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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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July 31, 2024

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 <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: Tetsuji Yanase, Representative Director, President
Inquiries: Atsuo Tanaka, Executive Officer, General Manager of Finance Division
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: None
Holding of 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, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	14,812	18.2	1,526	87.9	1,822	85.2	1,271	58.0
June 30, 2023	12,534	4.0	812	(25.4)	984	(23.4)	804	(4.1)

Note: Comprehensive income
Three months ended June 30, 2024: ¥2,591 million [149.0%]
Three months ended June 30, 2023: ¥1,040 million [2.5%]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2024	26.05	—
June 30, 2023	16.15	—

(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
June 30, 2024	84,174	64,449	76.0	1,310.49
March 31, 2024	84,432	63,868	75.1	1,299.12

Reference: Shareholders' equity
As of June 30, 2024: ¥63,941 million
As of March 31, 2024: ¥63,387 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, 2024	–	14.00	–	41.00	55.00
March 31, 2025	–				
March 31, 2025 (Forecast)		15.00	–	26.00	41.00

Notes: 1. Revisions to the cash dividend forecasts most recently announced: None
2. The year-end dividend for the year ended March 31, 2024 comprises an ordinary dividend of 34.00 yen and a commemorative dividend of 7.00 yen.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2024	26,400	2.6	2,880	2.9	3,050	(2.2)	2,120	0.1	43.45
Fiscal year ending March 31, 2025	58,000	(3.9)	7,200	(10.7)	7,450	(12.9)	5,200	(16.7)	106.57

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Significant changes in scope on consolidation during the period: 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, 2024	56,386,718 shares
As of March 31, 2024	56,386,718 shares

b. Number of treasury shares at end of period

As of June 30, 2024	7,594,391 shares
As of March 31, 2024	7,594,300 shares

c. Average number of outstanding shares during period

Three months ended June 30, 2024	48,792,349 shares
Three months ended June 30, 2023	49,799,317 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.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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. Overview of Results of Operations, (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. Overview of Results of Operations

(1) Results of Operations

In the first quarter of the current fiscal year, the Japanese economy showed a slow recovery. The outlook remains uncertain because of high inflation including rising prices of raw materials, and prolonged inflation.

Orders received by the Meisei Industrial Group increased 1.7% from the previous fiscal year to 17,927 million yen. This was the result of the steady advancement in securing large projects outside Japan in the construction business. Net sales increased 18.2% to 14,812 million yen due to the large volume of maintenance work.

Due to higher sales, operating profit increased 87.9% to 1,526 million yen, ordinary profit increased 85.2% to 1,822 million yen, and profit attributable to owners of parent was up 58.0% to 1,271 million yen.

Business segment performance was as follows.

1) Construction Business

Net sales increased 18.7% to 13,161 million yen because of strong performance at large projects and maintenance work. Segment profit was up 65.3% to 1,422 million yen due to sales growth.

2) Boiler Business

Net sales increased 14.3% to 1,651 million yen because of steady progress at large projects. Segment profit was 100 million yen (compared with segment loss of 51 million yen one year earlier).

(2) Financial Position

Assets

At the end of the first quarter of the current fiscal year, current assets totaled 56,828 million yen, a decrease of 3,255 million yen from the end of the previous fiscal year. The main factors include an increase of 781 million yen in costs on construction contracts in progress, and decreases of 2,456 million yen in notes receivable, accounts receivable from completed construction contracts and other, and of 1,879 million yen in cash and deposits. Non-current assets totaled 27,345 million yen, an increase of 2,997 million yen from the end of the previous fiscal year. The main factors include increases of 1,590 million yen in investment securities and 1,253 million yen in property, plant and equipment.

As a result, total assets decreased 258 million yen to 84,174 million yen.

Liabilities

At the end of the first quarter of the current fiscal year, current liabilities totaled 15,645 million yen, a decrease of 1,311 million yen from the end of the previous fiscal year. The main factors include decreases of 853 million yen in notes payable, accounts payable for construction contracts and other and 579 million yen in income taxes payable. Non-current liabilities totaled 4,079 million yen, an increase of 471 million yen. The main factors include an increase of 466 million yen in deferred tax liabilities.

As a result, total liabilities decreased 839 million yen to19,724 million yen.

Net assets

At the end of the first quarter of the current fiscal year, net assets totaled 64,449 million yen, an increase of 581 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,271 million yen in profit attributable to owners of parent and 1,119 million yen in valuation difference on available-for-sale securities, and a decrease of 2,007 million yen due to dividends of surplus.

Consequently, the capital adequacy ratio was 76.0% (compared with 75.1% 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 the fiscal year ending on March 31, 2025 that were announced on May 10, 2024.

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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	31,390	29,511
Notes receivable, accounts receivable from completed construction contracts and other	26,544	24,087
Securities	300	300
Costs on construction contracts in progress	536	1,318
Merchandise and finished goods	337	420
Raw materials and supplies	196	179
Other	783	1,016
Allowance for doubtful accounts	(4)	(3)
Total current assets	60,083	56,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,290	10,808
Machinery and vehicles	5,064	5,115
Land	11,433	11,433
Other	4,182	5,047
Accumulated depreciation	(14,215)	(14,396)
Total property, plant and equipment	16,754	18,008
Intangible assets	92	205
Investments and other assets		
Investment securities	4,812	6,402
Investment property	1,915	1,903
Retirement benefit asset	360	402
Deferred tax assets	79	109
Other	449	362
Allowance for doubtful accounts	(116)	(49)
Total investments and other assets	7,501	9,131
Total non-current assets	24,348	27,345
Total assets	84,432	84,174

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	9,180	8,327
Accounts payable - trade	283	289
Current portion of long-term borrowings	700	700
Income taxes payable	1,234	654
Contract liabilities	2,537	2,052
Provision for bonuses	518	822
Provision for bonuses for directors (and other officers)	67	—
Provision for warranties for completed construction	56	55
Other	2,377	2,743
Total current liabilities	16,956	15,645
Non-current liabilities		
Long-term borrowings	100	100
Retirement benefit liability	133	162
Provision for retirement benefits for directors (and other officers)	146	196
Provision for share awards for directors (and other officers)	100	107
Deferred tax liabilities	2,260	2,727
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	366	286
Total non-current liabilities	3,607	4,079
Total liabilities	20,564	19,724
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,000	1,000
Retained earnings	55,739	55,003
Treasury shares	(4,201)	(4,202)
Total shareholders' equity	59,426	58,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,738	2,858
Revaluation reserve for land	958	958
Foreign currency translation adjustment	1,008	1,187
Remeasurements of defined benefit plans	253	246
Total accumulated other comprehensive income	3,960	5,251
Non-controlling interests	480	507
Total net assets	63,868	64,449
Total liabilities and net assets	84,432	84,174

(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, 2023	Three months ended June 30, 2024
Net sales of completed construction contracts	12,534	14,812
Cost of sales of completed construction contracts	10,511	11,991
Gross profit on completed construction contracts	2,022	2,821
Selling, general and administrative expenses	1,210	1,294
Operating profit	812	1,526
Non-operating income		
Interest income	22	30
Dividend income	90	119
Rental income from real estate	56	57
Foreign exchange gains	12	87
Other	28	42
Total non-operating income	211	337
Non-operating expenses		
Interest expenses	1	1
Rental costs on real estate	32	35
Other	5	4
Total non-operating expenses	39	41
Ordinary profit	984	1,822
Profit before income taxes	984	1,822
Income taxes - current	318	575
Income taxes - deferred	(150)	(53)
Total income taxes	167	522
Profit	816	1,300
Profit attributable to non-controlling interests	12	29
Profit attributable to owners of parent	804	1,271

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	816	1,300
Other comprehensive income		
Valuation difference on available-for-sale securities	192	1,119
Foreign currency translation adjustment	35	178
Remeasurements of defined benefit plans, net of tax	(4)	(7)
Total other comprehensive income	224	1,290
Comprehensive income	1,040	2,591
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,028	2,561
Comprehensive income attributable to non-controlling interests	12	29

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Notes to Quarterly Consolidated Statements of Cash Flows

The quarterly consolidated statements of cash flows have not been prepared for the first quarter. Deprecation expenses (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	180	153
Amortization of goodwill	―	6

Notes to Segment Information

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

Information on net sales and profit or loss 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.

II. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on net sales and profit or loss 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	12,035	1,616	13,651	—	13,651
Asia	1,125	35	1,160	—	1,160
Other	—	—	—	—	—
Revenue from contracts with customers	13,161	1,651	14,812	—	14,812
Sales to external customers	13,161	1,651	14,812	—	14,812
Intersegment sales or transfers	5	72	77	(77)	—
Total	13,166	1,723	14,890	(77)	14,812
Segment profit	1,422	100	1,522	3	1,526

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 Notes to Segment Information.

3. Supplementary Information

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

a. Orders received

Segment	Three months ended June 30, 2023		Three months ended June 30, 2024		Increase(decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	14,616	82.9	15,454	86.2	837	52,015	89.8
Boiler	3,019	17.1	2,473	13.8	(545)	5,939	10.2
Total	17,635	100.0	17,927	100.0	291	57,955	100.0

b. Net sales

Segment	Three months ended June 30, 2023		Three months ended June 30, 2024		Increase(decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	11,090	88.5	13,161	88.9	2,070	53,449	88.5
Boiler	1,444	11.5	1,651	11.1	206	6,927	11.5
Total	12,534	100.0	14,812	100.0	2,277	60,377	100.0

c. Balance of orders

Segment	Three months ended June 30, 2023		Three months ended June 30, 2024		Increase(decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	23,379	75.9	20,712	78.5	(2,667)	18,418	79.2
Boiler	7,404	24.1	5,664	21.5	(1,740)	4,841	20.8
Total	30,783	100.0	26,376	100.0	(4,407)	23,260	100.0