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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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October 31, 2022

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 <under Japanese GAAP>

Company name: **MEISEI INDUSTRIAL CO., LTD.**
Listing: Tokyo Stock Exchange, Prime
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, Executive Officer, General Manager of Finance Division
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Scheduled date to file quarterly securities report: November 11, 2022
Scheduled date to commence dividend payments: November 17, 2022
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 Six Months of the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	25,722	15.2	2,799	42.6	3,119	44.0	2,118	48.9
September 30, 2021	22,323	(4.8)	1,962	(19.1)	2,167	(16.3)	1,423	(18.5)

Note: Comprehensive income
Six months ended September 30, 2022: ¥2,449 million [56.4%]
Six months ended September 30, 2021: ¥1,566 million [(13.4)%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2022	42.56	—
September 30, 2021	27.76	—

(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
September 30, 2022	73,364	57,395	77.7	1,144.98
March 31, 2022	71,149	55,924	78.1	1,116.33

Reference: Shareholders' equity
As of September 30, 2022: ¥57,019 million
As of March 31, 2022: ¥55,562 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2022	Yen –	Yen 10.00	Yen –	Yen 20.00	Yen 30.00
Fiscal year ending March 31, 2023	–	12.00			
Fiscal year ending March 31, 2023 (Forecast)			–	16.00	28.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	52,000	7.5	5,600	4.9	5,800	2.8	3,950	4.1	79.33

Note: Revisions to the earnings forecasts most recently announced: Yes

* 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 September 30, 2022	56,386,718 shares
As of March 31, 2022	56,386,718 shares

b. Number of treasury shares at end of period

As of September 30, 2022	6,587,288 shares
As of March 31, 2022	6,614,632 shares

c. Average number of outstanding shares during period

Six months ended September 30, 2022	49,780,246 shares
Six months ended September 30, 2021	51,272,279 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

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	27,192	29,833
Notes receivable, accounts receivable from completed construction contracts and other	21,203	19,887
Securities	300	300
Costs on construction contracts in progress	554	886
Merchandise and finished goods	278	228
Raw materials and supplies	190	196
Other	143	241
Allowance for doubtful accounts	(16)	(14)
Total current assets	49,847	51,560
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,040	10,075
Machinery and vehicles	4,798	4,930
Land	11,200	11,789
Other	2,212	2,309
Accumulated depreciation	(13,148)	(13,471)
Total property, plant and equipment	15,102	15,633
Intangible assets	74	66
Investments and other assets		
Investment securities	3,731	3,736
Investment property	2,007	1,984
Retirement benefit asset	30	17
Deferred tax assets	15	22
Other	431	442
Allowance for doubtful accounts	(91)	(100)
Total investments and other assets	6,124	6,103
Total non-current assets	21,301	21,803
Total assets	71,149	73,364

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	6,582	6,520
Accounts payable - trade	181	328
Short-term borrowings	960	—
Income taxes payable	847	998
Contract liabilities	1,201	1,815
Provision for bonuses	432	425
Provision for bonuses for directors (and other officers)	85	—
Provision for warranties for completed construction	94	101
Other	1,490	1,755
Total current liabilities	11,876	11,946
Non-current liabilities		
Long-term borrowings	—	800
Retirement benefit liability	175	125
Provision for retirement benefits for directors (and other officers)	168	134
Provision for share awards for directors (and other officers)	112	107
Deferred tax liabilities	1,948	1,964
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	442	390
Total non-current liabilities	3,348	4,021
Total liabilities	15,224	15,968
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	999	999
Retained earnings	48,317	49,435
Treasury shares	(3,071)	(3,050)
Total shareholders' equity	53,134	54,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	932	917
Revaluation reserve for land	958	958
Foreign currency translation adjustment	427	766
Remeasurements of defined benefit plans	108	102
Total accumulated other comprehensive income	2,427	2,745
Non-controlling interests	362	376
Total net assets	55,924	57,395
Total liabilities and net assets	71,149	73,364

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

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales of completed construction contracts	22,323	25,722
Cost of sales of completed construction contracts	18,182	20,594
Gross profit on completed construction contracts	4,141	5,128
Selling, general and administrative expenses	2,178	2,328
Operating profit	1,962	2,799
Non-operating income		
Interest income	8	6
Dividend income	76	83
Rental income from real estate	117	117
Foreign exchange gains	—	89
Other	93	109
Total non-operating income	295	406
Non-operating expenses		
Interest expenses	2	2
Rental costs on real estate	69	67
Foreign exchange losses	6	—
Other	13	17
Total non-operating expenses	91	86
Ordinary profit	2,167	3,119
Profit before income taxes	2,167	3,119
Income taxes - current	648	971
Income taxes - deferred	83	16
Total income taxes	732	988
Profit	1,434	2,131
Profit attributable to non-controlling interests	11	12
Profit attributable to owners of parent	1,423	2,118

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,434	2,131
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(14)
Foreign currency translation adjustment	148	338
Remeasurements of defined benefit plans, net of tax	(0)	(5)
Total other comprehensive income	131	318
Comprehensive income	1,566	2,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,555	2,436
Comprehensive income attributable to non-controlling interests	11	12

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,167	3,119
Depreciation	421	262
Increase (decrease) in allowance for doubtful accounts	0	7
Increase (decrease) in provision for loss on construction contracts	15	—
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	(34)
Increase (decrease) in provision for share awards for directors (and other officers)	18	16
Increase (decrease) in other provisions	(107)	(84)
Decrease (increase) in retirement benefit asset	(0)	12
Increase (decrease) in retirement benefit liability	(65)	(58)
Interest and dividend income	(85)	(90)
Interest expenses	2	2
Foreign exchange losses (gains)	(1)	(79)
Loss (gain) on sale of investment securities	—	(4)
Decrease (increase) in trade receivables	5,018	1,315
Decrease (increase) in costs on construction contracts in progress	(276)	(331)
Decrease (increase) in inventories	(62)	43
Increase (decrease) in contract liabilities	912	614
Increase (decrease) in trade payables	(373)	90
Other, net	(363)	(135)
Subtotal	7,215	4,666
Interest and dividends received	86	90
Interest paid	(2)	(2)
Income taxes paid	(1,093)	(761)
Net cash provided by (used in) operating activities	6,206	3,994
Cash flows from investing activities		
Payments into time deposits	(84)	(84)
Proceeds from withdrawal of time deposits	84	84
Purchase of investment securities	(107)	(91)
Proceeds from sale and redemption of investment securities	200	54
Purchase of property, plant and equipment	(68)	(711)
Proceeds from distributions from investment partnerships	28	55
Other, net	90	139
Net cash provided by (used in) investing activities	142	(554)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	—	800
Repayments of long-term borrowings	(30)	(960)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,027)	(1,000)
Dividends paid to non-controlling interests	(5)	—
Net cash provided by (used in) financing activities	(1,063)	(1,160)
Effect of exchange rate change on cash and cash equivalents	106	358
Net increase (decrease) in cash and cash equivalents	5,392	2,637
Cash and cash equivalents at beginning of period	22,471	27,183
Cash and cash equivalents at end of period	27,863	29,821

Segment Information

I. Six months ended September 30, 2021 (from April 1, 2021 to September 30, 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	18,626	2,061	20,688	—	20,688
Asia	1,617	16	1,634	—	1,634
Other	0	—	0	—	0
Revenue from contracts with customers	20,245	2,078	22,323	—	22,323
Sales to external customers	20,245	2,078	22,323	—	22,323
Intersegment sales or transfers	6	68	74	(74)	—
Total	20,251	2,147	22,398	(74)	22,323
Segment profit	1,918	39	1,958	4	1,962

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. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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	20,036	2,947	22,983	—	22,983
Asia	2,714	23	2,738	—	2,738
Other	—	0	0	—	0
Revenue from contracts with customers	22,751	2,971	25,722	—	25,722
Sales to external customers	22,751	2,971	25,722	—	25,722
Intersegment sales or transfers	8	102	111	(111)	—
Total	22,759	3,073	25,833	(111)	25,722
Segment profit	2,624	170	2,794	4	2,799

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	Six months ended September 30, 2021		Six months ended September 30, 2022		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	20,938	84.1	29,339	88.4	8,400	47,901	88.8
Boiler	3,944	15.9	3,849	11.6	(94)	6,019	11.2
Total	24,882	100.0	33,188	100.0	8,305	53,921	100.0

Net sales

Segment	Six months ended September 30, 2021		Six months ended September 30, 2022		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	20,245	90.7	22,751	88.4	2,505	43,637	90.2
Boiler	2,078	9.3	2,971	11.6	892	4,751	9.8
Total	22,323	100.0	25,722	100.0	3,398	48,389	100.0

Balance of orders

Segment	Six months ended September 30, 2021		Six months ended September 30, 2022		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	12,890	70.1	23,049	79.9	10,158	16,461	77.1
Boiler	5,500	29.9	5,780	20.1	280	4,902	22.9
Total	18,390	100.0	28,829	100.0	10,439	21,363	100.0