	22,167	22,092
Machinery, equipment and vehicles	204,621	209,129
Accumulated depreciation	(151,437)	(156,721)
Accumulated impairment loss	(524)	(493)
Machinery, equipment and vehicles, net	52,659	51,914
Tools, furniture and fixtures	12,183	12,486
Accumulated depreciation	(8,217)	(8,693)
Accumulated impairment loss	(16)	(14)
Tools, furniture and fixtures, net	3,949	3,777
Land	6,994	7,296
Construction in progress	12,449	12,283
Total property, plant and equipment	98,219	97,364
Intangible assets		
Goodwill	972	833
Customer relationship assets	2,948	2,870
Software	1,560	1,401
Software in progress	33	36
Other	1,908	1,735
Total intangible assets	7,423	6,877
Investments and other assets		
Investment securities	6,203	6,701
Investments in capital	667	692
Long-term loans receivable	993	1,005
Deferred tax assets	2,189	2,906
Other	2,604	2,606
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,614	13,868
Total non-current assets	118,258	118,110
Total assets	207,333	205,135

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,189	13,459
Short-term borrowings	31,803	27,216
Current portion of long-term borrowings	19,345	19,310
Accounts payable - other	3,002	2,726
Accrued expenses	8,424	6,211
Income taxes payable	1,247	1,309
Provision for bonuses	2,230	2,747
Provision for bonuses for directors (and other officers)	42	9
Provision for product compensations	1,144	1,100
Other	5,369	5,653
Total current liabilities	87,800	79,745
Non-current liabilities		
Long-term borrowings	27,958	31,722
Deferred tax liabilities	2,285	2,785
Retirement benefit liability	5,169	5,724
Other	1,607	4,107
Total non-current liabilities	37,021	44,340
Total liabilities	124,821	124,085
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,361	5,394
Capital surplus	4,340	4,373
Retained earnings	79,624	77,455
Treasury shares	(8)	(8)
Total shareholders' equity	89,317	87,214
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,437	1,515
Foreign currency translation adjustment	(19,314)	(18,113)
Remeasurements of defined benefit plans	(6)	(29)
Total accumulated other comprehensive income	(17,882)	(16,627)
Non-controlling interests	11,076	10,462
Total net assets	82,511	81,049
Total liabilities and net assets	207,333	205,135

**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, 2019	Six months ended September 30, 2020
Net sales	123,893	82,328
Cost of sales	107,388	74,942
Gross profit	16,505	7,386
Selling, general and administrative expenses	12,467	10,304
Operating profit (loss)	4,038	(2,918)
Non-operating income		
Interest income	250	177
Dividend income	341	80
Subsidy income	–	365
Other	277	166
Total non-operating income	869	790
Non-operating expenses		
Interest expenses	391	320
Foreign exchange losses	326	611
Other	230	65
Total non-operating expenses	948	997
Ordinary profit (loss)	3,959	(3,126)
Extraordinary income		
Gain on sales of non-current assets	42	8
Gain on bargain purchase	–	877
Gain on reversal of liabilities	–	547
Total extraordinary income	42	1,433
Extraordinary losses		
Loss on sales of non-current assets	1	2
Loss on retirement of non-current assets	27	22
Impairment loss	31	–
Loss on disaster	–	116
Total extraordinary losses	59	141
Profit (loss) before income taxes	3,941	(1,834)
Income taxes	1,202	386
Profit (loss)	2,738	(2,220)
Profit (loss) attributable to non-controlling interests	41	(736)
Profit (loss) attributable to owners of parent	2,697	(1,484)

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	2,738	(2,220)
Other comprehensive income		
Valuation difference on available-for-sale securities	(204)	77
Foreign currency translation adjustment	(6,508)	1,450
Remeasurements of defined benefit plans, net of tax	2	(35)
Total other comprehensive income	(6,710)	1,493
Comprehensive income	(3,971)	(727)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,220)	(230)
Comprehensive income attributable to non-controlling interests	(750)	(497)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	3,941	(1,834)
Depreciation	8,933	7,799
Impairment loss	31	–
Loss on disaster	–	116
Amortization of goodwill	440	139
Debt reversal gain	–	(547)
Gain on bargain purchase	–	(877)
Increase (decrease) in allowance for doubtful accounts	(2)	5
Increase (decrease) in provision for bonuses	616	491
Increase (decrease) in provision for bonuses for directors (and other officers)	(27)	(33)
Increase (decrease) in provision for product compensations	(206)	(44)
Increase (decrease) in retirement benefit liability	(42)	165
Interest and dividend income	(592)	(258)
Interest expenses	391	320
Foreign exchange losses (gains)	(190)	(191)
Loss (gain) on sales and retirement of property, plant and equipment	(13)	16
Loss (gain) on valuation of investment securities	112	–
Decrease (increase) in trade receivables	1,406	(2,253)
Decrease (increase) in inventories	827	2,611
Increase (decrease) in trade payables	424	(2,256)
Other, net	(1,015)	4,140
Subtotal	15,033	7,509
Interest and dividends received	601	260
Interest paid	(439)	(318)
Income taxes paid	(1,937)	(1,289)
Net cash provided by (used in) operating activities	13,258	6,161
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,755)	(6,409)
Proceeds from sales of property, plant and equipment	57	11
Purchase of intangible assets	(247)	(39)
Purchase of investment securities	(934)	(454)
Proceeds from sales of investment securities	4	–
Loan advances	(83)	(126)
Collection of loans receivable	74	67
Purchase of shares of subsidiaries	–	(5)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,176
Other, net	555	83
Net cash provided by (used in) investing activities	(9,329)	(5,696)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,061	(4,696)
Proceeds from long-term borrowings	1,106	10,038
Repayments of long-term borrowings	(8,435)	(6,759)
Purchase of treasury shares	(0)	–
Dividends paid	(1,367)	(684)
Dividends paid to non-controlling interests	(610)	(335)
Other, net	(195)	(243)
Net cash provided by (used in) financing activities	(6,441)	(2,680)
Effect of exchange rate change on cash and cash equivalents	(942)	651
Net increase (decrease) in cash and cash equivalents	(3,454)	(1,563)
Cash and cash equivalents at beginning of period	27,069	23,246
Increase or decrease in cash and cash equivalents due to the fiscal year-end change of consolidated subsidiaries	1,656	–
Cash and cash equivalents at end of period	25,271	21,683