

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 10, 2020

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 11, 2020
 Scheduled date to commence dividend payments: December 11, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	14,180	(28.6)	(185)	–	(129)	–	(106)	–
Six months ended September 30, 2019	19,851	12.7	1,127	–	1,153	–	899	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	(14.38)		–	
Six months ended September 30, 2019	120.83		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	40,524	27,045	66.7
As of March 31, 2020	42,905	27,203	63.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	20.00	–	15.00	35.00
Year ending March 31, 2021	–	12.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	12.00	24.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	32,481	(13.6)	182	(82.2)	262	(78.7)	140	(83.8)	18.96

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	7,950,000 shares	As of March 31, 2020	7,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	566,609 shares	As of March 31, 2020	566,609 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, 2020	7,383,391 shares	Six months ended September 30, 2019	7,443,403 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	20,180	18,922
Notes and accounts receivable - trade	9,319	7,961
Merchandise and finished goods	2,442	2,454
Work in process	69	94
Raw materials and supplies	429	508
Other	404	306
Allowance for doubtful accounts	(36)	(29)
Total current assets	32,809	30,218
Non-current assets		
Property, plant and equipment	3,647	3,608
Intangible assets	409	452
Investments and other assets	6,038	6,244
Total non-current assets	10,095	10,305
Total assets	42,905	40,524
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,073	4,295
Electronically recorded obligations - operating	3,397	2,686
Short-term borrowings	3,516	3,516
Income taxes payable	291	73
Provision for bonuses	413	372
Other	1,076	626
Total current liabilities	13,768	11,570
Non-current liabilities		
Retirement benefit liability	224	214
Provision for retirement benefits for directors (and other officers)	971	964
Other	736	728
Total non-current liabilities	1,932	1,907
Total liabilities	15,701	13,478
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,818	24,601
Treasury shares	(696)	(696)
Total shareholders' equity	27,335	27,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32)	37
Remeasurements of defined benefit plans	(99)	(110)
Total accumulated other comprehensive income	(132)	(73)
Total net assets	27,203	27,045
Total liabilities and net assets	42,905	40,524

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, 2019	Six months ended September 30, 2020
Net sales	19,851	14,180
Cost of sales	14,823	10,979
Gross profit	5,027	3,201
Selling, general and administrative expenses	3,899	3,386
Operating profit (loss)	1,127	(185)
Non-operating income		
Interest income	2	0
Dividend income	24	23
Share of profit of entities accounted for using equity method	12	3
Reversal of allowance for doubtful accounts	0	0
Other	24	45
Total non-operating income	64	73
Non-operating expenses		
Interest expenses	16	16
Provision of allowance for doubtful accounts	7	–
Retirement benefit expenses	11	–
Other	2	1
Total non-operating expenses	38	18
Ordinary profit (loss)	1,153	(129)
Profit (loss) before income taxes	1,153	(129)
Income taxes - current	212	53
Income taxes - deferred	41	(77)
Total income taxes	254	(23)
Profit (loss)	899	(106)
Profit (loss) attributable to owners of parent	899	(106)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	899	(106)
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	69
Remeasurements of defined benefit plans, net of tax	(25)	(10)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(112)	59
Comprehensive income	786	(47)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	786	(47)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	1,153	(129)
Depreciation	161	156
Amortization of goodwill	47	36
Increase (decrease) in allowance for doubtful accounts	7	(102)
Increase (decrease) in provision for bonuses	(24)	(40)
Increase (decrease) in retirement benefit liability	(10)	(10)
Decrease (increase) in retirement benefit asset	(4)	(29)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(473)	(6)
Interest and dividend income	(26)	(24)
Interest expenses	16	16
Foreign exchange losses (gains)	1	(0)
Share of loss (profit) of entities accounted for using equity method	(12)	(3)
Decrease (increase) in trade receivables	2,093	1,452
Decrease (increase) in inventories	(3)	(116)
Decrease (increase) in other current assets	(10)	108
Increase (decrease) in trade payables	(733)	(1,508)
Increase (decrease) in accounts payable - other	38	(37)
Increase (decrease) in other current liabilities	334	(454)
Other, net	11	2
Subtotal	2,565	(693)
Interest and dividends received	26	24
Interest paid	(17)	(16)
Income taxes (paid) refund	(16)	(258)
Net cash provided by (used in) operating activities	2,558	(944)
Cash flows from investing activities		
Payments into time deposits	(5)	(200)
Proceeds from withdrawal of time deposits	–	5
Purchase of property, plant and equipment	(602)	(89)
Proceeds from sales of property, plant and equipment	5	2
Purchase of intangible assets	(64)	(73)
Purchase of investment securities	(5)	(3)
Loan advances	–	(0)
Collection of loans receivable	17	0
Payments for acquisition of businesses	(95)	–
Other, net	(38)	(39)
Net cash provided by (used in) investing activities	(788)	(397)
Cash flows from financing activities		
Purchase of treasury shares	(0)	–
Dividends paid	(89)	(110)
Net cash provided by (used in) financing activities	(89)	(110)
Effect of exchange rate change on cash and cash equivalents	(1)	0
Net increase (decrease) in cash and cash equivalents	1,679	(1,452)
Cash and cash equivalents at beginning of period	17,857	19,285
Cash and cash equivalents at end of period	19,537	17,832