

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 <under Japanese GAAP>



May 10, 2023

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
TEL: +81-6-6447-0275

Scheduled date of annual general meeting of shareholders: June 22, 2023

Scheduled date to commence dividend payments: June 23, 2023

Scheduled date to file annual securities report: June 23, 2023

Preparation of supplementary results briefing material on financial results: Yes

Holding of financial results presentation meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year 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	%
March 31, 2023	55,890	15.5	6,830	27.9	7,258	28.7	4,680	23.4
March 31, 2022	48,389	(4.2)	5,339	(16.6)	5,641	(16.3)	3,793	(17.5)

Note: Comprehensive income

For the fiscal year ended March 31, 2023: ¥5,088 million [25.2 %]

For the fiscal year ended March 31, 2022: ¥4,063 million [(20.5) %]

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	94.00	—	8.2	9.8	12.2
March 31, 2022	74.63	—	6.9	8.1	11.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: —

For the fiscal year ended March 31, 2022: —

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	77,508	59,448	76.2	1,185.84
March 31, 2022	71,149	55,924	78.1	1,116.33

Reference: Shareholders' equity

As of March 31, 2023: ¥59,053 million

As of March 31, 2022: ¥55,562 million

(3) Consolidated cash flows

Fiscal year ended	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	4,068	(827)	(1,739)	29,004
March 31, 2022	7,171	(9)	(2,661)	27,183

2. Cash Dividends

	Cash dividends per share					Total cash dividends (Annual) Millions of yen	Dividend payout ratio (Consolidated) %	Ratio of dividends to net assets (Consolidated) %
	First quarter-end Yen	Second quarter-end Yen	Third quarter-end Yen	Fiscal year-end Yen	Annual Yen			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	–	10.00	–	20.00	30.00	1,514	40.2	2.8
March 31, 2023	–	12.00	–	24.00	36.00	1,800	38.3	3.1
Fiscal year ending March 31, 2024 (Forecast)	–	14.00	–	22.00	36.00		38.4	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	26,000	1.1	2,900	3.6	3,000	(3.8)	2,050	(3.2)	41.17
Fiscal year ending March 31, 2024	55,000	(1.6)	6,600	(3.4)	6,700	(7.7)	4,670	(0.2)	93.78

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements

- 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

(3) Number of issued shares (common shares)

a. Total number of issued shares at end of period (including treasury shares)

As of March 31, 2023	56,386,718 shares
As of March 31, 2022	56,386,718 shares

b. Number of treasury shares at end of period

As of March 31, 2023	6,587,371 shares
As of March 31, 2022	6,614,632 shares

c. Average number of outstanding shares during the period

For the fiscal year ended March 31, 2023	49,789,806 shares
For the fiscal year ended March 31, 2022	50,838,602 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.

(Reference) Overview of Non-consolidated operating results1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023
(from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	38,214	12.2	5,360	28.5	6,000	9.7	4,165	4.4
March 31, 2022	34,054	(8.5)	4,170	(21.6)	5,470	(8.6)	3,989	(3.7)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	83.67	—
March 31, 2022	78.48	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	56,739	46,329	81.7	930.33
March 31, 2022	52,441	43,649	83.2	876.98

Reference: Shareholders' equity

As of March 31, 2023: ¥46,329 million

As of March 31, 2022: ¥43,649 million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending									
September 30, 2023	18,000	(1.0)	2,350	0.5	2,650	(7.6)	1,800	(11.5)	36.15
Fiscal year ending									
March 31, 2024	39,000	2.1	5,500	2.6	5,900	(1.7)	4,100	(1.6)	82.33

* Consolidated Financial Results are not subject to auditing.

* 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 March 31, 2023
Assets		
Current assets		
Cash and deposits	27,192	29,017
Notes receivable - trade	1,421	888
Electronically recorded monetary claims - operating	1,837	2,787
Accounts receivable from completed construction contracts	15,354	16,275
Contract assets	2,590	5,121
Securities	300	300
Costs on construction contracts in progress	554	559
Merchandise and finished goods	278	312
Raw materials and supplies	190	223
Other	143	206
Allowance for doubtful accounts	(16)	(17)
Total current assets	49,847	55,674
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,040	10,129
Machinery and vehicles	4,798	4,968
Land	11,200	11,433
Other	2,212	2,447
Accumulated depreciation	(13,148)	(13,596)
Total property, plant and equipment	15,102	15,381
Intangible assets	74	62
Investments and other assets		
Investment securities	3,731	3,805
Investment property	2,007	1,961
Retirement benefit asset	30	—
Deferred tax assets	15	92
Other	431	630
Allowance for doubtful accounts	(91)	(100)
Total investments and other assets	6,124	6,389
Total non-current assets	21,301	21,833
Total assets	71,149	77,508

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	1,577	2,283
Electronically recorded obligations - operating	870	1,344
Accounts payable for construction contracts	4,135	4,955
Accounts payable - trade	181	288
Short-term borrowings	960	—
Income taxes payable	847	1,436
Contract liabilities	1,201	1,109
Provision for bonuses	432	454
Provision for directors' bonuses (and other officers)	85	96
Provision for warranties for completed construction	94	25
Other	1,490	2,061
Total current liabilities	11,876	14,056
Non-current liabilities		
Long-term borrowings	—	800
Retirement benefit liability	175	116
Provision for retirement benefits for directors (and other officers)	168	143
Provision for share awards for directors (and other officers)	112	122
Deferred tax liabilities	1,948	1,943
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	442	378
Total non-current liabilities	3,348	4,003
Total liabilities	15,224	18,060
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	999	1,000
Retained earnings	48,317	51,396
Treasury shares	(3,071)	(3,051)
Total shareholders' equity	53,134	56,234
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	757
Remeasurements of defined benefit plans	108	86
Total accumulated other comprehensive income	2,427	2,819
Non-controlling interests	362	394
Total net assets	55,924	59,448
Total liabilities and net assets	71,149	77,508

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	48,389	55,890
Cost of sales of completed construction contracts	38,464	44,309
Gross profit on completed construction contracts	9,925	11,580
Selling, general and administrative expenses	4,585	4,750
Operating profit	5,339	6,830
Non-operating income		
Interest income	15	34
Dividend income	99	110
Rental income from real estate	232	237
Foreign exchange gains	32	73
Gain on investments in investment partnerships	62	57
Reversal of allowance for doubtful accounts	4	4
Other	106	96
Total non-operating income	554	613
Non-operating expenses		
Interest expenses	4	4
Rental costs on real estate	134	134
Loss on investments in investment partnerships	20	19
Commission for purchase of treasury shares	29	—
Litigation settlement	40	—
Other	23	26
Total non-operating expenses	252	185
Ordinary profit	5,641	7,258
Extraordinary losses		
Impairment losses	—	356
Total extraordinary losses	—	356
Profit before income taxes	5,641	6,901
Income taxes - current	1,831	2,316
Income taxes - deferred	14	(110)
Total income taxes	1,846	2,205
Profit	3,795	4,696
Profit attributable to non-controlling interests	1	16
Profit attributable to owners of parent	3,793	4,680

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,795	4,696
Other comprehensive income		
Valuation difference on available-for-sale securities	35	84
Foreign currency translation adjustment	187	329
Remeasurements of defined benefit plans, net of tax	45	(22)
Total other comprehensive income	268	391
Comprehensive income	4,063	5,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,062	5,071
Comprehensive income attributable to non-controlling interests	1	16

(3) Consolidated statements of changes in equity**Fiscal year ended March 31, 2022**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,889	1,179	47,116	(3,345)	51,840
Cumulative effects of changes in accounting policies			96		96
Restated balance	6,889	1,179	47,213	(3,345)	51,937
Changes during period					
Dividends of surplus			(1,542)		(1,542)
Profit attributable to owners of parent			3,793		3,793
Purchase of treasury shares				(1,053)	(1,053)
Disposal of treasury shares		30		44	74
Cancellation of treasury shares		(209)	(1,147)	1,357	—
Purchase of treasury shares by stock benefit trust				(74)	(74)
Net changes in items other than shareholders' equity					
Total changes during period	—	(179)	1,103	273	1,197
Balance at end of period	6,889	999	48,317	(3,071)	53,134

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	896	958	240	63	2,158	366	54,365
Cumulative effects of changes in accounting policies							96
Restated balance	896	958	240	63	2,158	366	54,462
Changes during period							
Dividends of surplus							(1,542)
Profit attributable to owners of parent							3,793
Purchase of treasury shares							(1,053)
Disposal of treasury shares							74
Cancellation of treasury shares							—
Purchase of treasury shares by stock benefit trust							(74)
Net changes in items other than shareholders' equity	35	—	187	45	268	(3)	265
Total changes during period	35	—	187	45	268	(3)	1,462
Balance at end of period	932	958	427	108	2,427	362	55,924

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,889	999	48,317	(3,071)	53,134
Changes during period					
Dividends of surplus			(1,600)		(1,600)
Profit attributable to owners of parent			4,680		4,680
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Disposal of treasury shares by stock benefit trust				20	20
Net changes in items other than shareholders' equity					
Total changes during period	—	0	3,079	20	3,100
Balance at end of period	6,889	1,000	51,396	(3,051)	56,234

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	932	958	427	108	2,427	362	55,924
Changes during period							
Dividends of surplus							(1,600)
Profit attributable to owners of parent							4,680
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Disposal of treasury shares by stock benefit trust							20
Net changes in items other than shareholders' equity	84	—	329	(22)	391	31	422
Total changes during period	84	—	329	(22)	391	31	3,523
Balance at end of period	1,017	958	757	86	2,819	394	59,448

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,641	6,901
Depreciation	761	568
Impairment losses	—	356
Increase (decrease) in allowance for doubtful accounts	0	10
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	(25)
Increase (decrease) in provision for share awards for directors (and other officers)	37	25
Increase (decrease) in other provisions	23	(36)
Decrease (increase) in retirement benefit asset	0	30
Increase (decrease) in retirement benefit liability	(95)	(91)
Interest and dividend income	(115)	(145)
Interest expenses	4	4
Foreign exchange losses (gains)	(45)	(30)
Loss (gain) on valuation of investment securities	0	(3)
Decrease (increase) in trade receivables	1,706	(3,869)
Decrease (increase) in costs on construction contracts in progress	481	(4)
Decrease (increase) in other inventories	(51)	(66)
Increase (decrease) in contract liabilities	640	(91)
Increase (decrease) in trade payables	513	2,076
Other, net	(271)	83
Subtotal	9,238	5,692
Interest and dividends received	116	144
Interest paid	(4)	(4)
Income taxes paid	(2,178)	(1,764)
Net cash provided by (used in) operating activities	7,171	4,068
Cash flows from investing activities		
Payments into time deposits	(307)	(307)
Proceeds from withdrawal of time deposits	307	307
Purchase of investment securities	(307)	(142)
Proceeds from sale and redemption of investment securities	200	154
Purchase of property, plant and equipment	(251)	(935)
Proceeds from distributions from investment partnerships	62	77
Other, net	286	19
Net cash provided by (used in) investing activities	(9)	(827)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	—	800
Repayments of long-term borrowings	(60)	(960)
Purchase of treasury shares	(1,128)	(0)
Proceeds from disposal of treasury shares	74	5
Dividends paid	(1,542)	(1,600)
Dividends paid to non-controlling interests	(5)	—
Other, net	—	15
Net cash provided by (used in) financing activities	(2,661)	(1,739)
Effect of exchange rate change on cash and cash equivalents	211	319
Net increase (decrease) in cash and cash equivalents	4,712	1,820
Cash and cash equivalents at beginning of period	22,471	27,183
Cash and cash equivalents at end of period	27,183	29,004

Segment Information

I. The fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

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

(Millions of yen)

	Construction Business	Boiler Business	Total	Adjustment (Notes 1, 2 and 3)	Amounts on the consolidated statement of income (Note 4)
Net sales:					
Japan	39,873	4,670	44,543	–	44,543
Asia	3,761	79	3,840	–	3,840
Other	2	2	4	–	4
Revenue from contracts with customers	43,637	4,751	48,389	–	48,389
Sales to external customers	43,637	4,751	48,389	–	48,389
Intersegment sales or transfers	37	332	369	(369)	–
Total	43,674	5,084	48,758	(369)	48,389
Segment profit	4,961	367	5,329	9	5,339
Segment assets	37,814	7,620	45,435	25,714	71,149
Other items:					
Depreciation and amortization	655	37	692	68	761
Increase in property, plant and equipment and intangible assets	324	7	332	1	333

Notes:

1. Adjustment for segment income represents eliminations of intersegment sales or transfers.
2. Adjustment for segment assets consists of negative ¥194 million of adjustment of intersegment transactions and ¥25,908 million of corporate assets, which are primarily surplus funds (cash and deposits) of the Company, long-term investment funds (investment securities and investments in capital), and headquarters buildings.
3. Adjustments for other items represent the amounts of adjustments related to corporate assets (headquarters buildings and others).
4. Segment profit is adjusted to be consistent with operating profit in the consolidated statements of income.

II. The fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

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

(Millions of yen)

	Construction Business	Boiler Business	Total	Adjustment (Notes 1, 2 and 3)	Amounts on the consolidated statement of income (Note 4)
Net sales:					
Japan	43,618	6,501	50,119	–	50,119
Asia	5,713	46	5,759	–	5,759
Other	–	11	11	–	11
Revenue from contracts with customers	49,331	6,559	55,890	–	55,890
Sales to external customers	49,331	6,559	55,890	–	55,890
Intersegment sales or transfers	43	311	354	(354)	–
Total	49,374	6,870	56,245	(354)	55,890
Segment profit	6,214	609	6,824	5	6,830
Segment assets	41,828	8,023	49,852	27,656	77,508
Other items:					
Depreciation and amortization	448	52	550	68	568
Impairment losses	–	356	356	–	356
Increase in property, plant and equipment and intangible assets	470	656	1,127	–	1,127

Notes:

1. Adjustment for segment income represents eliminations of intersegment sales or transfers.
2. Adjustment for segment assets consists of negative ¥224 million of adjustment of intersegment transactions and ¥27,880 million of corporate assets, which are primarily surplus funds (cash and deposits) of the Company, long-term investment funds (investment securities and investments in capital), and headquarters buildings.
3. Adjustments for other items represent the amounts of adjustments related to corporate assets (headquarters buildings and others).
4. Segment profit is adjusted to be consistent with operating profit in the consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

Impairment losses on non-current assets has been recorded in the Boiler Business segment. The amount of the impairment losses recorded for the fiscal year ended March 31, 2023 was 356 million yen.

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

Segment	fiscal year ended March 31, 2022		fiscal year ended March 31, 2023		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	47,901	88.8	52,722	87.6	4,820	10.1
Boiler Business	6,019	11.2	7,486	12.4	1,467	24.4
Total	53,921	100.0	60,209	100.0	6,288	11.7

Net sales

Segment	fiscal year ended March 31, 2022		fiscal year ended March 31, 2023		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	43,637	90.2	49,331	88.3	5,693	13.0
Boiler Business	4,751	9.8	6,559	11.7	1,807	38.0
Total	48,389	100.0	55,890	100.0	7,501	15.5

Balance of orders

Segment	fiscal year ended March 31, 2022		fiscal year ended March 31, 2023		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	16,461	77.1	19,852	77.3	3,391	20.6
Boiler Business	4,902	22.9	5,829	22.7	927	18.9
Total	21,363	100.0	25,682	100.0	4,318	20.2