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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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# Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under Japanese GAAP>



May 7, 2021

Company name: **MEISEI INDUSTRIAL CO., LTD.**  
 Listing: First Section of Tokyo Securities Exchange  
 Securities code: 1976  
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Scheduled date of annual general meeting of shareholders: June 24, 2021

Scheduled date to commence dividend payments: June 25, 2021

Scheduled date to file annual securities report: June 25, 2021

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, 2021 (from April 1, 2020 to March 31, 2021)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	50,533	(4.8)	6,399	(0.7)	6,742	(3.6)	4,600	(2.3)
March 31, 2020	53,073	0.5	6,442	(11.5)	6,996	(7.1)	4,709	(7.1)

Note: Comprehensive income

For the fiscal year ended March 31, 2021: ¥5,113 million [ 16.3 %]

For the fiscal year ended March 31, 2020: ¥4,398 million [ (4.8) %]

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	89.74	—	8.8	10.0	12.7
March 31, 2020	91.00	—	9.5	10.5	12.1

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

For the fiscal year ended March 31, 2021: —

For the fiscal year ended March 31, 2020: —

### (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
March 31, 2021	68,920	54,365	78.3	1,053.19
March 31, 2020	66,324	50,783	76.0	983.89

Reference: Shareholders' equity

As of March 31, 2021: ¥53,999 million

As of March 31, 2020: ¥50,439 million

### (3) Consolidated cash flows

	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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	5,165	(532)	(1,469)	22,471
March 31, 2020	915	200	(2,376)	19,381

**2. Cash Dividends**

	Cash dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	–	10.00	–	20.00	30.00	1,546	33.0	3.1
March 31, 2021	–	10.00	–	20.00	30.00	1,542	33.4	2.9
Fiscal year ending March 31, 2022 (Forecast)	–	10.00	–	14.00	24.00		32.0	

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)**

(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, 2021	24,000	2.4	2,350	(3.2)	2,450	(5.4)	1,650	(5.5)	32.18
Fiscal year ending March 31, 2022	52,000	2.9	5,500	(14.1)	5,700	(15.5)	3,850	(16.3)	75.09

**\* 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: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatements of prior period financial statements: 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, 2021	59,386,718 shares
As of March 31, 2020	59,386,718 shares

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

As of March 31, 2021	8,114,323 shares
As of March 31, 2020	8,121,256 shares

c. Average number of outstanding shares during the period

For the fiscal year ended March 31, 2021	51,270,094 shares
For the fiscal year ended March 31, 2020	51,754,169 shares

Note: 1. For further details about the number of shares as a basis of calculation of net income per share (consolidated), please refer to the Attached Materials page 17 “Per share information” under “3. Consolidated Financial Statements and Key Notes (5) Notes to consolidated financial statements.”

2. 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 results****1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**  
(from April 1, 2020 to March 31, 2021)**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	37,215	(0.7)	5,322	10.2	5,988	4.0	4,143	2.9
March 31, 2020	37,470	(1.3)	4,831	(13.6)	5,758	(3.0)	4,027	0.4

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2021	80.82	—
March 31, 2020	77.83	—

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	51,676	42,141	81.5	821.90
March 31, 2020	48,493	39,095	80.6	762.61

Reference: Shareholders' equity

As of March 31, 2021: ¥42,141 million

As of March 31, 2020: ¥39,095 million

**2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022**  
(from April 1, 2021 to March 31, 2022)

(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, 2021	18,000	6.1	2,250	11.0	2,500	0.3	1,700	(4.3)	33.16
Fiscal year ending March 31, 2022	38,000	2.1	5,000	(6.1)	5,550	(7.3)	3,750	(9.5)	73.14

\* 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.

Please refer to the section of "1. Overview of Operating Results, (1) Overview of operating results for the fiscal year under review" on page 2 of the attached materials for the matters regarding earnings forecasts.

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## 1. Overview of Operating Results

### (1) Overview of operating results for the fiscal year under review

#### (i) Review of the fiscal year ended March 31, 2021 (fiscal 2020)

During the fiscal year ended March 31, 2021, the Japanese economy continued to face an uncertain outlook as the movement of people and goods was significantly restricted due to the spread of the novel coronavirus disease (COVID-19), and business activities in Japan and overseas were greatly affected. Although business conditions have improved in some areas, such as the expansion of exports and production activities due to the recovery of overseas economies, it is still not possible to predict when the spread of infections will subside, and there are concerns that the uncertainty of economic policies will increase and have a serious impact on the global economy.

Under these economic conditions, the Meisei Group recorded total construction orders of ¥49,581 million (a year-on-year increase of 4.4%) for the fiscal year ended March 31, 2021, reflecting an increase in orders for new construction projects in the Boiler Business and solid performance in the Construction Business both in Japan and overseas. Net sales totaled ¥50,533 million (a year-on-year decrease of 4.8%) due to a decrease in sales in the Boiler Business, despite solid performance in the Construction Business.

With regard to profits, operating profit totaled ¥6,399 million (a year-on-year decrease of 0.7%), ordinary profit was ¥6,742 million (a year-on-year decrease of 3.6%), and profit attributable to owners of parent amounted to ¥4,600 million (a year-on-year decrease of 2.3%) due to the decrease in net sales.

#### (ii) Overview of the performance by business segment

##### Construction Business

Net sales in the Construction Business totaled ¥45,518 million (a year-on-year increase of 0.1%), mainly reflecting the solid performance of maintenance projects in Japan. Segment profit amounted to ¥6,232 million (a year-on-year increase of 6.9%) reflecting efforts to curb costs amid concerns over the impact of labor shortages and other factors.

##### Boiler Business

Net sales in the Boiler Business were ¥5,014 million (a year-on-year decrease of 34.0%) and segment profit amounted to ¥156 million (a year-on-year decrease of 74.1%), mainly reflecting a decrease in the progress of large-scale projects in Japan.

#### (iii) Outlook for the fiscal year ending March 31, 2022

With regard to forecasts, amid many uncertainties that could have an effect on the Japanese and Global economies, the COVID-19 pandemic is having an impact on economic activities, and it is expected that the situation will 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.

At present, with regard to its consolidated earnings performance for the fiscal year ending March 31, 2022, the Group is forecasting net sales of ¥52,000 million, operating profit of ¥5,500 million, ordinary profit of ¥5,700 million and profit attributable to owners of parent of ¥3,850 million. Additionally, with regard to non-consolidated earnings performance for the fiscal year ending March 31, 2022, the Company is forecasting net sales of ¥38,000 million, operating profit of ¥5,000 million, ordinary profit of ¥5,550 million and profit of ¥3,750 million.

**(2) Overview of financial position for the fiscal year under review****Overview of the status in the current fiscal year****(i) Assets, liabilities and net assets**

Total assets as of March 31, 2021, amounted to ¥68,920 million, an increase of ¥2,596 million compared with the end of the previous fiscal year.

Total current assets amounted to ¥47,428 million, an increase of ¥2,210 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in cash and deposits of ¥3,092 million, and an increase in notes receivable - trade of ¥821 million, and a decrease in electronically recorded monetary claims - operating of ¥1,034 million, and a decrease in accounts receivable from complete construction contracts of ¥576 million. Total non-current assets amounted to ¥21,491 million, an increase of ¥385 million compared with the end of the previous fiscal year.

Principal contributory factors included an increase in investment securities of ¥643 million, and a decrease in deferred tax assets of ¥193 million.

Total current liabilities amounted to ¥10,153 million, a decrease of ¥1,594 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 ¥435 million, and an increase in income taxes payable of ¥201 million, and a decrease in notes payable - trade of ¥1,412 million, and a decrease in short-term borrowings of ¥650 million. Total non-current liabilities amounted to ¥4,401 million, an increase of ¥608 million compared with the end of the previous fiscal year. Principal contributory factors were an increase in long-term borrowings of ¥710 million, and a decrease in retirement benefit liability of ¥295 million. As a result, total liabilities amounted to ¥14,555 million, a decrease of ¥985 million compared with the end of the previous fiscal year.

Net assets amounted to ¥54,365 million, an increase of ¥3,582 million compared with the end of the previous fiscal year. Principal contributory factors were an increase in profit attributable to owners of parent of ¥4,600 million, a decrease of ¥1,542 million due to dividends of surplus.

As a result, the equity-to-asset ratio was 78.3% (76.0% at the end of the previous fiscal year).

**(ii) Analysis of cash flows**

	(Millions of yen)		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Increase (decrease)
Net cash provided by (used in) operating activities	915	5,165	4,250
Net cash provided by (used in) investing activities	200	(532)	(733)
Net cash provided by (used in) financing activities	(2,376)	(1,469)	906
Cash and cash equivalents at end of period	19,381	22,471	3,090

Operating activities provided net cash of ¥5,165 million (compared with ¥915 million provided in the previous fiscal year).

The principal factors contributing to cash inflow were profit before income taxes of ¥6,742 million, and depreciation of ¥810 million. The principal factors contributing to cash outflow were income taxes paid of ¥1,978 million and a decrease in trade payables of ¥1,792 million.

Investing activities used net cash of ¥532 million (compared with ¥200 million provided in the previous fiscal year).

The principal factor contributing to cash inflow was proceeds from withdrawal of time deposits of ¥307 million. The principal factors contributing to cash outflow were purchase of property, plant and equipment of ¥788 million, and purchase of investment securities of ¥308 million.

Financing activities used net cash of ¥1,469 million (compared with ¥2,376 million used in the previous fiscal year).

The principal factor contributing to cash inflow was proceeds from long-term borrowings of ¥800 million. The principal factors contributing to cash outflow were cash dividends paid of ¥1,541 million and repayments of long-term borrowings of ¥740 million.

As a result of the above, cash and cash equivalents at the end of the fiscal year amounted to ¥22,471 million, an increase of ¥3,090 million compared with the end of the previous fiscal year.

## (Reference) Trends in cash flows indicators

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity-to-asset ratio (%)	70.8	71.8	72.7	76.0	78.3
Market value equity-to-asset ratio (%)	57.0	59.7	58.6	56.7	57.7
Interest-bearing debt to cash flow ratio (Years)	2.8	0.1	0.3	1.0	0.2
Interest coverage ratio (Times)	43.3	1,298.4	173.8	164.1	1,070.1

Note: Equity-to-asset ratio: Shareholders' equity / Total assets

Market value equity-to-asset ratio: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

\* Each index was calculated by financial index on a consolidated basis.

\* Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of issued shares (excluding treasury shares) at the end of the period.

\* Interest-bearing debt refers to all debt posted on the consolidated balance sheet for which interest is paid.

\* The figure for operating cash flow is "cash flows from operating activities" on the consolidated statement of cash flows.

\* Regarding the interest expenses paid, we use "interest expenses paid" on the consolidated statement of cash flows

\* If operating cash flow is negative for a period, interest-bearing debt to cash flow ratio and interest coverage ratio are not shown for the period.

**(3) Basic policy on profit distribution and dividends for the current and next periods**

The Company recognizes that increasing earning power while maintaining a sound financial structure will lead to growth in corporate value. As a basic policy, the Company recognizes distribution of profits as the highest priority for management, and aims to achieve the higher of either 1) a stable dividend of ¥12 per share or 2) a dividend payout ratio of around 30% as a measure that corresponds to the Company performance.

While taking into consideration overall cash flows and capital efficiency, the Company has a policy to flexibly acquire own shares. With regard to the dividend for the fiscal year, the Company pays ¥30 per share (an interim dividend of ¥10 and a year-end dividend of ¥20).

With regard to the dividend payments for the next year, the Company plans to pay an annual dividend of ¥24 per share as per the above basic policy.

**2. Basic Rationale for selecting the accounting standard**

The Meisei Group have a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms and with other companies.

In the future, the Group has the policy to proceed with examining the adoption of the International Financial Reporting Standards (IFRS) while giving consideration to the trend of the foreign shareholder ratio and various circumstances.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	19,391	22,484
Notes receivable - trade	1,351	2,173
Electronically recorded monetary claims - operating	2,724	1,689
Accounts receivable from completed construction contracts	18,864	18,288
Securities	300	400
Costs on construction contracts in progress	1,602	1,655
Merchandise and finished goods	230	251
Raw materials and supplies	444	166
Other	359	339
Allowance for doubtful accounts	(50)	(20)
Total current assets	45,218	47,428
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,967	10,031
Machinery and vehicles	4,780	4,805
Land	11,160	11,150
Other	1,384	2,037
Accumulated depreciation	(11,959)	(12,589)
Total property, plant and equipment	15,333	15,436
Intangible assets	67	86
Investments and other assets		
Investment securities	2,849	3,492
Investment property	2,099	2,053
Retirement benefit asset	24	31
Deferred tax assets	239	45
Other	530	432
Allowance for doubtful accounts	(37)	(86)
Total investments and other assets	5,705	5,969
Total non-current assets	21,106	21,491
Total assets	66,324	68,920



(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	2,630	1,217
Electronically recorded obligations - operating	960	859
Accounts payable for construction contracts	3,879	3,733
Accounts payable - trade	554	405
Short-term borrowings	710	60
Income taxes payable	1,059	1,261
Advances received on construction contracts in progress	125	560
Provision for bonuses	434	432
Provision for directors' bonuses (and other officers)	83	82
Provision for warranties for completed construction	29	74
Provision for loss on construction contracts	6	—
Other	1,273	1,465
Total current liabilities	11,747	10,153
Non-current liabilities		
Long-term borrowings	250	960
Retirement benefit liability	631	336
Provision for retirement benefits for directors (and other officers)	145	163
Provision for share awards for directors (and other officers)	46	75
Deferred tax liabilities	1,808	1,886
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	411	480
Total non-current liabilities	3,793	4,401
Total liabilities	15,540	14,555
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,179	1,179
Retained earnings	44,058	47,116
Treasury shares	(3,350)	(3,345)
Total shareholders' equity	48,776	51,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	440	896
Revaluation reserve for land	958	958
Foreign currency translation adjustment	352	240
Remeasurements of defined benefit plans	(88)	63
Total accumulated other comprehensive income	1,662	2,158
Non-controlling interests	344	366
Total net assets	50,783	54,365
Total liabilities and net assets	66,324	68,920

**(2) Consolidated statements of income and consolidated statements of comprehensive income**  
**(Consolidated statements of income)**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales of completed construction contracts	53,073	50,533
Cost of sales of completed construction contracts	42,016	39,633
Gross profit on completed construction contracts	11,057	10,899
Selling, general and administrative expenses	4,614	4,500
Operating profit	6,442	6,399
Non-operating income		
Interest income	51	24
Dividend income	95	96
Rental income from real estate	247	255
Foreign exchange gains	1	-
Gain on investments in investment partnerships	161	75
Reversal of allowance for doubtful accounts	51	27
Other	179	127
Total non-operating income	790	607
Non-operating expenses		
Interest expenses	5	4
Rental costs on real estate	146	142
Foreign exchange losses	-	63
Other	84	53
Total non-operating expenses	236	264
Ordinary profit	6,996	6,742
Profit before income taxes	6,996	6,742
Income taxes - current	2,178	2,122
Income taxes - deferred	78	3
Total income taxes	2,257	2,125
Profit	4,738	4,617
Profit attributable to non-controlling interests	28	16
Profit attributable to owners of parent	4,709	4,600

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,738	4,617
Other comprehensive income		
Valuation difference on available-for-sale securities	(292)	456
Foreign currency translation adjustment	(3)	(111)
Remeasurements of defined benefit plans, net of tax	(45)	151
Total other comprehensive income	(340)	495
Comprehensive income	4,398	5,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,369	5,096
Comprehensive income attributable to non-controlling interests	28	16

**(3) Consolidated statements of changes in equity****Fiscal year ended March 31, 2020**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,889	1,166	40,914	(2,574)	46,396
Changes during period					
Dividends of surplus			(1,565)		(1,565)
Profit attributable to owners of parent			4,709		4,709
Purchase of treasury shares				(800)	(800)
Disposal of treasury shares		12		23	36
Net changes of items other than shareholders' equity					
Total changes during period	—	12	3,144	(776)	2,380
Balance at end of period	6,889	1,179	44,058	(3,350)	48,776

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation on reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Changes during period	732	958	355	(43)	2,003	1	315	48,716
Changes of items during period								
Dividends of surplus								(1,565)
Profit attributable to owners of parent								4,709
Purchase of treasury shares								(800)
Disposal of treasury shares								36
Net changes of items other than shareholders' equity	(292)	—	(3)	(45)	(340)	(1)	28	(313)
Total changes during period	(292)	—	(3)	(45)	(340)	(1)	28	2,067
Balance at end of period	440	958	352	(88)	1,662	—	344	50,783

**Fiscal year ended March 31, 2021**

(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	44,058	(3,350)	48,776
Changes during period					
Dividends of surplus			(1,542)		(1,542)
Profit attributable to owners of parent			4,600		4,600
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				6	6
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,058	5	3,063
Balance at end of period	6,889	1,179	47,116	(3,345)	51,840

	Accumulated other comprehensive income					Share acquisition rights	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	440	958	352	(88)	1,662	—	344	50,783
Changes during period								
Dividends of surplus								(1,542)
Profit attributable to owners of parent								4,600
Purchase of treasury shares								(0)
Disposal of treasury shares								6
Net changes in items other than shareholders' equity	456	—	(111)	151	495	—	22	518
Total changes during period	456	—	(111)	151	495	—	22	3,582
Balance at end of period	896	958	240	63	2,158	—	366	54,365

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,996	6,742
Depreciation	481	810
Increase (decrease) in allowance for doubtful accounts	(36)	19
Increase (decrease) in provision for loss on construction contracts	6	(6)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9	18
Increase (decrease) in provision for share awards for directors (and other officers)	22	28
Increase (decrease) in other provisions	(55)	41
Decrease (increase) in retirement benefit asset	(13)	(7)
Increase (decrease) in retirement benefit liability	(70)	(76)
Interest and dividend income	(147)	(121)
Interest expenses	5	4
Foreign exchange losses (gains)	13	(1)
Loss (gain) on valuation of investment securities	4	-
Decrease (increase) in trade receivables	(1,155)	788
Decrease (increase) in costs on construction contracts in progress	(255)	(53)
Decrease (increase) in other inventories	(118)	115
Increase (decrease) in advances received on construction contracts in progress	(1,216)	435
Increase (decrease) in trade payables	119	(1,792)
Other, net	(1,350)	81
Subtotal	3,240	7,027
Interest and dividends received	150	121
Interest paid	(5)	(4)
Income taxes paid	(2,469)	(1,978)
Net cash provided by (used in) operating activities	915	5,165
Cash flows from investing activities		
Payments into time deposits	(550)	(307)
Proceeds from withdrawal of time deposits	763	307
Purchase of investment securities	(117)	(308)
Proceeds from sale and redemption of investment securities	100	100
Purchase of property, plant and equipment	(511)	(788)
Proceeds from distributions from investment partnerships	223	183
Other, net	294	281
Net cash provided by (used in) investing activities	200	(532)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	250	800
Repayments of long-term borrowings	(310)	(740)
Purchase of treasury shares	(800)	(0)
Proceeds from disposal of treasury shares	6	6
Proceeds from exercise of employee share options	29	-
Dividends paid	(1,563)	(1,541)
Dividends paid to non-controlling interests	-	(8)
Other, net	12	13
Net cash provided by (used in) financing activities	(2,376)	(1,469)
Effect of exchange rate change on cash and cash equivalents	(2)	(72)
Net increase (decrease) in cash and cash equivalents	(1,261)	3,090
Cash and cash equivalents at beginning of period	20,642	19,381
Cash and cash equivalents at end of period	19,381	22,471

**(5) Notes to consolidated financial statements****(Notes on premise of going concern)**

Not applicable.

**(Change in presentation of the financial statements)**

Consolidated statements of income

“Loss on retirement of non-current assets” that was presented separately under “non-operating expenses” during the previous fiscal year has been included in and presented as “other” during the fiscal year under review because the amount has become immaterial. To reflect this change in presentation, the consolidated financial statement for the previous fiscal year has been reclassified.

As a result, ¥20 million that was presented as “loss on retirement of non-current assets” under “non-operating expenses” in the consolidated statement of income for the previous fiscal year has been reclassified as “other.”

**(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 March 31, 2021 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.)****(a) Segment Information**

## 1. Outline of the reportable segments

The Companies’ reportable segments are determined on the basis that separate financial information of such segments is available and examined periodically by the Board of Directors of the Company to make decisions regarding the allocation of management resources and assess the business performances of such segments.

The Group comprises a Construction Business, which is centered on heat insulation construction work, and a Boiler Business engaged in the manufacture and installation of boilers.

Accordingly, the Group has two reportable segments, the Construction Business and Boiler Business.

## 2. Calculation methods used for sales, income, assets and the other items on each reportable segment

The amount of segment profit is based on operating profit. Inter-segment income and transfer are based on prevailing market prices.



## 3. Information on sales, income, assets and other items on each reportable segment

The fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Construction Business	Boiler Business	Total	Adjustment (Notes 1, 2 and 3)	Amounts on the consolidated financial statements (Note 4)
Net sales:					
Sales to third parties	45,475	7,597	53,073	—	53,073
Intersegment sales or transfers	78	186	265	(265)	—
Total	45,554	7,784	53,339	(265)	53,073
Segment profit	5,828	604	6,432	10	6,442
Segment assets	40,991	7,447	48,438	17,885	66,324
Other items:					
Depreciation and amortization	370	40	410	70	481
Increase in property, plant and equipment and intangible assets	436	66	503	4	507

Notes:

1. Adjustment for segment income represents eliminations of intersegment sales or transfers.
2. Adjustment for segment assets consists of negative ¥280 million of adjustment of intersegment transactions and ¥18,165 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.

The fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Construction Business	Boiler Business	Total	Adjustment (Notes 1, 2 and 3)	Amounts on the consolidated financial statements (Note 4)
Net sales:					
Sales to third parties	45,518	5,014	50,533	—	50,533
Intersegment sales or transfers	95	241	337	(337)	—
Total	45,614	5,256	50,870	(337)	50,533
Segment profit	6,232	156	6,389	10	6,399
Segment assets	39,748	6,319	46,068	22,852	68,920
Other items:					
Depreciation and amortization	700	40	741	68	810
Increase in property, plant and equipment and intangible assets	867	34	901	—	901

Notes:

1. Adjustment for segment income represents eliminations of intersegment sales or transfers.
2. Adjustment for segment assets consists of negative ¥197 million of adjustment of intersegment transactions and ¥23,050 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.

**(b) Related information**

The fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information regarding products and services

(Millions of yen)

	Construction Business	Boiler Business	Total
Sales to third parties	45,475	7,597	53,073

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
49,145	3,892	35	53,073

Note: Net sales are segmented by country or region based on construction site.

(2) Property, plant and equipment

This information has been omitted, as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount recorded on the consolidated balance sheets.

3. Information by major customer

As net sales to one particular customer did not amount to 10% or more of net sales in the consolidated statements of income, this information is omitted.

The fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information regarding products and services

(Millions of yen)

	Construction Business	Boiler Business	Total
Sales to third parties	45,518	5,014	50,533

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
47,019	3,511	2	50,533

Note: Net sales are segmented by country or region based on construction site.

(2) Property, plant and equipment

This information has been omitted, as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount recorded on the consolidated balance sheets.

3. Information by major customer

As net sales to one particular customer did not amount to 10% or more of net sales in the consolidated statements of income, this information is omitted.

**(c) Information on impairment loss on non-current assets by reportable segment**

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

**(d) Information on amortization of goodwill and unamortized goodwill balance by reportable segment**

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

**(e) Information on gain on negative goodwill by reportable segment**

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

**(Per share information)**

(Yen)

	fiscal year ended March 31, 2020	fiscal year ended March 31, 2021
Net assets per share	983.89	1,053.19
Net income per share	91.00	89.74

Note: The basis for calculating net income per share and diluted net income per share are shown below.

(Millions of yen, unless otherwise noted)

	fiscal year ended March 31, 2020	fiscal year ended March 31, 2021
Net income per share		
Net income	4,709	4,600
Amount not attributable to common shareholders	—	—
Net income attributable to common shares	4,709	4,600
Average number of common shares during the period (Thousands of shares)	51,754	51,270
Outline of potential common shares not included in calculation for the diluted net income per share because there were no effects of dilutive potential common shares	—	—

## Notes:

1. In the calculation of “Net assets per share,” the Company’s shares held by the trust established to distribute shares to officers (Officers’ Share Distribution Trust) are included in treasury shares, which is deducted from the total number of shares issued at the end of the period (152 thousand shares in the previous fiscal year, and 145 thousand shares in the current fiscal year).  
In the calculation of “Net income per share” and “Diluted net income per share,” the Company’s shares held by the trust are included in treasury shares, which is deducted in calculating the average number of common shares during the period (155 thousand shares in the previous fiscal year, and 147 thousand shares in the current fiscal year).
2. Diluted net income per share is not shown as there are no residual shares.

**(Status of orders received, sales and balance of orders)****(1) Orders received**

Segment	fiscal year ended March 31, 2020		fiscal year ended March 31, 2021		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	43,528	91.6	44,366	89.5	838	1.9
Boiler Business	3,971	8.4	5,214	10.5	1,243	31.3
Total	47,499	100.0	49,581	100.0	2,082	4.4

**(2) Net sales**

Segment	fiscal year ended March 31, 2020		fiscal year ended March 31, 2021		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	45,475	85.7	45,518	90.1	42	0.1
Boiler Business	7,597	14.3	5,014	9.9	(2,582)	(34.0)
Total	53,073	100.0	50,533	100.0	(2,540)	(4.8)

**(3) Balance of orders**

Segment	fiscal year ended March 31, 2020		fiscal year ended March 31, 2021		Increase (decrease)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Construction Business	13,348	79.5	12,197	77.0	(1,151)	(8.6)
Boiler Business	3,435	20.5	3,634	23.0	199	5.8
Total	16,783	100.0	15,831	100.0	(951)	(5.7)

**(Significant events after the reporting period)**

Not applicable.