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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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January 31, 2022

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2022 <under Japanese GAAP>

Company name: **MEISEI INDUSTRIAL CO., LTD.**
Listing: First Section of Tokyo Securities Exchange
Securities code: 1976
URL: <https://www.meisei-kogyo.co.jp/en/>
Representative: Toshiteru Otani, Representative Director, Chairman and Chief Executive Officer (CEO)
Inquiries: Susumu Yamamoto, General Manager of Finance Division
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Scheduled date to file quarterly securities report: February 10, 2022
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly financial results presentation meeting: None

(Note: Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated Financial Results for the First Nine months of the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to December 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	%
Nine months ended								
December 31, 2021	34,372	(4.5)	3,359	(17.7)	3,640	(14.9)	2,472	(14.6)
December 31, 2020	36,004	(2.5)	4,084	(2.6)	4,276	(4.0)	2,896	(3.0)

Note: Comprehensive income
Nine months ended December 31, 2021: ¥2,568 million [(15.7)%]
Nine months ended December 31, 2020: ¥3,044 million [1.3%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2021	48.31	—
December 31, 2020	56.49	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	68,564	54,651	79.2	1,085.41
March 31, 2021	68,920	54,365	78.3	1,053.19

Reference: Shareholders' equity
As of December 31, 2021: ¥54,286 million
As of March 31, 2021: ¥53,999 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2021	–	10.00	–	20.00	30.00
Fiscal year ending					
March 31, 2022	–	10.00	–		
Fiscal year ending				14.00	24.00
March 31, 2022 (Forecast)					

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal 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		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending									
March 31, 2022	50,000	(1.1)	5,100	(20.3)	5,300	(21.4)	3,550	(22.8)	69.24

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements of prior period financial statements after error corrections: None
- (4) Number of issued shares (common shares)
 - a. Total number of issued shares at end of period (including treasury shares)

As of December 31, 2021	59,386,718 shares
As of March 31, 2021	59,386,718 shares

- b. Number of treasury shares at end of period

As of December 31, 2021	9,371,632 shares
As of March 31, 2021	8,114,323 shares

- c. Average number of outstanding shares during period

Nine months ended December 31, 2021	51,177,972 shares
Nine months ended December 31, 2020	51,269,331 shares

Note: The figures stated for the number of treasury shares at end of period include shares of the Company that are held by a trust established to distribute shares to officers (Officers' Share Distribution Trust). The calculation used to calculate the average number of outstanding shares during period excludes treasury shares, which include shares of the Company held by the Officers' Share Distribution Trust.

* The quarterly financial results are not subject to quarterly review.

* Proper use of earnings forecasts and other special notes

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport to be a promise by the Company to realize such statements. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	22,484	25,241
Notes receivable, accounts receivable from completed construction contracts and other	22,151	19,653
Securities	400	300
Costs on construction contracts in progress	1,655	1,366
Merchandise and finished goods	251	252
Raw materials and supplies	166	184
Other	339	445
Allowance for doubtful accounts	(20)	(17)
Total current assets	47,428	47,426
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,031	10,039
Machinery and vehicles	4,805	4,748
Land	11,150	11,150
Other	2,037	2,169
Accumulated depreciation	(12,589)	(13,023)
Total property, plant and equipment	15,436	15,084
Intangible assets	86	78
Investments and other assets		
Investment securities	3,492	3,577
Investment property	2,053	2,018
Retirement benefit asset	31	33
Deferred tax assets	45	4
Other	432	430
Allowance for doubtful accounts	(86)	(90)
Total investments and other assets	5,969	5,975
Total non-current assets	21,491	21,137
Total assets	68,920	68,564

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	5,810	6,178
Accounts payable - trade	405	169
Short-term borrowings	60	990
Income taxes payable	1,261	83
Advances received on construction contracts in progress	560	1,204
Provision for bonuses	432	160
Provision for bonuses for directors (and other officers)	82	—
Provision for warranties for completed construction	74	22
Other	1,465	1,630
Total current liabilities	10,153	10,439
Non-current liabilities		
Long-term borrowings	960	—
Retirement benefit liability	336	254
Provision for retirement benefits for directors (and other officers)	163	164
Provision for share awards for directors (and other officers)	75	103
Deferred tax liabilities	1,886	2,005
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	480	445
Total non-current liabilities	4,401	3,473
Total liabilities	14,555	13,912
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,179	1,209
Retained earnings	47,116	48,185
Treasury shares	(3,345)	(4,248)
Total shareholders' equity	51,840	52,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	896	849
Revaluation reserve for land	958	958
Foreign currency translation adjustment	240	380
Remeasurements of defined benefit plans	63	61
Total accumulated other comprehensive income	2,158	2,250
Non-controlling interests	366	364
Total net assets	54,365	54,651
Total liabilities and net assets	68,920	68,564

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales of completed construction contracts	36,004	34,372
Cost of sales of completed construction contracts	28,716	27,799
Gross profit on completed construction contracts	7,287	6,572
Selling, general and administrative expenses	3,202	3,213
Operating profit	4,084	3,359
Non-operating income		
Interest income	20	13
Dividend income	94	96
Rental income from real estate	191	175
Other	126	128
Total non-operating income	433	414
Non-operating expenses		
Interest expenses	3	3
Rental costs on real estate	107	102
Foreign exchange losses	101	3
Other	27	25
Total non-operating expenses	240	133
Ordinary profit	4,276	3,640
Profit before income taxes	4,276	3,640
Income taxes - current	1,223	983
Income taxes - deferred	139	181
Total income taxes	1,362	1,164
Profit	2,914	2,475
Profit attributable to non-controlling interests	17	3
Profit attributable to owners of parent	2,896	2,472

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	2,914	2,475
Other comprehensive income		
Valuation difference on available-for-sale securities	209	(46)
Foreign currency translation adjustment	(89)	140
Remeasurements of defined benefit plans, net of tax	10	(1)
Total other comprehensive income	130	92
Comprehensive income	3,044	2,568
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,027	2,564
Comprehensive income attributable to non-controlling interests	17	3

Segment information

I. Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

Information on sales and income on each reportable segment

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
Sales to external customers	32,034	3,970	36,004	–	36,004
Intersegment sales or transfers	80	149	230	(230)	–
Total	32,114	4,119	36,234	(230)	36,004
Segment profit	3,950	126	4,077	7	4,084

Notes:

1. Adjustment for segment profit represents eliminations of intersegment sales or transfers.
2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statements of income.

II. Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

Information on sales and income on each reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
Japan	28,520	3,175	31,696	–	31,696
Asia	2,643	28	2,671	–	2,671
Other	2	2	4	–	4
Revenue from contracts with customers	31,166	3,206	34,372	–	34,372
Sales to external customers	31,166	3,206	34,372	–	34,372
Intersegment sales or transfers	7	238	245	(245)	–
Total	31,173	3,444	34,618	(245)	34,372
Segment profit	3,271	80	3,352	7	3,359

Notes:

1. Adjustment for segment profit represents eliminations of intersegment sales or transfers.
2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statements of income.

Status of Orders Received, Sales and Balance of Orders**Orders received**

Segment	Nine months ended December 31, 2020		Nine months ended December 31, 2021		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2021	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	33,149	92.3	33,874	88.3	725	44,366	89.5
Boiler	2,768	7.7	4,468	11.7	1,699	5,214	10.5
Total	35,918	100.0	38,342	100.0	2,424	49,581	100.0

Net sales

Segment	Nine months ended December 31, 2020		Nine months ended December 31, 2021		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2021	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	32,034	89.0	31,166	90.7	(867)	45,518	90.1
Boiler	3,970	11.0	3,206	9.3	(764)	5,014	9.9
Total	36,004	100.0	34,372	100.0	(1,631)	50,533	100.0

Balance of orders

Segment	Nine months ended December 31, 2020		Nine months ended December 31, 2021		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2021	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	14,463	86.6	14,905	75.3	441	12,197	77.0
Boiler	2,233	13.4	4,896	24.7	2,662	3,634	23.0
Total	16,697	100.0	19,802	100.0	3,104	15,831	100.0