

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 7, 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
 Inquiries: General Manager Finance & Accounting Div. Shinichi Takahashi TEL 0532-25-8111
 Scheduled date to file Quarterly Securities Report: February 7, 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	181,870	(5.7)	6,502	(43.1)	6,631	(44.2)	4,353	(45.3)
Nine months ended December 31, 2018	192,781	10.6	11,433	13.2	11,887	13.4	7,953	23.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	66.83		–	
Nine months ended December 31, 2018	126.16		–	

(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, 2019	235,344	106,137	38.4	1,385.48
As of March 31, 2019	244,450	108,333	37.4	1,405.28

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, 2019	–	42.00	–	21.00	–
Year ending March 31, 2020	–	21.00	–		
Year ending March 31, 2020 (Forecast)				21.00	42.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	238,500	(6.8)	10,400	(26.3)	10,200	(31.0)	7,000	(29.2)	107.47

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(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: Yes
- 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, 2019	65,184,001 shares	As of March 31, 2019	65,135,001 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	17,470 shares	As of March 31, 2019	16,152 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, 2019	65,144,977 shares	Nine months ended December 31, 2018	63,039,890 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	27,152	26,527
Notes and accounts receivable - trade	32,047	27,953
Merchandise and finished goods	11,007	8,433
Work in process	5,671	7,712
Raw materials and supplies	20,683	19,562
Other	8,093	7,350
Allowance for doubtful accounts	(100)	(83)
Total current assets	104,555	97,456
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,908	45,996
Accumulated depreciation	(21,215)	(22,428)
Accumulated impairment loss	(419)	(402)
Buildings and structures, net	23,273	23,165
Machinery, equipment and vehicles	212,502	215,657
Accumulated depreciation	(152,902)	(160,046)
Accumulated impairment loss	(628)	(632)
Machinery, equipment and vehicles, net	58,971	54,979
Tools, furniture and fixtures	11,912	12,511
Accumulated depreciation	(7,944)	(8,417)
Accumulated impairment loss	(22)	(21)
Tools, furniture and fixtures, net	3,946	4,072
Land	7,248	7,177
Construction in progress	9,067	12,563
Total property, plant and equipment	102,506	101,957
Intangible assets		
Goodwill	9,168	8,071
Customer relationship assets	12,386	10,293
Software	1,709	1,605
Software in progress	19	30
Other	2,317	2,200
Total intangible assets	25,602	22,201
Investments and other assets		
Investment securities	6,440	7,954
Investments in capital	113	136
Long-term loans receivable	127	151
Deferred tax assets	2,244	2,442
Other	2,904	3,087
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	11,786	13,728
Total non-current assets	139,894	137,887
Total assets	244,450	235,344

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,129	16,426
Short-term borrowings	25,140	29,448
Current portion of long-term borrowings	14,515	21,269
Accounts payable - other	3,267	2,634
Accrued expenses	6,203	6,267
Income taxes payable	1,188	1,015
Provision for bonuses	2,258	1,300
Provision for bonuses for directors (and other officers)	51	30
Provision for product compensations	928	734
Other	4,071	6,175
Total current liabilities	74,755	85,303
Non-current liabilities		
Long-term borrowings	49,173	31,738
Deferred tax liabilities	6,025	4,833
Retirement benefit liability	4,644	5,919
Other	1,518	1,411
Total non-current liabilities	61,361	43,903
Total liabilities	136,116	129,207
Net assets		
Shareholders' equity		
Share capital	5,326	5,361
Capital surplus	4,305	4,340
Retained earnings	89,261	90,881
Treasury shares	(8)	(8)
Total shareholders' equity	98,884	100,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	2,133
Foreign currency translation adjustment	(9,593)	(12,020)
Remeasurements of defined benefit plans	192	(400)
Total accumulated other comprehensive income	(7,374)	(10,287)
Non-controlling interests	16,823	15,850
Total net assets	108,333	106,137
Total liabilities and net assets	244,450	235,344

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, 2018	Nine months ended December 31, 2019
Net sales	192,781	181,870
Cost of sales	162,777	156,983
Gross profit	30,004	24,887
Selling, general and administrative expenses	18,570	18,385
Operating profit	11,433	6,502
Non-operating income		
Interest income	368	499
Dividend income	351	384
Foreign exchange gains	210	–
Other	328	417
Total non-operating income	1,258	1,301
Non-operating expenses		
Interest expenses	637	563
Foreign exchange losses	–	320
Other	167	287
Total non-operating expenses	805	1,171
Ordinary profit	11,887	6,631
Extraordinary income		
Gain on sales of non-current assets	29	51
Total extraordinary income	29	51
Extraordinary losses		
Loss on sales of non-current assets	20	15
Loss on retirement of non-current assets	79	49
Impairment loss	215	31
Total extraordinary losses	315	96
Profit before income taxes	11,600	6,585
Income taxes	3,134	2,169
Profit	8,466	4,416
Profit attributable to non-controlling interests	513	62
Profit attributable to owners of parent	7,953	4,353

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	8,466	4,416
Other comprehensive income		
Valuation difference on available-for-sale securities	(742)	107
Foreign currency translation adjustment	(4,650)	(2,672)
Remeasurements of defined benefit plans, net of tax	115	(794)
Total other comprehensive income	(5,277)	(3,359)
Comprehensive income	3,189	1,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,116	1,440
Comprehensive income attributable to non-controlling interests	73	(383)