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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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January 31, 2023

Consolidated Financial Results for the First Nine 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: February 10, 2023
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, 2023 (from April 1, 2022 to December 31, 2022)

(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, 2022	39,891	16.1	4,266	27.0	4,611	26.7	2,918	18.1
December 31, 2021	34,372	(4.5)	3,359	(17.7)	3,640	(14.9)	2,472	(14.6)

Note: Comprehensive income

Nine months ended December 31, 2022: ¥3,444 million [34.1%]
Nine months ended December 31, 2021: ¥2,568 million [(15.7)%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2022	58.63	—
December 31, 2021	48.31	—

(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, 2022	73,901	57,807	77.7	1,152.84
March 31, 2022	71,149	55,924	78.1	1,116.33

Reference: Shareholders' equity

As of December 31, 2022: ¥57,410 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	Yen	Yen	Yen	Yen	Yen
March 31, 2022	–	10.00	–	20.00	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: None

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: 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, 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 December 31, 2022	6,587,291 shares
As of March 31, 2022	6,614,632 shares

c. Average number of outstanding shares during period

Nine months ended December 31, 2022	49,786,665 shares
Nine months ended December 31, 2021	51,177,972 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	27,192	28,867
Notes receivable, accounts receivable from completed construction contracts and other	21,203	21,162
Securities	300	300
Costs on construction contracts in progress	554	968
Merchandise and finished goods	278	312
Raw materials and supplies	190	189
Other	143	456
Allowance for doubtful accounts	(16)	(15)
Total current assets	49,847	52,242
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,040	10,096
Machinery and vehicles	4,798	4,989
Land	11,200	11,433
Other	2,212	2,375
Accumulated depreciation	(13,148)	(13,583)
Total property, plant and equipment	15,102	15,311
Intangible assets	74	67
Investments and other assets		
Investment securities	3,731	3,765
Investment property	2,007	1,972
Retirement benefit asset	30	10
Deferred tax assets	15	-
Other	431	633
Allowance for doubtful accounts	(91)	(101)
Total investments and other assets	6,124	6,281
Total non-current assets	21,301	21,659
Total assets	71,149	73,901

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	6,582	7,659
Accounts payable - trade	181	226
Short-term borrowings	960	—
Income taxes payable	847	427
Contract liabilities	1,201	1,359
Provision for bonuses	432	152
Provision for bonuses for directors (and other officers)	85	—
Provision for warranties for completed construction	94	49
Provision for loss on construction contracts	—	3
Other	1,490	2,187
Total current liabilities	11,876	12,067
Non-current liabilities		
Long-term borrowings	—	800
Retirement benefit liability	175	109
Provision for retirement benefits for directors (and other officers)	168	138
Provision for share awards for directors (and other officers)	112	115
Deferred tax liabilities	1,948	1,978
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	442	386
Total non-current liabilities	3,348	4,027
Total liabilities	15,224	16,094
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	999	1,000
Retained earnings	48,317	49,635
Treasury shares	(3,071)	(3,050)
Total shareholders' equity	53,134	54,473
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	932	1,017
Revaluation reserve for land	958	958
Foreign currency translation adjustment	427	861
Remeasurements of defined benefit plans	108	100
Total accumulated other comprehensive income	2,427	2,937
Non-controlling interests	362	396
Total net assets	55,924	57,807
Total liabilities and net assets	71,149	73,901

(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, 2021	Nine months ended December 31, 2022
Net sales of completed construction contracts	34,372	39,891
Cost of sales of completed construction contracts	27,799	32,263
Gross profit on completed construction contracts	6,572	7,627
Selling, general and administrative expenses	3,213	3,361
Operating profit	3,359	4,266
Non-operating income		
Interest income	13	18
Dividend income	96	106
Rental income from real estate	175	177
Foreign exchange gains	—	28
Other	128	142
Total non-operating income	414	473
Non-operating expenses		
Interest expenses	3	3
Rental costs on real estate	102	100
Foreign exchange losses	3	—
Other	25	24
Total non-operating expenses	133	128
Ordinary profit	3,640	4,611
Extraordinary losses		
Impairment losses	—	356
Total extraordinary losses	—	356
Profit before income taxes	3,640	4,255
Income taxes - current	983	1,310
Income taxes - deferred	181	10
Total income taxes	1,164	1,320
Profit	2,475	2,934
Profit attributable to non-controlling interests	3	16
Profit attributable to owners of parent	2,472	2,918

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	2,475	2,934
Other comprehensive income		
Valuation difference on available-for-sale securities	(46)	(84)
Foreign currency translation adjustment	140	433
Remeasurements of defined benefit plans, net of tax	(1)	(8)
Total other comprehensive income	92	509
Comprehensive income	2,568	3,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,564	3,428
Comprehensive income attributable to non-controlling interests	3	16

Segment Information

I. 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.

II. Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. 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	30,816	4,723	35,540	—	35,540
Asia	4,324	25	4,350	—	4,350
Other	—	0	0	—	0
Revenue from contracts with customers	35,141	4,749	39,891	—	39,891
Sales to external customers	35,141	4,749	39,891	—	39,891
Intersegment sales or transfers	19	218	237	(237)	—
Total	35,160	4,968	40,129	(237)	39,891
Segment profit	3,914	344	4,259	7	4,266

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.
2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment
 Impairment loss on non-current assets has been recorded in the Boiler Business segment.
 The amount of the impairment loss recorded for the nine months ended December 31, 2022 was 356 million yen.

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

Segment	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Increase (decrease)	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	33,874	88.3	40,886	90.0	7,011	47,901	88.8
Boiler	4,468	11.7	4,553	10.0	85	6,019	11.2
Total	38,342	100.0	45,440	100.0	7,097	53,921	100.0

Net sales

Segment	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Increase (decrease)	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	31,166	90.7	35,141	88.1	3,974	43,637	90.2
Boiler	3,206	9.3	4,749	11.9	1,543	4,751	9.8
Total	34,372	100.0	39,891	100.0	5,518	48,389	100.0

Balance of orders

Segment	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Increase (decrease)	Fiscal year ended March 31, 2022	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	14,905	75.3	22,206	82.5	7,300	16,461	77.1
Boiler	4,896	24.7	4,706	17.5	(190)	4,902	22.9
Total	19,802	100.0	26,912	100.0	7,110	21,363	100.0