

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 2021

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
 Director Yoshiaki Yamamoto TEL 03-3546-7710
 General Manager of Financial Department
 Inquiries: General Manager of Financial Department
 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to file Securities Report: June 30, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Preparation of supplementary material on financial results: No
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	30,261	(19.5)	(97)	–	24	(98.0)	(28)	–
Year ended March 31, 2020	37,589	1.2	1,025	234.2	1,228	217.2	865	371.6

	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, 2021	(3.91)	–	(0.1)	0.1	(0.3)
Year ended March 31, 2020	116.46	–	3.2	2.8	2.7

(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, 2021	41,312	27,032	65.4	3,763.24
As of March 31, 2020	42,905	27,203	63.4	3,684.40

(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, 2021	(689)	(612)	(591)	17,391
Year ended March 31, 2020	2,765	(979)	(357)	19,285

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, 2020	–	20.00	–	15.00	35.00	259	30.1	1.0
Year ended March 31, 2021	–	12.00	–	12.00	24.00	174	–	0.6
Year ending March 31, 2022 (Forecast)	–	12.00	–	12.00	24.00		30.0	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	18,171	28.1	647	–	663	–	342	–	47.61
Full year	37,058	22.5	1,016	–	1,045	–	574	–	79.91

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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: No

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, 2021	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 March 31, 2021	766,609 shares	As of March 31, 2020	566,609 shares
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Average number of shares during the period

Year ended March 31, 2021	7,300,058 shares	Year ended March 31, 2020	7,433,397 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	20,180	18,481
Notes and accounts receivable - trade	9,319	8,518
Merchandise and finished goods	2,442	2,411
Work in process	69	68
Raw materials and supplies	429	473
Other	404	645
Allowance for doubtful accounts	(36)	(30)
Total current assets	32,809	30,568
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,269	1,208
Machinery, equipment and vehicles, net	40	50
Land	1,969	1,969
Other, net	368	323
Total property, plant and equipment	3,647	3,552
Intangible assets		
Goodwill	205	133
Software	183	246
Other	20	20
Total intangible assets	409	400
Investments and other assets		
Investment securities	1,020	1,271
Shares of subsidiaries and associates	473	492
Deferred tax assets	418	382
Retirement benefit asset	940	1,392
Guarantee deposits	2,549	2,549
Other	813	766
Allowance for doubtful accounts	(176)	(62)
Total investments and other assets	6,038	6,791
Total non-current assets	10,095	10,744
Total assets	42,905	41,312

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,073	4,904
Electronically recorded obligations - operating	3,397	2,766
Short-term borrowings	3,516	3,516
Income taxes payable	291	29
Provision for bonuses	413	388
Other	1,076	704
Total current liabilities	13,768	12,310
Non-current liabilities		
Deferred tax liabilities	67	176
Retirement benefit liability	224	223
Provision for retirement benefits for directors (and other officers)	971	889
Other	668	679
Total non-current liabilities	1,932	1,969
Total liabilities	15,701	14,279
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,818	24,590
Treasury shares	(696)	(1,089)
Total shareholders' equity	27,335	26,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32)	153
Remeasurements of defined benefit plans	(99)	164
Total accumulated other comprehensive income	(132)	318
Total net assets	27,203	27,032
Total liabilities and net assets	42,905	41,312

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	37,589	30,261
Cost of sales	28,920	23,492
Gross profit	8,669	6,768
Selling, general and administrative expenses	7,644	6,865
Operating profit (loss)	1,025	(97)
Non-operating income		
Interest income	3	1
Dividend income	47	43
Share of profit of entities accounted for using equity method	43	23
Reversal of allowance for doubtful accounts	–	0
Subsidy income	–	18
Subsidy income	–	20
Miscellaneous income	161	50
Total non-operating income	255	158
Non-operating expenses		
Interest expenses	34	34
Provision of allowance for doubtful accounts	2	–
Retirement benefit expenses	11	–
Miscellaneous losses	3	2
Total non-operating expenses	52	37
Ordinary profit	1,228	24
Extraordinary income		
Gain on sale of investment securities	24	–
Total extraordinary income	24	–
Extraordinary losses		
Loss on valuation of investment securities	6	–
Loss on sale of membership	–	1
Loss on valuation of membership	2	–
Impairment losses	64	–
Total extraordinary losses	73	1
Profit before income taxes	1,179	22
Income taxes - current	362	86
Income taxes - deferred	(48)	(35)
Total income taxes	313	50
Profit (loss)	865	(28)
Profit attributable to non-controlling interests	–	–
Profit (loss) attributable to owners of parent	865	(28)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	865	(28)
Other comprehensive income		
Valuation difference on available-for-sale securities	(245)	185
Remeasurements of defined benefit plans, net of tax	(210)	264
Share of other comprehensive income of entities accounted for using equity method	(1)	(0)
Total other comprehensive income	(457)	450
Comprehensive income	407	422
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	407	422

Consolidated statements of changes in equity

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	1,208	2,005	24,190	(576)	26,827
Changes during period					
Dividends of surplus			(238)		(238)
Profit (loss) attributable to owners of parent			865		865
Purchase of treasury shares				(119)	(119)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	627	(119)	507
Balance at end of period	1,208	2,005	24,818	(696)	27,335

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	214	110	325	27,153
Changes during period				
Dividends of surplus				(238)
Profit (loss) attributable to owners of parent				865
Purchase of treasury shares				(119)
Net changes in items other than shareholders' equity	(247)	(210)	(457)	(457)
Total changes during period	(247)	(210)	(457)	50
Balance at end of period	(32)	(99)	(132)	27,203

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,208	2,005	24,818	(696)	27,335
Changes during period					
Dividends of surplus			(199)		(199)
Profit (loss) attributable to owners of parent			(28)		(28)
Purchase of treasury shares				(393)	(393)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(227)	(393)	(621)
Balance at end of period	1,208	2,005	24,590	(1,089)	26,714

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(32)	(99)	(132)	27,203
Changes during period				
Dividends of surplus				(199)
Profit (loss) attributable to owners of parent				(28)
Purchase of treasury shares				(393)
Net changes in items other than shareholders' equity	185	264	450	450
Total changes during period	185	264	450	(170)
Balance at end of period	153	164	318	27,032

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,179	22
Depreciation	338	326
Amortization of goodwill	97	72
Loss (gain) on sale of investment securities	(24)	–
Loss (gain) on valuation of investment securities	6	–
Increase (decrease) in allowance for doubtful accounts	159	(118)
Increase (decrease) in provision for bonuses	(11)	(24)
Increase (decrease) in retirement benefit liability	10	(1)
Decrease (increase) in retirement benefit asset	(17)	(187)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(415)	(82)
Interest and dividend income	(50)	(44)
Interest expenses	34	34
Share of loss (profit) of entities accounted for using equity method	(43)	(23)
Foreign exchange losses (gains)	1	(0)
Loss (gain) on sale of membership	–	1
Loss on valuation of membership	2	–
Decrease (increase) in trade receivables	2,307	903
Decrease (increase) in inventories	347	(13)
Decrease (increase) in other current assets	(61)	(84)
Increase (decrease) in trade payables	(1,363)	(782)
Increase (decrease) in accounts payable - other	(9)	(24)
Increase (decrease) in other current liabilities	380	(368)
Impairment losses	64	–
Other, net	(3)	13
Subtotal	2,928	(379)
Interest and dividends received	50	44
Interest paid	(34)	(34)
Income taxes refund (paid)	(177)	(320)
Net cash provided by (used in) operating activities	2,765	(689)
Cash flows from investing activities		
Payments into time deposits	(5)	(200)
Proceeds from withdrawal of time deposits	–	5
Purchase of property, plant and equipment	(695)	(203)
Proceeds from sale of property, plant and equipment	6	5
Purchase of intangible assets	(120)	(155)
Purchase of investment securities	(8)	(6)
Proceeds from sale of investment securities	96	2
Loan advances	(0)	(1)
Proceeds from collection of loans receivable	0	1
Payments for acquisition of businesses	(95)	–
Other, net	(159)	(59)
Net cash provided by (used in) investing activities	(979)	(612)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Purchase of treasury shares	(119)	(393)
Dividends paid	(238)	(198)
Net cash provided by (used in) financing activities	(357)	(591)
Effect of exchange rate change on cash and cash equivalents	(1)	0
Net increase (decrease) in cash and cash equivalents	1,427	(1,893)
Cash and cash equivalents at beginning of period	17,857	19,285
Cash and cash equivalents at end of period	19,285	17,391