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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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January 31, 2024

Consolidated Financial Results for the First Nine 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)
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Scheduled date to file quarterly securities report: February 9, 2024
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, 2024 (from April 1, 2023 to December 31, 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	%
Nine months ended								
December 31, 2023	42,549	6.7	4,768	11.8	5,063	9.8	3,714	27.3
December 31, 2022	39,891	16.1	4,266	27.0	4,611	26.7	2,918	18.1

Note: Comprehensive income

Nine months ended December 31, 2023: ¥4,504 million [30.8%]

Nine months ended December 31, 2022: ¥3,444 million [34.1%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2023	74.68	—
December 31, 2022	58.63	—

(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, 2023	79,586	61,374	76.5	1,237.95
March 31, 2023	77,508	59,448	76.2	1,185.84

Reference: Shareholders' equity

As of December 31, 2023: ¥60,922 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	–	14.00	–		
March 31, 2024 (Forecast)				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.)

Fiscal year ending	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
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 December 31, 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 December 31, 2023	7,173,981 shares
As of March 31, 2023	6,587,371 shares

c. Average number of outstanding shares during period

Nine months ended December 31, 2023	49,740,926 shares
Nine months ended December 31, 2022	49,786,665 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 nine months of the current fiscal year, the Japanese economy exhibited a gradual recovery as economic and social activity continued to return to normal. Nonetheless, the outlook remains uncertain because of the tensions in the Middle-East, concerns surrounding the Chinese economy, high inflation including rising prices of raw materials, and prolonged inflation.

Amid these economic conditions, the Meisei Industrial Group received orders totaling 46,364 million yen (up 2.0% year on year) in the first nine months of the current fiscal year as the construction business and boiler business performed well. Net sales totaled 42,549 million yen (up 6.7% year on year).

Due to higher sales, operating profit was 4,768 million yen, (up 11.8% year on year) and ordinary profit was 5,063 million yen (up 9.8% year on year). Profit attributable to owners of parent was 3,714 million yen (up 27.3% year on year).

Business segment performance was as follows.

1) Construction Business

Net sales totaled 37,387 million yen (up 6.4% year on year) because of large projects in Japan and overseas and maintenance work. Segment profit was 4,563 million yen (up 16.6% year on year) due to higher sales.

2) Boiler Business

Net sales totaled 5,162 million yen (up 8.7% year on year) because of steady progress at large projects in Japan and maintenance work. Segment profit was 197 million yen (down 42.7% year on year) because of the higher cost of labor and raw materials.

(2) Explanation of Financial Position

Assets

At the end of the third quarter of the current fiscal year, current assets totaled 56,232 million yen, an increase of 558 million yen from the end of the previous fiscal year. The main factors include increases of 1,693 million yen in cash and deposits, 378 million yen in costs on construction contracts in progress, and a decrease of 2,126 million yen in notes receivable, accounts receivable from completed construction contracts and other. Non-current assets totaled 23,353 million yen, an increase of 1,520 million yen. The main factors include an increase of 1,312 million yen in property, plant and equipment.

As a result, total assets increased 2,078 million yen to 79,586 million yen.

Liabilities

At the end of the third quarter of the current fiscal year, current liabilities totaled 14,837 million yen, an increase of 780 million yen from the end of the previous fiscal year. The main factors include increases of 1,868 million yen in contract liabilities and 700 million yen in current portion of long-term borrowings, and decreases of 1,276 million yen in income taxes payable and 311 million yen in notes payable, accounts payable for construction contracts and other. Non-current liabilities totaled 3,375 million yen, a decrease of 628 million yen. The main factors include an increase of 206 million yen in deferred tax liabilities and a decrease of 700 million yen in long-term borrowings.

As a result, total liabilities increased 152 million yen to 18,212 million yen.

Net assets

At the end of the third quarter of the current fiscal year, net assets totaled 61,374 million yen, an increase of 1,926 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,714 million yen in profit

attributable to owners of parent and decreases of 1,901 million yen due to dividends of surplus and 722 million yen due to the purchase of treasury shares.

Consequently, the capital adequacy ratio was 76.5% (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 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 actual results may differ due to various factors. 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	29,017	30,711
Notes receivable, accounts receivable from completed construction contracts and other	25,072	22,945
Securities	300	300
Costs on construction contracts in progress	559	937
Merchandise and finished goods	312	341
Raw materials and supplies	223	223
Other	206	786
Allowance for doubtful accounts	(17)	(13)
Total current assets	55,674	56,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,129	10,263
Machinery and vehicles	4,968	5,071
Land	11,433	11,433
Other	2,447	4,075
Accumulated depreciation	(13,596)	(14,149)
Total property, plant and equipment	15,381	16,694
Intangible assets	62	88
Investments and other assets		
Investment securities	3,805	4,263
Investment property	1,961	1,926
Retirement benefit asset	—	9
Deferred tax assets	92	54
Other	630	432
Allowance for doubtful accounts	(100)	(116)
Total investments and other assets	6,389	6,570
Total non-current assets	21,833	23,353
Total assets	77,508	79,586

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	8,583	8,272
Accounts payable - trade	288	238
Current portion of long-term borrowings	—	700
Income taxes payable	1,436	160
Contract liabilities	1,109	2,978
Provision for bonuses	454	169
Provision for bonuses for directors (and other officers)	96	—
Provision for warranties for completed construction	25	40
Other	2,061	2,277
Total current liabilities	14,056	14,837
Non-current liabilities		
Long-term borrowings	800	100
Retirement benefit liability	116	63
Provision for retirement benefits for directors (and other officers)	143	142
Provision for share awards for directors (and other officers)	122	93
Deferred tax liabilities	1,943	2,149
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	378	326
Total non-current liabilities	4,003	3,375
Total liabilities	18,060	18,212
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,000	1,000
Retained earnings	51,396	53,210
Treasury shares	(3,051)	(3,723)
Total shareholders' equity	56,234	57,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,017	1,375
Revaluation reserve for land	958	958
Foreign currency translation adjustment	757	1,138
Remeasurements of defined benefit plans	86	73
Total accumulated other comprehensive income	2,819	3,546
Non-controlling interests	394	451
Total net assets	59,448	61,374
Total liabilities and net assets	77,508	79,586

(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, 2022	Nine months ended December 31, 2023
Net sales of completed construction contracts	39,891	42,549
Cost of sales of completed construction contracts	32,263	34,422
Gross profit on completed construction contracts	7,627	8,127
Selling, general and administrative expenses	3,361	3,359
Operating profit	4,266	4,768
Non-operating income		
Interest income	18	73
Dividend income	106	128
Rental income from real estate	177	162
Foreign exchange gains	28	—
Other	142	71
Total non-operating income	473	436
Non-operating expenses		
Interest expenses	3	3
Rental costs on real estate	100	98
Foreign exchange losses	—	7
Other	24	32
Total non-operating expenses	128	141
Ordinary profit	4,611	5,063
Extraordinary losses		
Impairment losses	356	—
Total extraordinary losses	356	—
Profit before income taxes	4,255	5,063
Income taxes - current	1,310	1,195
Income taxes - deferred	10	91
Total income taxes	1,320	1,286
Profit	2,934	3,776
Profit attributable to non-controlling interests	16	62
Profit attributable to owners of parent	2,918	3,714

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,934	3,776
Other comprehensive income		
Valuation difference on available-for-sale securities	84	358
Foreign currency translation adjustment	433	381
Remeasurements of defined benefit plans, net of tax	(8)	(12)
Total other comprehensive income	509	727
Comprehensive income	3,444	4,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,428	4,442
Comprehensive income attributable to non-controlling interests	16	62

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

Not applicable.

Significant Changes in Shareholders' Equity

The Board of Directors of the Company approved a resolution on October 31, 2023 to repurchase its own shares pursuant to Article 156 which is applicable in lieu of Article 165, Paragraph 3 of the Companies Act. Following the resolution, the Company is proceeding with the repurchase of up to 1,500,000 treasury shares, during the period from November 1, 2023 to March 22, 2024, to a total of 1,200 million yen. As a result, treasury shares increased 721 million yen (651,300 shares) in the first nine months to 3,723 million yen as of the end of the third quarter of the current fiscal year.

Segment Information

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

1. Information on net sales and profit on each reportable segment, and information on disaggregation of revenue
(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statements 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.

II. Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statements of income (Note 2)
Net sales:					
Japan	32,495	5,117	37,613	—	37,613
Asia	4,891	29	4,920	—	4,920
Other	—	15	15	—	15
Revenue from contracts with customers	37,387	5,162	42,549	—	42,549
Sales to external customers	37,387	5,162	42,549	—	42,549
Intersegment sales or transfers	3	167	170	(170)	—
Total	37,390	5,329	42,720	(170)	42,549
Segment profit	4,563	197	4,760	7	4,768

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.

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, Net Sales and Balance of Orders****a. Orders received**

Segment	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Increase(decrease) Millions of yen	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	40,886	90.0	41,073	88.6	187	52,722	87.6
Boiler	4,553	10.0	5,291	11.4	737	7,486	12.4
Total	45,440	100.0	46,364	100.0	924	60,209	100.0

b. Net sales

Segment	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Increase(decrease) Millions of yen	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	35,141	88.1	37,387	87.9	2,245	49,331	88.3
Boiler	4,749	11.9	5,162	12.1	412	6,559	11.7
Total	39,891	100.0	42,549	100.0	2,658	55,890	100.0

c. Balance of orders

Segment	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Increase(decrease) Millions of yen	Fiscal year ended March 31, 2023	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	22,206	82.5	23,538	79.8	1,332	19,852	77.3
Boiler	4,706	17.5	5,958	20.2	1,252	5,829	22.7
Total	26,912	100.0	29,497	100.0	2,585	25,682	100.0