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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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July 31, 2023

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 <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: August 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 Three Months of the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to June 30, 2023)

#### (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	%
Three months ended								
June 30, 2023	12,534	4.0	812	(25.4)	984	(23.4)	804	(4.1)
June 30, 2022	12,051	9.9	1,089	10.0	1,285	16.6	838	18.6

Note: Comprehensive income

Three months ended June 30, 2023: ¥1,040 million [2.5%]

Three months ended June 30, 2022: ¥1,015 million [33.3%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2023	16.15	—
June 30, 2022	16.85	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2023	77,058	59,282	76.4	1,182.38
March 31, 2023	77,508	59,448	76.2	1,185.84

Reference: Shareholders' equity

As of June 30, 2023: ¥58,881 million

As of March 31, 2023: ¥59,053 million

## 2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
March 31, 2023	–	12.00	–	24.00	36.00
March 31, 2024	–				
March 31, 2024 (Forecast)		14.00	–	22.00	36.00

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

## 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

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: None
  - 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 June 30, 2023	56,386,718 shares
As of March 31, 2023	56,386,718 shares

#### b. Number of treasury shares at end of period

As of June 30, 2023	6,587,461 shares
As of March 31, 2023	6,587,371 shares

#### c. Average number of outstanding shares during period

Three months ended June 30, 2023	49,799,317 shares
Three months ended June 30, 2022	49,772,013 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.

Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, although the Covid-19 pandemic subsided gradually, the Japanese economy grappled with mounting inflationary pressure, compounded by surging global energy and raw material costs stemming from the prolonged Russia-Ukraine crisis. Consequently, the Japanese economy's outlook remained uncertain.

Amid these economic conditions, the Meisei Industrial Group received orders totaling 17,635 million yen (up 32.5% year on year) in the first quarter of the current fiscal year. This surge reflects the steady advancement in securing large projects in Japan in the construction business. Additionally, driven by a consistent overall performance, net sales reached 12,534 million yen (up 4.0% year on year), maintaining a level consistent with the same period of the previous fiscal year.

Due to higher labor costs and raw material prices, operating profit was 812 million yen, (down 25.4% year on year), ordinary profit was 984 million yen (down 23.4% year on year), and profit attributable to owners of parent was 804 million yen (down 4.1% year on year).

Business segment performance was as follows.

#### 1) Construction Business

Net sales totaled 11,090 million yen (up 2.7% year on year) as the overall construction business, including large projects and maintenance work, was steady. However, segment profit was 860 million yen (down 19.6% year on year) because of higher labor costs and raw material prices.

#### 2) Boiler Business

Net sales totaled 1,444 million yen (up 15.5% year on year) because the progress in installation projects in Japan continued to be robust. However, there was a segment loss of 51 million yen (compared with segment profit of 16 million yen one year earlier) as the cost of sales was relatively higher due to revisions in the construction budget, among other factors.

### (2) Explanation of Financial Position

#### Assets

At the end of the first quarter of the current fiscal year, current assets totaled 54,267 million yen, a decrease of 1,406 million yen from the end of the previous fiscal year. The main factors include increases of 3,317 million yen in cash and deposits, 384 million yen in costs on construction contracts in progress, and a decrease of 5,386 million yen in notes receivable, accounts receivable from completed construction contracts and other. Non-current assets totaled 22,791 million yen, an increase of 957 million yen. The main factors include increases of 644 million yen in property, plant and equipment and 252 million yen in investment securities.

As a result, total assets decreased 449 million yen to 77,058 million yen.

#### Liabilities

At the end of the first quarter of the current fiscal year, current liabilities totaled 13,836 million yen, a decrease of 220 million yen from the end of the previous fiscal year. The main factors include increases of 1,481 million yen in contract liabilities and 324 million yen in provision for bonuses, and a decrease of 1,129 million yen in notes payable, accounts payable for construction contracts and other. Non-current liabilities totaled 3,940 million yen, a decrease of 63 million yen. The main factors include decreases of 49 million yen in deferred tax liabilities and 15 million yen in retirement benefit liability.

As a result, total liabilities decreased 283 million yen to 17,776 million yen.

#### Net assets

At the end of the first quarter of the current fiscal year, net assets totaled 59,282 million yen from the end of the previous fiscal year, a decrease of 165 million yen. This was mainly due to an increase of 804 million yen in profit attributable to owners of parent and a decrease of 1,200 million yen due to dividends of surplus.

Consequently, the capital adequacy ratio was 76.4% (compared with 76.2% at the end of the previous fiscal year).

### **(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements**

The Company maintains its consolidated forecasts for the first half and full year of fiscal year ending on March 31, 2024 that was announced on May 10, 2023.

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. We will make an announcement promptly if there is a need to revise this forecast.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	29,017	32,335
Notes receivable, accounts receivable from completed construction contracts and other	25,072	19,686
Securities	300	300
Costs on construction contracts in progress	559	943
Merchandise and finished goods	312	347
Raw materials and supplies	223	236
Other	206	441
Allowance for doubtful accounts	(17)	(22)
<b>Total current assets</b>	<b>55,674</b>	<b>54,267</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,129	10,133
Machinery and vehicles	4,968	5,022
Land	11,433	11,433
Other	2,447	3,236
Accumulated depreciation	(13,596)	(13,798)
<b>Total property, plant and equipment</b>	<b>15,381</b>	<b>16,026</b>
Intangible assets	62	64
Investments and other assets		
Investment securities	3,805	4,058
Investment property	1,961	1,949
Retirement benefit asset	—	5
Deferred tax assets	92	110
Other	630	678
Allowance for doubtful accounts	(100)	(101)
<b>Total investments and other assets</b>	<b>6,389</b>	<b>6,700</b>
<b>Total non-current assets</b>	<b>21,833</b>	<b>22,791</b>
<b>Total assets</b>	<b>77,508</b>	<b>77,058</b>

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	8,583	7,454
Accounts payable - trade	288	270
Income taxes payable	1,436	377
Contract liabilities	1,109	2,591
Provision for bonuses	454	779
Provision for bonuses for directors (and other officers)	96	—
Provision for warranties for completed construction	25	127
Other	2,061	2,235
Total current liabilities	14,056	13,836
Non-current liabilities		
Long-term borrowings	800	800
Retirement benefit liability	116	101
Provision for retirement benefits for directors (and other officers)	143	147
Provision for share awards for directors (and other officers)	122	130
Deferred tax liabilities	1,943	1,893
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	378	368
Total non-current liabilities	4,003	3,940
Total liabilities	18,060	17,776
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,000	1,000
Retained earnings	51,396	51,000
Treasury shares	(3,051)	(3,051)
Total shareholders' equity	56,234	55,838
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,017	1,209
Revaluation reserve for land	958	958
Foreign currency translation adjustment	757	792
Remeasurements of defined benefit plans	86	81
Total accumulated other comprehensive income	2,819	3,043
Non-controlling interests	394	400
Total net assets	59,448	59,282
Total liabilities and net assets	77,508	77,058



**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

**Quarterly Consolidated Statements of Income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales of completed construction contracts	12,051	12,534
Cost of sales of completed construction contracts	9,770	10,511
Gross profit on completed construction contracts	2,281	2,022
Selling, general and administrative expenses	1,191	1,210
Operating profit	1,089	812
Non-operating income		
Interest income	1	22
Dividend income	76	90
Rental income from real estate	59	56
Foreign exchange gains	49	12
Other	44	28
Total non-operating income	232	211
Non-operating expenses		
Interest expenses	1	1
Rental costs on real estate	33	32
Other	1	5
Total non-operating expenses	36	39
Ordinary profit	1,285	984
Profit before income taxes	1,285	984
Income taxes - current	492	318
Income taxes - deferred	(54)	(150)
Total income taxes	437	167
Profit	848	816
Profit attributable to non-controlling interests	10	12
Profit attributable to owners of parent	838	804

**Quarterly Consolidated Statements of Comprehensive Income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	848	816
Other comprehensive income		
Valuation difference on available-for-sale securities	38	192
Foreign currency translation adjustment	131	35
Remeasurements of defined benefit plans, net of tax	(2)	(4)
Total other comprehensive income	166	224
<b>Comprehensive income</b>	<b>1,015</b>	<b>1,040</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,004	1,028
Comprehensive income attributable to non-controlling interests	10	12

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment Information****I. Three months ended June 30, 2022 (from April 1, 2022 to June 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	9,640	1,236	10,876	—	10,876
Asia	1,159	14	1,174	—	1,174
Other	—	—	—	—	—
Revenue from contracts with customers	10,800	1,250	12,051	—	12,051
Sales to external customers	10,800	1,250	12,051	—	12,051
Intersegment sales or transfers	5	62	67	(67)	—
Total	10,805	1,313	12,118	(67)	12,051
Segment profit	1,069	16	1,086	2	1,089

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. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)**

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	9,522	1,441	10,963	—	10,963
Asia	1,567	2	1,569	—	1,569
Other	—	1	1	—	1
Revenue from contracts with customers	11,090	1,444	12,534	—	12,534
Sales to external customers	11,090	1,444	12,534	—	12,534
Intersegment sales or transfers	—	44	44	(44)	—
Total	11,090	1,489	12,579	(44)	12,534
Segment profit (loss)	860	(51)	809	2	812

Notes: 1. Adjustment for segment profit (loss) represents eliminations of intersegment sales or transfers.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statements of income.

**Revenue Recognition**

Information on revenue from contracts with customers broken down is described in the Segment Information.

### 3. Supplementary Information

#### (1) Status of Orders Received, Sales and Balance of Orders

##### a. Orders received

Segment	Three months ended June 30, 2022		Three months ended June 30, 2023		Increase (decrease)	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	10,314	77.5	14,616	82.9	4,302	52,722	87.6
Boiler	2,998	22.5	3,019	17.1	20	7,486	12.4
Total	13,312	100.0	17,635	100.0	4,323	60,209	100.0

##### b. Net sales

Segment	Three months ended June 30, 2022		Three months ended June 30, 2023		Increase (decrease)	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	10,800	89.6	11,090	88.5	289	49,331	88.3
Boiler	1,250	10.4	1,444	11.5	193	6,559	11.7
Total	12,051	100.0	12,534	100.0	483	55,890	100.0

##### c. Balance of orders

Segment	Three months ended June 30, 2022		Three months ended June 30, 2023		Increase (decrease)	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	Millions of yen
Construction	15,975	70.6	23,379	75.9	7,404	19,852	77.3
Boiler	6,649	29.4	7,404	24.1	754	5,829	22.7
Total	22,625	100.0	30,783	100.0	8,158	25,682	100.0