

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 12, 2019

Company name: MUSASHI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7521 URL <https://www.musashinet.co.jp>  
 Representative: Representative Director Masataka Hatori  
 President  
 Director  
 Inquiries: General Manager of Financial Department Yoshiaki Yamamoto TEL 03-3546-7710  
 Scheduled date to file Quarterly Securities Report: November 13, 2019  
 Scheduled date to commence dividend payments: December 13, 2019  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	19,851	12.7	1,127	–	1,153	–	899	–
Six months ended September 30, 2018	17,611	9.2	(69)	–	(29)	–	5	(92.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	120.83		–	
Six months ended September 30, 2018	0.72		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	44,083	27,850	63.2
As of March 31, 2019	44,211	27,153	61.4

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	–	12.00	–	12.00	24.00
Year ending March 31, 2020	–	20.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	12.00	32.00

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	38,137	2.7	1,375	348.2	1,423	267.6	1,048	470.9	140.80

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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: No
- (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 September 30, 2019	7,950,000 shares	As of March 31, 2019	7,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	506,609 shares	As of March 31, 2019	506,537 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	7,443,403 shares	Six months ended September 30, 2018	7,443,463 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	18,747	20,432
Notes and accounts receivable - trade	11,754	9,653
Merchandise and finished goods	2,739	2,744
Work in process	78	58
Raw materials and supplies	470	488
Other	495	356
Allowance for doubtful accounts	(6)	(6)
Total current assets	34,279	33,727
Non-current assets		
Property, plant and equipment	3,216	3,672
Intangible assets	408	470
Investments and other assets	6,307	6,212
Total non-current assets	9,931	10,355
Total assets	44,211	44,083
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,122	5,988
Electronically recorded obligations - operating	3,698	3,094
Short-term borrowings	3,516	3,516
Income taxes payable	68	230
Provision for bonuses	425	400
Other	769	1,053
Total current liabilities	14,600	14,285
Non-current liabilities		
Retirement benefit liability	214	204
Provision for retirement benefits for directors (and other officers)	1,386	913
Other	855	830
Total non-current liabilities	2,457	1,948
Total liabilities	17,058	16,233
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,190	25,000
Treasury shares	(576)	(577)
Total shareholders' equity	26,827	27,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	214	127
Remeasurements of defined benefit plans	110	85
Total accumulated other comprehensive income	325	212
Total net assets	27,153	27,850
Total liabilities and net assets	44,211	44,083

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	17,611	19,851
Cost of sales	13,965	14,823
Gross profit	3,645	5,027
Selling, general and administrative expenses	3,714	3,899
Operating profit (loss)	(69)	1,127
Non-operating income		
Interest income	1	2
Dividend income	28	24
Share of profit of entities accounted for using equity method	2	12
Reversal of allowance for doubtful accounts	2	0
Other	22	24
Total non-operating income	57	64
Non-operating expenses		
Interest expenses	16	16
Provision of allowance for doubtful accounts	–	7
Retirement benefit expenses	–	11
Other	0	2
Total non-operating expenses	17	38
Ordinary profit (loss)	(29)	1,153
Extraordinary income		
Gain on sales of investment securities	111	–
Total extraordinary income	111	–
Profit before income taxes	82	1,153
Income taxes - current	53	212
Income taxes - deferred	23	41
Total income taxes	77	254
Profit	5	899
Profit attributable to owners of parent	5	899

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	5	899
Other comprehensive income		
Valuation difference on available-for-sale securities	(96)	(87)
Remeasurements of defined benefit plans, net of tax	9	(25)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(88)	(112)
Comprehensive income	(82)	786
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(82)	786

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	82	1,153
Depreciation	153	161
Amortization of goodwill	39	47
Loss (gain) on sales of investment securities	(111)	–
Increase (decrease) in allowance for doubtful accounts	(2)	7
Increase (decrease) in provision for bonuses	(21)	(24)
Increase (decrease) in retirement benefit liability	18	(10)
Decrease (increase) in retirement benefit asset	(28)	(4)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	54	(473)
Interest and dividend income	(29)	(26)
Interest expenses	16	16
Foreign exchange losses (gains)	(0)	1
Share of loss (profit) of entities accounted for using equity method	(2)	(12)
Decrease (increase) in trade receivables	744	2,093
Decrease (increase) in inventories	163	(3)
Decrease (increase) in other current assets	(21)	(10)
Increase (decrease) in trade payables	(1,158)	(733)
Increase (decrease) in accounts payable - other	(55)	38
Increase (decrease) in other current liabilities	(173)	334
Other, net	14	11
Subtotal	(318)	2,565
Interest and dividends received	29	26
Interest paid	(16)	(17)
Income taxes (paid) refund	(232)	(16)
Net cash provided by (used in) operating activities	(537)	2,558
Cash flows from investing activities		
Payments into time deposits	(0)	(5)
Purchase of property, plant and equipment	(84)	(602)
Proceeds from sales of property, plant and equipment	1	5
Purchase of intangible assets	(48)	(64)
Purchase of investment securities	(5)	(5)
Proceeds from sales of investment securities	276	–
Collection of loans receivable	–	17
Payments for acquisition of businesses	–	(95)
Other, net	(30)	(38)
Net cash provided by (used in) investing activities	108	(788)
Cash flows from financing activities		
Purchase of treasury shares	–	(0)
Dividends paid	(148)	(89)
Net cash provided by (used in) financing activities	(148)	(89)
Effect of exchange rate change on cash and cash equivalents	0	(1)
Net increase (decrease) in cash and cash equivalents	(576)	1,679
Cash and cash equivalents at beginning of period	18,775	17,857
Cash and cash equivalents at end of period	18,198	19,537