

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 15, 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 of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 29, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	37,589	1.2	1,025	234.2	1,228	217.2	865	371.6
Year ended March 31, 2019	37,135	(0.4)	306	(68.0)	387	(63.5)	183	(75.3)

	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, 2020	116.46	–	3.2	2.8	2.7
Year ended March 31, 2019	24.66	–	0.7	0.9	0.8

(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, 2020	42,905	27,203	63.4	3,684.40
As of March 31, 2019	44,211	27,153	61.4	3,647.92

(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, 2020	2,765	(979)	(357)	19,285
Year ended March 31, 2019	(585)	(93)	(238)	17,857

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, 2019	–	12.00	–	12.00	24.00	178	97.3	0.7
Year ended March 31, 2020	–	20.00	–	15.00	35.00	259	30.1	1.0
Year ending March 31, 2021 (Forecast)	–	12.00	–	12.00	24.00		–	

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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, 2020	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 March 31, 2020	566,609 shares	As of March 31, 2019	506,537 shares
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Average number of shares during the period

Year ended March 31, 2020	7,433,397 shares	Year ended March 31, 2019	7,443,463 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	18,747	20,180
Notes and accounts receivable - trade	11,754	9,319
Merchandise and finished goods	2,739	2,442
Work in process	78	69
Raw materials and supplies	470	429
Other	495	404
Allowance for doubtful accounts	(6)	(36)
Total current assets	34,279	32,809
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	993	1,269
Machinery, equipment and vehicles, net	50	40
Land	1,811	1,969
Other, net	361	368
Total property, plant and equipment	3,216	3,647
Intangible assets		
Goodwill	272	205
Software	115	183
Other	20	20
Total intangible assets	408	409
Investments and other assets		
Investment securities	1,424	1,020
Shares of subsidiaries and associates	431	473
Deferred tax assets	301	418
Retirement benefit asset	1,133	940
Guarantee deposits	2,548	2,549
Other	512	813
Allowance for doubtful accounts	(45)	(176)
Total investments and other assets	6,307	6,038
Total non-current assets	9,931	10,095
Total assets	44,211	42,905

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,122	5,073
Electronically recorded obligations - operating	3,698	3,397
Short-term borrowings	3,516	3,516
Income taxes payable	68	291
Provision for bonuses	425	413
Other	769	1,076
Total current liabilities	14,600	13,768
Non-current liabilities		
Deferred tax liabilities	181	67
Retirement benefit liability	214	224
Provision for retirement benefits for directors (and other officers)	1,386	971
Other	674	668
Total non-current liabilities	2,457	1,932
Total liabilities	17,058	15,701
Net assets		
Shareholders' equity		
Share capital	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,190	24,818
Treasury shares	(576)	(696)
Total shareholders' equity	26,827	27,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	214	(32)
Remeasurements of defined benefit plans	110	(99)
Total accumulated other comprehensive income	325	(132)
Total net assets	27,153	27,203
Total liabilities and net assets	44,211	42,905

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	37,135	37,589
Cost of sales	29,309	28,920
Gross profit	7,826	8,669
Selling, general and administrative expenses	7,519	7,644
Operating profit	306	1,025
Non-operating income		
Interest income	2	3
Dividend income	49	47
Share of profit of entities accounted for using equity method	1	43
Reversal of allowance for doubtful accounts	1	–
Insurance claim income	6	92
Miscellaneous income	55	69
Total non-operating income	116	255
Non-operating expenses		
Interest expenses	34	34
Provision of allowance for doubtful accounts	–	2
Retirement benefit expenses	–	11
Miscellaneous loss	1	3
Total non-operating expenses	36	52
Ordinary profit	387	1,228
Extraordinary income		
Gain on sales of investment securities	111	24
Total extraordinary income	111	24
Extraordinary losses		
Loss on valuation of investment securities	16	6
Loss on valuation of golf club membership	–	2
Impairment loss	–	64
Total extraordinary losses	16	73
Profit before income taxes	482	1,179
Income taxes - current	216	362
Income taxes - deferred	83	(48)
Total income taxes	299	313
Profit	183	865
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	183	865

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	183	865
Other comprehensive income		
Valuation difference on available-for-sale securities	(217)	(245)
Remeasurements of defined benefit plans, net of tax	(11)	(210)
Share of other comprehensive income of entities accounted for using equity method	(3)	(1)
Total other comprehensive income	(232)	(457)
Comprehensive income	(49)	407
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49)	407

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	24,245	(576)	26,882
Changes during period					
Dividends of surplus			(238)		(238)
Profit attributable to owners of parent			183		183
Purchase of treasury shares					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	(54)	–	(54)
Balance at end of period	1,208	2,005	24,190	(576)	26,827

	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	435	122	558	27,440
Changes during period				
Dividends of surplus				(238)
Profit attributable to owners of parent				183
Purchase of treasury shares				–
Net changes in items other than shareholders' equity	(220)	(11)	(232)	(232)
Total changes during period	(220)	(11)	(232)	(287)
Balance at end of period	214	110	325	27,153

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 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 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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	482	1,179
Depreciation	332	338
Amortization of goodwill	79	97
Loss (gain) on sales of investment securities	(111)	(24)
Loss (gain) on valuation of investment securities	16	6
Increase (decrease) in allowance for doubtful accounts	(2)	159
Increase (decrease) in provision for bonuses	(7)	(11)
Increase (decrease) in retirement benefit liability	25	10
Decrease (increase) in retirement benefit asset	(11)	(17)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	110	(415)
Interest and dividend income	(52)	(50)
Interest expenses	34	34
Share of loss (profit) of entities accounted for using equity method	(1)	(43)
Foreign exchange losses (gains)	0	1
Loss on valuation of membership	–	2
Decrease (increase) in trade receivables	(741)	2,307
Decrease (increase) in inventories	(91)	347
Decrease (increase) in other current assets	134	(61)
Increase (decrease) in trade payables	(50)	(1,363)
Increase (decrease) in accounts payable - other	(27)	(9)
Increase (decrease) in other current liabilities	(231)	380
Impairment loss	–	64
Other, net	5	(3)
Subtotal	(105)	2,928
Interest and dividends received	52	50
Interest paid	(34)	(34)
Income taxes (paid) refund	(497)	(177)
Net cash provided by (used in) operating activities	(585)	2,765
Cash flows from investing activities		
Payments into time deposits	–	(5)
Purchase of property, plant and equipment	(219)	(695)
Proceeds from sales of property, plant and equipment	4	6
Purchase of intangible assets	(62)	(120)
Purchase of investment securities	(9)	(8)
Proceeds from sales of investment securities	276	96
Loan advances	–	(0)
Collection of loans receivable	0	0
Payments for acquisition of businesses	–	(95)
Other, net	(83)	(159)
Net cash provided by (used in) investing activities	(93)	(979)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Purchase of treasury shares	–	(119)
Dividends paid	(238)	(238)
Net cash provided by (used in) financing activities	(238)	(357)
Effect of exchange rate change on cash and cash equivalents	(0)	(1)
Net increase (decrease) in cash and cash equivalents	(917)	1,427
Cash and cash equivalents at beginning of period	18,775	17,857
Cash and cash equivalents at end of period	17,857	19,285