

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 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: Shinichi Takahashi
 Scheduled date of ordinary general meeting of shareholders: June 22, 2021
 Scheduled date to file Securities Report: June 23, 2021
 Scheduled date to commence dividend payments: June 23, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	204,714	(13.4)	7,507	3.1	8,277	16.4	7,378	–
Year ended March 31, 2020	236,355	(7.6)	7,285	(48.4)	7,113	(51.9)	(6,902)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	113.14	–	9.4	3.8	3.7
Year ended March 31, 2020	(105.95)	–	(8.5)	3.1	3.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	226,066	95,914	37.7	1,305.03
As of March 31, 2020	207,333	82,511	34.5	1,096.20

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	18,259	(12,198)	(6,886)	24,891
Year ended March 31, 2020	26,359	(18,673)	(10,878)	23,246

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	21.00	–	10.50	31.50	2,053	–	2.5
Year ended March 31, 2021	–	5.00	–	30.00	35.00	2,284	30.9	2.9
Year ending March 31, 2022 (Forecast)	–	30.00	–	30.00	60.00		38.4	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	230,000	12.4	16,000	113.1	15,100	82.4	10,200	38.2	156.40

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	17,558 shares	As of March 31, 2020	17,470 shares
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Average number of shares during the period

Year ended March 31, 2021	65,216,776 shares	Year ended March 31, 2020	65,150,335 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	20,665	24,143
Notes and accounts receivable - trade	25,370	33,776
Merchandise and finished goods	7,817	8,309
Work in process	7,054	8,077
Raw materials and supplies	18,843	21,417
Other	9,401	6,430
Allowance for doubtful accounts	(78)	(102)
Total current assets	89,075	102,053
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,233	47,213
Accumulated depreciation	(21,758)	(24,197)
Accumulated impairment	(308)	(293)
Buildings and structures, net	22,167	22,722
Machinery, equipment and vehicles	204,621	223,359
Accumulated depreciation	(151,437)	(168,586)
Accumulated impairment	(524)	(527)
Machinery, equipment and vehicles, net	52,659	54,245
Tools, furniture and fixtures	12,183	13,057
Accumulated depreciation	(8,217)	(9,315)
Accumulated impairment	(16)	(15)
Tools, furniture and fixtures, net	3,949	3,726
Land	6,994	7,488
Construction in progress	12,449	14,065
Total property, plant and equipment	98,219	102,249
Intangible assets		
Goodwill	972	694
Customer relationship assets	2,948	2,807
Software	1,560	1,318
Software in progress	33	36
Other	1,908	1,559
Total intangible assets	7,423	6,416
Investments and other assets		
Investment securities	6,203	9,749
Investments in capital	667	777
Long-term loans receivable	993	65
Deferred tax assets	2,189	2,243
Other	2,604	2,556
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,614	15,348
Total non-current assets	118,258	124,013
Total assets	207,333	226,066

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,189	17,843
Short-term borrowings	31,803	38,932
Current portion of long-term borrowings	19,345	11,410
Accounts payable - other	3,002	3,967
Accrued expenses	8,424	7,614
Income taxes payable	1,247	1,954
Provision for bonuses	2,230	2,054
Provision for bonuses for directors (and other officers)	42	23
Provision for product warranties	1,144	235
Other	5,369	5,826
Total current liabilities	87,800	89,862
Non-current liabilities		
Long-term borrowings	27,958	27,151
Deferred tax liabilities	2,285	2,653
Retirement benefit liability	5,169	6,695
Other	1,607	3,788
Total non-current liabilities	37,021	40,289
Total liabilities	124,821	130,152
Net assets		
Shareholders' equity		
Share capital	5,361	5,394
Capital surplus	4,340	3,093
Retained earnings	79,624	85,992
Treasury shares	(8)	(8)
Total shareholders' equity	89,317	94,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,437	2,605
Foreign currency translation adjustment	(19,314)	(11,581)
Remeasurements of defined benefit plans	(6)	(354)
Total accumulated other comprehensive income	(17,882)	(9,330)
Non-controlling interests	11,076	10,773
Total net assets	82,511	95,914
Total liabilities and net assets	207,333	226,066

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	236,355	204,714
Cost of sales	203,665	175,035
Gross profit	32,690	29,679
Selling, general and administrative expenses	25,405	22,171
Operating profit	7,285	7,507
Non-operating income		
Interest income	596	229
Dividend income	425	150
Foreign exchange gains	–	499
Subsidy income	–	427
Other	598	362
Total non-operating income	1,621	1,669
Non-operating expenses		
Interest expenses	743	543
Foreign exchange losses	629	–
Loss on valuation of investment securities	–	79
Other	419	276
Total non-operating expenses	1,792	899
Ordinary profit	7,113	8,277
Extraordinary income		
Gain on sale of non-current assets	77	130
Gain on bargain purchase	–	877
Gain on reversal of liabilities	–	557
Insurance claim income	–	45
Total extraordinary income	77	1,610
Extraordinary losses		
Loss on sale of non-current assets	17	7
Loss on retirement of non-current assets	130	136
Impairment losses	13,762	–
Loss on litigation	3,142	–
Total extraordinary losses	17,052	144
Profit (loss) before income taxes	(9,861)	9,744
Income taxes - current	3,883	3,098
Income taxes - deferred	(3,065)	(665)
Total income taxes	818	2,433
Profit (loss)	(10,679)	7,310
Loss attributable to non-controlling interests	(3,776)	(67)
Profit (loss) attributable to owners of parent	(6,902)	7,378

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	(10,679)	7,310
Other comprehensive income		
Valuation difference on available-for-sale securities	(588)	1,167
Foreign currency translation adjustment	(11,042)	8,589
Remeasurements of defined benefit plans, net of tax	(263)	(480)
Total other comprehensive income	(11,893)	9,276
Comprehensive income	(22,573)	16,586
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(17,410)	15,929
Comprehensive income attributable to non-controlling interests	(5,162)	657

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,326	4,305	89,261	(8)	98,884
Changes during period					
Issuance of new shares	35	35			70
Dividends of surplus			(2,735)		(2,735)
Profit (loss) attributable to owners of parent			(6,902)		(6,902)
Purchase of treasury shares				(0)	(0)
Increase (decrease) due to change fiscal year of subsidiaries			2		2
Net changes in items other than shareholders' equity					
Total changes during period	35	35	(9,636)	(0)	(9,566)
Balance at end of period	5,361	4,340	79,624	(8)	89,317

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,026	(9,593)	192	(7,374)	16,823	108,333
Changes during period						
Issuance of new shares						70
Dividends of surplus						(2,735)
Profit (loss) attributable to owners of parent						(6,902)
Purchase of treasury shares						(0)
Increase (decrease) due to change fiscal year of subsidiaries						2
Net changes in items other than shareholders' equity	(588)	(9,720)	(198)	(10,507)	(5,747)	(16,255)
Total changes during period	(588)	(9,720)	(198)	(10,507)	(5,747)	(25,822)
Balance at end of period	1,437	(19,314)	(6)	(17,882)	11,076	82,511

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,361	4,340	79,624	(8)	89,317
Changes during period					
Issuance of new shares	33	33			66
Dividends of surplus			(1,010)		(1,010)
Profit (loss) attributable to owners of parent			7,378		7,378
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		(1,279)			(1,279)
Net changes in items other than shareholders' equity					
Total changes during period	33	(1,246)	6,367	(0)	5,154
Balance at end of period	5,394	3,093	85,992	(8)	94,472

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,437	(19,314)	(6)	(17,882)	11,076	82,511
Changes during period						
Issuance of new shares						66
Dividends of surplus						(1,010)
Profit (loss) attributable to owners of parent						7,378
Purchase of treasury shares						(0)
Purchase of shares of consolidated subsidiaries						(1,279)
Net changes in items other than shareholders' equity	1,167	7,732	(348)	8,551	(302)	8,248
Total changes during period	1,167	7,732	(348)	8,551	(302)	13,403
Balance at end of period	2,605	(11,581)	(354)	(9,330)	10,773	95,914

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(9,861)	9,744
Depreciation	17,742	15,941
Impairment losses	13,762	–
Amortization of goodwill	880	278
Debt reversal gain	–	(557)
Gain on bargain purchase	–	(877)
Increase (decrease) in allowance for doubtful accounts	(2)	18
Increase (decrease) in provision for bonuses	80	(256)
Increase (decrease) in provision for bonuses for directors (and other officers)	(9)	(19)
Increase DEcrease In Provision For Product Warranties	270	(942)
Increase (decrease) in retirement benefit liability	254	(827)
Interest and dividend income	(1,022)	(380)
Interest expenses	743	543
Foreign exchange losses (gains)	141	(939)
Loss (gain) on sale and retirement of property, plant and equipment	70	13
Insurance claim income	–	(45)
Loss (gain) on valuation of investment securities	–	79
Decrease (increase) in trade receivables	6,427	(6,035)
Decrease (increase) in inventories	360	(871)
Increase (decrease) in trade payables	(1,851)	857
Other, net	1,912	5,308
Subtotal	29,900	21,034
Interest and dividends received	1,031	385
Interest paid	(798)	(535)
Income taxes paid	(3,773)	(2,669)
Proceeds from insurance income	–	45
Net cash provided by (used in) operating activities	26,359	18,259
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,490)	(12,524)
Proceeds from sale of property, plant and equipment	175	702
Purchase of intangible assets	(525)	(321)
Purchase of investment securities	(2,165)	(639)
Proceeds from sale of investment securities	4	–
Loan advances	(167)	(724)
Proceeds from collection of loans receivable	147	125
Purchase of shares of subsidiaries	–	(5)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,176
Other, net	347	12
Net cash provided by (used in) investing activities	(18,673)	(12,198)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,909	6,397
Proceeds from long-term borrowings	1,115	10,039
Repayments of long-term borrowings	(16,046)	(19,523)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,735)	(1,010)
Dividends paid to non-controlling interests	(610)	(335)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(2,122)
Other, net	(509)	(329)
Net cash provided by (used in) financing activities	(10,878)	(6,886)
Effect of exchange rate change on cash and cash equivalents	(2,287)	2,469
Net increase (decrease) in cash and cash equivalents	(5,479)	1,644
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	23,246	24,891