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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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January 29, 2021

## **Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 <under Japanese GAAP>**

Company name: **MEISEI INDUSTRIAL CO., LTD.**  
Listing: First Section of Tokyo Securities Exchange  
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 10, 2021  
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, 2021 (from April 1, 2020 to December 31, 2020)**

#### **(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	36,004	(2.5)	4,084	(2.6)	4,276	(4.0)	2,896	(3.0)
December 31, 2019	36,917	(3.2)	4,193	(16.0)	4,454	(15.2)	2,985	(15.9)

Note: Comprehensive income

Nine months ended December 31, 2020:	¥3,044 million [	1.3%]
Nine months ended December 31, 2019:	¥3,004 million [	(6.4)%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2020	56.49	—
December 31, 2019	57.52	—

#### **(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, 2020	66,759	52,296	77.8	1,012.82
March 31, 2020	66,324	50,783	76.0	983.89

Reference: Shareholders' equity

As of December 31, 2020:	¥51,929 million
As of March 31, 2020:	¥50,439 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, 2020	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2021	–	10.00	–	20.00	30.00
	–	10.00	–		
Fiscal year ending March 31, 2021 (Forecast)				12.00	22.00

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	50,000	(5.8)	5,200	(19.3)	5,350	(23.5)	3,650	(22.5)	71.19

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, 2020	59,386,718 shares
As of March 31, 2020	59,386,718 shares

- b. Number of treasury shares at end of period

As of December 31, 2020	8,114,191 shares
As of March 31, 2020	8,121,256 shares

- c. Average number of outstanding shares during period

Nine months ended December 31, 2020	51,269,331 shares
Nine months ended December 31, 2019	51,907,274 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 the section of “1. Qualitative Information Regarding Results for the First Nine months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached materials for the matters regarding earnings forecasts.

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## 1. Qualitative Information Regarding Results for the First Nine months

### (1) Explanation of operating results

During the nine months ended December 31, 2020, although there have been signs of economic recovery as a result of various policies, it is still not possible to predict when the novel coronavirus disease (COVID-19) will cease, and the outlook for the Japanese economy continues to be uncertain, due to the continued spread of infections.

Under these economic conditions, the Meisei Group recorded total construction orders received for the nine months ended December 31, 2020 of ¥35,918 million (a year-on-year increase of 4.5%), reflecting factors such as an increase in orders overseas. The Group recorded net sales of ¥36,004 million (a year-on-year decrease of 2.5%), reflecting a decrease in the Boiler Business despite solid results in the Construction Business.

Additionally, in terms of profit, due to factors such as the decrease in net sales, operating profit totaled ¥4,084 million (a year-on-year decrease of 2.6%), ordinary profit amounted to ¥4,276 million (a year-on-year decrease of 4.0%) and profit attributable to owners of parent totaled ¥2,896 million (a year-on-year decrease of 3.0%).

Operating results by segment are as follows.

#### (i) Construction Business

Net sales in the Construction Business totaled ¥32,034 million (a year-on-year increase of 2.1%), reflecting solid results of maintenance projects in Japan. As a result of the increase in net sales, segment profit amounted to ¥3,950 million (a year-on-year increase of 5.9%).

#### (ii) Boiler Business

Net sales in the Boiler Business totaled ¥3,970 million (a year-on-year decrease of 28.3%), and segment profit amounted to ¥126 million (a year-on-year decrease of 72.1%), reflecting factors such as a decline in progress for large projects in Japan.

### (2) Explanation of financial position

#### *Assets*

Total current assets as of December 31, 2020 amounted to ¥45,658 million, an increase of ¥440 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in costs on construction contracts in progress of ¥1,643 million, an increase in cash and deposits of ¥1,008 million, and a decrease in notes receivable, accounts receivable from completed construction contracts and other of ¥2,214 million. Total non-current assets amounted to ¥21,100 million, a decrease of ¥5 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in investment securities of ¥175 million, and a decrease in deferred tax assets of ¥152 million.

As a result, total assets amounted to ¥66,759 million, an increase of ¥434 million compared with the end of the previous fiscal year.

#### *Liabilities*

Total current liabilities as of December 31, 2020 amounted to ¥9,877 million, a decrease of ¥1,869 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in advances received on construction contracts in progress of ¥1,104 million, a decrease in notes payable, accounts payable for construction contracts and other of ¥1,429 million, a decrease in income taxes payable of ¥696 million, and a decrease in short-term borrowings of ¥650 million. Total non-current liabilities amounted to ¥4,584 million, an increase of ¥791 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in long-term borrowings of ¥740 million, an increase in deferred tax liabilities of ¥83 million, and a decrease in retirement benefit liability of ¥78 million.

As a result, total liabilities amounted to ¥14,462 million, a decrease of ¥1,078 million compared with the end of the previous fiscal year.

*Net assets*

Total net assets as of December 31, 2020 amounted to ¥52,296 million, an increase of ¥1,513 million compared with the end of the previous fiscal year. Principal contributory factors were an increase in profit attributable to owners of parent of ¥2,896 million, an increase in valuation difference on available-for-sale securities of ¥209 million, and a decrease of ¥1,542 million due to dividends of surplus.

As a result, the equity-to-asset ratio was 77.8% (76.0% at the end of the previous fiscal year).

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

The spread of COVID-19 is impacting economic activities, and it is expected that the situation will continue to remain unclear. Also, in the Company's business environment, it is now necessary to actively monitor the possible impact of the spread of COVID-19, such as changes in labor conditions, difficulties in purchasing, and the suspension and postponement of business activities.

Additionally, the Group's consolidated earnings forecasts for the fiscal year ending March 31, 2021 (net sales, operating profit, ordinary profit and profit attributable to owners of parent) are unchanged from the forecasts announced on October 30, 2020.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	19,391	20,400
Notes receivable, accounts receivable from completed construction contracts and other	22,940	20,725
Securities	300	400
Costs on construction contracts in progress	1,602	3,245
Merchandise and finished goods	230	241
Raw materials and supplies	444	169
Other	359	498
Allowance for doubtful accounts	(50)	(22)
Total current assets	45,218	45,658
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,967	9,982
Machinery and vehicles	4,780	4,777
Land	11,160	11,160
Other	1,384	1,916
Accumulated depreciation	(11,959)	(12,373)
Total property, plant and equipment	15,333	15,464
Intangible assets	67	80
Investments and other assets		
Investment securities	2,849	3,024
Investment property	2,099	2,064
Retirement benefit asset	24	32
Deferred tax assets	239	86
Other	530	431
Allowance for doubtful accounts	(37)	(84)
Total investments and other assets	5,705	5,556
Total non-current assets	21,106	21,100
Total assets	66,324	66,759

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,469	6,040
Accounts payable - trade	554	394
Short-term borrowings	710	60
Income taxes payable	1,059	363
Advances received on construction contracts in progress	125	1,229
Provision for bonuses	434	156
Provision for bonuses for directors (and other officers)	83	—
Provision for warranties for completed construction	29	68
Provision for loss on construction contracts	6	0
Other	1,273	1,564
Total current liabilities	11,747	9,877
Non-current liabilities		
Long-term borrowings	250	990
Retirement benefit liability	631	553
Provision for retirement benefits for directors (and other officers)	145	159
Provision for share-based remuneration for directors (and other officers)	46	66
Deferred tax liabilities	1,808	1,891
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	411	424
Total non-current liabilities	3,793	4,584
Total liabilities	15,540	14,462
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,179	1,179
Retained earnings	44,058	45,412
Treasury shares	(3,350)	(3,345)
Total shareholders' equity	48,776	50,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	440	649
Revaluation reserve for land	958	958
Foreign currency translation adjustment	352	263
Remeasurements of defined benefit plans	(88)	(78)
Total accumulated other comprehensive income	1,662	1,793
Non-controlling interests	344	367
Total net assets	50,783	52,296
Total liabilities and net assets	66,324	66,759



**(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, 2019	Nine months ended December 31, 2020
Net sales of completed construction contracts	36,917	36,004
Cost of sales of completed construction contracts	29,493	28,716
Gross profit on completed construction contracts	7,424	7,287
Selling, general and administrative expenses	3,230	3,202
Operating profit	4,193	4,084
Non-operating income		
Interest income	38	20
Dividend income	93	94
Rental income from real estate	185	191
Other	131	126
Total non-operating income	448	433
Non-operating expenses		
Interest expenses	4	3
Rental costs on real estate	110	107
Foreign exchange losses	14	101
Other	59	27
Total non-operating expenses	188	240
Ordinary profit	4,454	4,276
Profit before income taxes	4,454	4,276
Income taxes - current	1,242	1,223
Income taxes - deferred	215	139
Total income taxes	1,458	1,362
Profit	2,995	2,914
Profit attributable to non-controlling interests	9	17
Profit attributable to owners of parent	2,985	2,896

**Quarterly consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	2,995	2,914
Other comprehensive income		
Valuation difference on available-for-sale securities	93	209
Foreign currency translation adjustment	(88)	(89)
Remeasurements of defined benefit plans, net of tax	3	10
Total other comprehensive income	8	130
Comprehensive income	3,004	3,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,994	3,027
Comprehensive income attributable to non-controlling interests	9	17

**(3) Notes to quarterly consolidated financial statements**

**Notes on premise of going concern**

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

Not applicable.

**Additional information**

(Accounting Estimates)

The spread of COVID-19 is a phenomenon that has a wide impact on economic activity and has had a ripple effect on demand for production at manufacturing companies, the Group's main customers. However, at this point in time, it is difficult to reasonably forecast the impact of these factors on the Group and when the pandemic will cease. Therefore, based on external information available as of December 31, 2020 and at this point in time, and based on the assumption that the impact of the disease will continue for a certain period of time during the fiscal year ending March 31, 2022 and that economic activity will recover gradually as the disease's impact draws to an end, the Company has made accounting estimates such as the recording of net sales of completed construction contracts and cost of sales of completed construction contracts, the recognition of impairment loss of non-current assets, and the recoverability of deferred tax assets.

**Segment information, etc.****<Segment Information>****I. Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)**

Information on sales and income on each reportable segment

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
(1) Sales to third parties	31,384	5,533	36,917	—	36,917
(2) Intersegment sales or transfers	29	99	129	(129)	—
Total	31,413	5,632	37,046	(129)	36,917
Segment profit	3,731	454	4,185	7	4,193

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, 2020 (from April 1, 2020 to December 31, 2020)**

Information on sales and income on each reportable segment

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
(1) Sales to third parties	32,034	3,970	36,004	—	36,004
(2) Intersegment sales or transfers	80	149	230	(230)	—
Total	32,114	4,119	36,234	(230)	36,004
Segment profit	3,950	126	4,077	7	4,084

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.

### 3. Supplementary Information

#### Status of orders received, net sales and balance of orders

##### a. Orders received

Segment	Nine months ended December 31, 2019		Nine months ended December 31, 2020		Increase (decrease)	Fiscal year ended March 31, 2020	
	Millions of yen	%	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%
Construction	31,547	91.8	33,149	92.3	1,601	43,528	91.6
Boiler	2,832	8.2	2,768	7.7	(63)	3,971	8.4
Total	34,380	100.0	35,918	100.0	1,537	47,499	100.0

##### b. Net sales

Segment	Nine months ended December 31, 2019		Nine months ended December 31, 2020		Increase (decrease)	Fiscal year ended March 31, 2020	
	Millions of yen	%	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%
Construction	31,384	85.0	32,034	89.0	649	45,475	85.7
Boiler	5,533	15.0	3,970	11.0	(1,563)	7,597	14.3
Total	36,917	100.0	36,004	100.0	(913)	53,073	100.0

##### c. Balance of orders

Segment	Nine months ended December 31, 2019		Nine months ended December 31, 2020		Increase (decrease)	Fiscal year ended March 31, 2020	
	Millions of yen	%	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%
Construction	15,459	78.0	14,463	86.6	(996)	13,348	79.5
Boiler	4,360	22.0	2,233	13.4	(2,127)	3,435	20.5
Total	19,820	100.0	16,697	100.0	(3,123)	16,783	100.0