

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 9, 2019

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: August 9, 2019
 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 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	%
Three months ended June 30, 2019	62,445	(3.1)	2,364	(40.7)	2,367	(46.9)	1,937	(42.5)
Three months ended June 30, 2018	64,469	14.0	3,989	8.6	4,461	14.2	3,368	57.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	29.76		–	
Three months ended June 30, 2018	53.96		49.34	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	238,553	105,367	37.3	1,364.95
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	–				
Year ending March 31, 2020 (Forecast)		21.00	–	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	251,000	(1.9)	14,500	2.8	14,300	(3.3)	9,100	(8.0)	139.74

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 2019	65,135,001 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 June 30, 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)

Three months ended June 30, 2019	65,117,547 shares	Three months ended June 30, 2018	62,427,593 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	27,152	28,222
Notes and accounts receivable - trade	32,047	33,115
Merchandise and finished goods	11,007	9,921
Work in process	5,671	6,618
Raw materials and supplies	20,683	18,783
Other	8,093	6,634
Allowance for doubtful accounts	(100)	(88)
Total current assets	104,555	103,207
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,908	44,802
Accumulated depreciation	(21,215)	(21,535)
Accumulated impairment loss	(419)	(416)
Buildings and structures, net	23,273	22,850
Machinery, equipment and vehicles	212,502	210,748
Accumulated depreciation	(152,902)	(154,483)
Accumulated impairment loss	(628)	(654)
Machinery, equipment and vehicles, net	58,971	55,610
Tools, furniture and fixtures	11,912	12,087
Accumulated depreciation	(7,944)	(8,103)
Accumulated impairment loss	(22)	(22)
Tools, furniture and fixtures, net	3,946	3,962
Land	7,248	7,166
Construction in progress	9,067	10,193
Total property, plant and equipment	102,506	99,783
Intangible assets		
Goodwill	9,168	8,512
Customer relationship assets	12,386	10,922
Software	1,709	1,757
Software in progress	19	29
Other	2,317	2,428
Total intangible assets	25,602	23,650
Investments and other assets		
Investment securities	6,440	6,579
Investments in capital	113	112
Long-term loans receivable	127	143
Deferred tax assets	2,244	2,174
Other	2,904	2,946
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	11,786	11,911
Total non-current assets	139,894	135,345
Total assets	244,450	238,553

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,129	18,232
Short-term borrowings	25,140	24,368
Current portion of long-term borrowings	14,515	14,974
Accounts payable - other	3,267	2,596
Accrued expenses	6,203	6,857
Income taxes payable	1,188	1,364
Provision for bonuses	2,258	1,754
Provision for bonuses for directors (and other officers)	51	13
Provision for product compensations	928	767
Other	4,071	6,330
Total current liabilities	74,755	77,259
Non-current liabilities		
Long-term borrowings	49,173	44,768
Deferred tax liabilities	6,025	5,190
Retirement benefit liability	4,644	4,510
Other	1,518	1,456
Total non-current liabilities	61,361	55,925
Total liabilities	136,116	133,185
Net assets		
Shareholders' equity		
Share capital	5,326	5,326
Capital surplus	4,305	4,305
Retained earnings	89,261	89,833
Treasury shares	(8)	(8)
Total shareholders' equity	98,884	99,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	1,809
Foreign currency translation adjustment	(9,593)	(12,577)
Remeasurements of defined benefit plans	192	193
Total accumulated other comprehensive income	(7,374)	(10,574)
Non-controlling interests	16,823	16,485
Total net assets	108,333	105,367
Total liabilities and net assets	244,450	238,553

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	64,469	62,445
Cost of sales	54,135	53,784
Gross profit	10,334	8,660
Selling, general and administrative expenses	6,344	6,296
Operating profit	3,989	2,364
Non-operating income		
Interest income	141	128
Dividend income	269	300
Foreign exchange gains	241	–
Other	114	210
Total non-operating income	767	639
Non-operating expenses		
Interest expenses	219	204
Foreign exchange losses	–	221
Other	76	210
Total non-operating expenses	295	636
Ordinary profit	4,461	2,367
Extraordinary income		
Gain on sales of non-current assets	2	33
Total extraordinary income	2	33
Extraordinary losses		
Loss on sales of non-current assets	13	1
Loss on retirement of non-current assets	8	9
Impairment loss	208	30
Total extraordinary losses	229	41
Profit before income taxes	4,234	2,359
Income taxes	679	394
Profit	3,555	1,965
Profit attributable to non-controlling interests	186	27
Profit attributable to owners of parent	3,368	1,937

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	3,555	1,965
Other comprehensive income		
Valuation difference on available-for-sale securities	(371)	(216)
Foreign currency translation adjustment	(4,109)	(3,369)
Remeasurements of defined benefit plans, net of tax	1	(1)
Total other comprehensive income	(4,479)	(3,587)
Comprehensive income	(924)	(1,622)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(490)	(1,262)
Comprehensive income attributable to non-controlling interests	(434)	(359)