

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 Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 29, 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 of ordinary general meeting of shareholders: June 30, 2020
 Scheduled date to file Securities Report: June 30, 2020
 Scheduled date to commence dividend payments: July 1, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	236,355	(7.6)	7,285	(48.4)	7,113	(51.9)	(6,902)	-
Year ended March 31, 2019	255,934	7.6	14,107	(10.5)	14,791	(7.2)	9,885	(4.5)

	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, 2020	(105.95)	-	(8.5)	3.1	3.1
Year ended March 31, 2019	155.55	-	11.3	6.0	5.5

(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, 2020	207,333	82,511	34.5	1,096.20
As of March 31, 2019	244,450	108,333	37.4	1,405.28

(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, 2020	26,359	(18,673)	(10,878)	23,246
Year ended March 31, 2019	26,714	(19,847)	(6,616)	27,069

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, 2019	-	42.00	-	21.00	-	2,695	27.0	3.1
Year ended March 31, 2020	-	21.00	-	10.50	31.50	2,053	-	2.5
Year ending March 31, 2021 (Forecast)	-	-	-	-	-	-	-	-

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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: Yes
- 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, 2020	65,184,001 shares	As of March 31, 2019	65,135,001 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	17,470 shares	As of March 31, 2019	16,152 shares
----------------------	---------------	----------------------	---------------

Average number of shares during the period

Year ended March 31, 2020	65,150,335 shares	Year ended March 31, 2019	63,552,510 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	27,152	20,665
Notes and accounts receivable - trade	32,047	25,370
Merchandise and finished goods	11,007	7,817
Work in process	5,671	7,054
Raw materials and supplies	20,683	18,843
Other	8,093	9,401
Allowance for doubtful accounts	(100)	(78)
Total current assets	104,555	89,075
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,908	44,233
Accumulated depreciation	(21,215)	(21,758)
Accumulated impairment loss	(419)	(308)
Buildings and structures, net	23,273	22,167
Machinery, equipment and vehicles	212,502	204,621
Accumulated depreciation	(152,902)	(151,437)
Accumulated impairment loss	(628)	(524)
Machinery, equipment and vehicles, net	58,971	52,659
Tools, furniture and fixtures	11,912	12,183
Accumulated depreciation	(7,944)	(8,217)
Accumulated impairment loss	(22)	(16)
Tools, furniture and fixtures, net	3,946	3,949
Land	7,248	6,994
Construction in progress	9,067	12,449
Total property, plant and equipment	102,506	98,219
Intangible assets		
Goodwill	9,168	972
Customer relationship assets	12,386	2,948
Software	1,709	1,560
Software in progress	19	33
Other	2,317	1,908
Total intangible assets	25,602	7,423
Investments and other assets		
Investment securities	6,440	6,203
Investments in capital	113	667
Long-term loans receivable	127	993
Deferred tax assets	2,244	2,189
Other	2,904	2,604
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	11,786	12,614
Total non-current assets	139,894	118,258
Total assets	244,450	207,333

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,129	15,189
Short-term borrowings	25,140	31,803
Current portion of long-term borrowings	14,515	19,345
Accounts payable - other	3,267	3,002
Accrued expenses	6,203	8,424
Income taxes payable	1,188	1,247
Provision for bonuses	2,258	2,230
Provision for bonuses for directors (and other officers)	51	42
Provision for product warranties	928	1,144
Other	4,071	5,369
Total current liabilities	74,755	87,800
Non-current liabilities		
Long-term borrowings	49,173	27,958
Deferred tax liabilities	6,025	2,285
Retirement benefit liability	4,644	5,169
Other	1,518	1,607
Total non-current liabilities	61,361	37,021
Total liabilities	136,116	124,821
Net assets		
Shareholders' equity		
Share capital	5,326	5,361
Capital surplus	4,305	4,340
Retained earnings	89,261	79,624
Treasury shares	(8)	(8)
Total shareholders' equity	98,884	89,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	1,437
Foreign currency translation adjustment	(9,593)	(19,314)
Remeasurements of defined benefit plans	192	(6)
Total accumulated other comprehensive income	(7,374)	(17,882)
Non-controlling interests	16,823	11,076
Total net assets	108,333	82,511
Total liabilities and net assets	244,450	207,333

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	255,934	236,355
Cost of sales	216,240	203,665
Gross profit	39,694	32,690
Selling, general and administrative expenses	25,586	25,405
Operating profit	14,107	7,285
Non-operating income		
Interest income	502	596
Dividend income	400	425
Foreign exchange gains	190	–
Other	701	598
Total non-operating income	1,795	1,621
Non-operating expenses		
Interest expenses	854	743
Foreign exchange losses	–	629
Other	256	419
Total non-operating expenses	1,111	1,792
Ordinary profit	14,791	7,113
Extraordinary income		
Gain on sales of non-current assets	38	77
Impairment loss reversal gain	227	–
Total extraordinary income	265	77
Extraordinary losses		
Loss on sales of non-current assets	44	17
Loss on retirement of non-current assets	119	130
Impairment loss	215	13,762
Loss on litigation	–	3,142
Other	7	–
Total extraordinary losses	386	17,052
Profit (loss) before income taxes	14,669	(9,861)
Income taxes - current	4,540	3,883
Income taxes - deferred	(409)	(3,065)
Total income taxes	4,130	818
Profit (loss)	10,538	(10,679)
Profit (loss) attributable to non-controlling interests	653	(3,776)
Profit (loss) attributable to owners of parent	9,885	(6,902)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	10,538	(10,679)
Other comprehensive income		
Valuation difference on available-for-sale securities	(679)	(588)
Foreign currency translation adjustment	(5,061)	(11,042)
Remeasurements of defined benefit plans, net of tax	13	(263)
Total other comprehensive income	(5,728)	(11,893)
Comprehensive income	4,810	(22,573)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,879	(17,410)
Comprehensive income attributable to non-controlling interests	(69)	(5,162)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,006	1,985	80,440	(8)	85,423
Cumulative effects of changes in accounting policies			100		100
Restated balance	3,006	1,985	80,541	(8)	85,524
Changes during period					
Issuance of new shares	2,320	2,320			4,640
Dividends of surplus			(2,545)		(2,545)
Profit (loss) attributable to owners of parent			9,885		9,885
Purchase of treasury shares				(0)	(0)
Increase (decrease) due to change fiscal year of subsidiaries			1,379		1,379
Net changes in items other than shareholders' equity					
Total changes during period	2,320	2,320	8,719	(0)	13,359
Balance at end of period	5,326	4,305	89,261	(8)	98,884

	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	2,706	(5,270)	195	(2,368)	17,294	100,350
Cumulative effects of changes in accounting policies						100
Restated balance	2,706	(5,270)	195	(2,368)	17,294	100,451
Changes during period						
Issuance of new shares						4,640
Dividends of surplus						(2,545)
Profit (loss) attributable to owners of parent						9,885
Purchase of treasury shares						(0)
Increase (decrease) due to change fiscal year of subsidiaries						1,379
Net changes in items other than shareholders' equity	(679)	(4,323)	(2)	(5,005)	(470)	(5,476)
Total changes during period	(679)	(4,323)	(2)	(5,005)	(470)	7,882
Balance at end of period	2,026	(9,593)	192	(7,374)	16,823	108,333

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Cumulative effects of changes in accounting policies						–
Restated balance	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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	14,669	(9,861)
Depreciation	18,178	17,742
Impairment loss	215	13,762
Impairment loss reversal gain	(227)	–
Amortization of goodwill	787	880
Increase (decrease) in allowance for doubtful accounts	65	(2)
Increase (decrease) in provision for bonuses	79	80
Increase (decrease) in provision for bonuses for directors (and other officers)	8	(9)
Increase DEcrease In Provision For Product Warranties	893	270
Increase (decrease) in retirement benefit liability	158	254
Interest and dividend income	(903)	(1,022)
Interest expenses	854	743
Foreign exchange losses (gains)	176	141
Loss (gain) on sales of investment securities	(1)	–
Loss (gain) on sales and retirement of property, plant and equipment	126	70
Decrease (increase) in trade receivables	2,587	6,427
Decrease (increase) in inventories	(3,232)	360
Increase (decrease) in trade payables	(4,658)	(1,851)
Other, net	2,121	1,912
Subtotal	31,900	29,900
Interest and dividends received	896	1,031
Interest paid	(908)	(798)
Income taxes paid	(5,174)	(3,773)
Net cash provided by (used in) operating activities	26,714	26,359
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,340)	(16,490)
Proceeds from sales of property, plant and equipment	213	175
Purchase of intangible assets	(641)	(525)
Purchase of investment securities	(1,203)	(2,165)
Proceeds from sales of investment securities	24	4
Loan advances	(223)	(167)
Collection of loans receivable	127	147
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,263)	–
Other, net	(542)	347
Net cash provided by (used in) investing activities	(19,847)	(18,673)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,490	7,909
Proceeds from long-term borrowings	1,424	1,115
Repayments of long-term borrowings	(13,564)	(16,046)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,545)	(2,735)
Dividends paid to non-controlling interests	(403)	(610)
Redemption of convertible bonds	(5,436)	–
Other, net	(581)	(509)
Net cash provided by (used in) financing activities	(6,616)	(10,878)
Effect of exchange rate change on cash and cash equivalents	(470)	(2,287)
Net increase (decrease) in cash and cash equivalents	(220)	(5,479)
Cash and cash equivalents at beginning of period	25,732	27,069
Increase or decrease in cash and cash equivalents due to the fiscal year-end change of consolidated subsidiaries	1,558	1,656
Cash and cash equivalents at end of period	27,069	23,246