

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 9, 2021

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: February 9, 2021
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	142,740	(21.5)	2,308	(64.5)	2,469	(62.8)	2,544	(41.6)
Nine months ended December 31, 2019	181,870	(5.7)	6,502	(43.1)	6,631	(44.2)	4,353	(45.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	39.02		–	
Nine months ended December 31, 2019	66.83		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	210,870	87,301	36.2	1,170.54
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				
Year ended March 31, 2020	–	21.00	–	10.50	31.50
Year ending March 31, 2021	–	5.00	–		
Year ending March 31, 2021 (Forecast)				20.00	25.00

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	200,000	(15.4)	5,000	(31.4)	5,100	(28.3)	4,200	–	64.41

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2020	65,258,601 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 December 31, 2020	17,558 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)

Nine months ended December 31, 2020	65,208,835 shares	Nine months ended December 31, 2019	65,144,977 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	20,665	22,909
Notes and accounts receivable - trade	25,370	29,175
Merchandise and finished goods	7,817	7,400
Work in process	7,054	7,242
Raw materials and supplies	18,843	20,044
Other	9,401	5,499
Allowance for doubtful accounts	(78)	(93)
Total current assets	89,075	92,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,233	45,636
Accumulated depreciation	(21,758)	(23,187)
Accumulated impairment loss	(308)	(296)
Buildings and structures, net	22,167	22,152
Machinery, equipment and vehicles	204,621	212,430
Accumulated depreciation	(151,437)	(161,059)
Accumulated impairment loss	(524)	(509)
Machinery, equipment and vehicles, net	52,659	50,861
Tools, furniture and fixtures	12,183	12,616
Accumulated depreciation	(8,217)	(8,961)
Accumulated impairment loss	(16)	(15)
Tools, furniture and fixtures, net	3,949	3,638
Land	6,994	7,325
Construction in progress	12,449	13,104
Total property, plant and equipment	98,219	97,082
Intangible assets		
Goodwill	972	764
Customer relationship assets	2,948	2,842
Software	1,560	1,345
Software in progress	33	36
Other	1,908	1,648
Total intangible assets	7,423	6,637
Investments and other assets		
Investment securities	6,203	8,867
Investments in capital	667	691
Long-term loans receivable	993	407
Deferred tax assets	2,189	2,455
Other	2,604	2,592
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,614	14,970
Total non-current assets	118,258	118,691
Total assets	207,333	210,870

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,189	15,099
Short-term borrowings	31,803	34,181
Current portion of long-term borrowings	19,345	13,081
Accounts payable - other	3,002	3,375
Accrued expenses	8,424	6,826
Income taxes payable	1,247	1,892
Provision for bonuses	2,230	1,353
Provision for bonuses for directors (and other officers)	42	14
Provision for product compensations	1,144	897
Other	5,369	5,805
Total current liabilities	87,800	82,527
Non-current liabilities		
Long-term borrowings	27,958	28,405
Deferred tax liabilities	2,285	3,095
Retirement benefit liability	5,169	6,020
Other	1,607	3,519
Total non-current liabilities	37,021	41,041
Total liabilities	124,821	123,569
Net assets		
Shareholders' equity		
Share capital	5,361	5,394
Capital surplus	4,340	4,373
Retained earnings	79,624	81,158
Treasury shares	(8)	(8)
Total shareholders' equity	89,317	90,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,437	2,274
Foreign currency translation adjustment	(19,314)	(16,715)
Remeasurements of defined benefit plans	(6)	(108)
Total accumulated other comprehensive income	(17,882)	(14,550)
Non-controlling interests	11,076	10,934
Total net assets	82,511	87,301
Total liabilities and net assets	207,333	210,870

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	181,870	142,740
Cost of sales	156,983	124,652
Gross profit	24,887	18,088
Selling, general and administrative expenses	18,385	15,779
Operating profit	6,502	2,308
Non-operating income		
Interest income	499	242
Dividend income	384	109
Subsidy income	–	458
Other	417	216
Total non-operating income	1,301	1,026
Non-operating expenses		
Interest expenses	563	490
Foreign exchange losses	320	176
Other	287	198
Total non-operating expenses	1,171	865
Ordinary profit	6,631	2,469
Extraordinary income		
Gain on sales of non-current assets	51	17
Gain on bargain purchase	–	877
Gain on reversal of liabilities	–	551
Total extraordinary income	51	1,445
Extraordinary losses		
Loss on sales of non-current assets	15	2
Loss on retirement of non-current assets	49	35
Impairment loss	31	–
Loss on disaster	–	83
Total extraordinary losses	96	121
Profit before income taxes	6,585	3,793
Income taxes	2,169	1,754
Profit	4,416	2,039
Profit (loss) attributable to non-controlling interests	62	(504)
Profit attributable to owners of parent	4,353	2,544

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	4,416	2,039
Other comprehensive income		
Valuation difference on available-for-sale securities	107	836
Foreign currency translation adjustment	(2,672)	3,111
Remeasurements of defined benefit plans, net of tax	(794)	(136)
Total other comprehensive income	(3,359)	3,811
Comprehensive income	1,056	5,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,440	5,876
Comprehensive income attributable to non-controlling interests	(383)	(25)