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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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October 31, 2024

Consolidated Financial Results for the First Six 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
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Scheduled date to file semi-annual securities report: November 11, 2024
Scheduled date to commence dividend payments: November 22, 2024
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 Six Months of the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	31,576	18.8	3,925	44.2	4,257	44.9	2,941	32.0
September 30, 2023	26,578	3.3	2,722	(2.8)	2,938	(5.8)	2,228	5.2

Note: Comprehensive income
Six months ended September 30, 2024: ¥4,346 million [46.5%]
Six months ended September 30, 2023: ¥2,966 million [21.1%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2024	60.25	―
September 30, 2023	44.74	―

(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
September 30, 2024	84,892	66,262	77.4	1,345.13
March 31, 2024	84,432	63,868	75.1	1,299.12

Reference: Shareholders' equity
As of September 30, 2024: ¥65,729 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	–	21.00			
March 31, 2025 (Forecast)			–	26.00	47.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes

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
Fiscal year ending March 31, 2025	63,000	4.3	7,800	(3.2)	8,350	(2.3)	6,000	(3.9)	122.85

Note: Revisions to the earnings forecasts most recently announced: Yes

* Notes

(1) Significant changes in scope on consolidation during the period: None

(2) Application of special accounting for preparing consolidated interim 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 September 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 September 30, 2024	7,521,791 shares
As of March 31, 2024	7,594,300 shares

c. Average number of outstanding shares during period

Six months ended September 30, 2024	48,814,097 shares
Six months ended September 30, 2023	49,807,667 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 first six months (semi-annual) financial results are not subject to review by a certified public accountant or auditing firm.

* 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 Consolidated Interim 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 Consolidated Interim Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy continued to show a slow recovery. The Japanese economy's outlook remains uncertain because of an economic downturn overseas, rising prices and other factors.

Orders received by the Meisei Industrial Group increased 0.4% from the same period of the previous fiscal year to 32,825 million yen. This was partly the result of securing large projects outside Japan in the construction business. Net sales increased 18.8% to 31,576 million yen due to the large volume of maintenance work in Japan in the construction business. Operating profit increased 44.2% to 3,925 million yen partly due to the effects of holding down SG&A expenses, ordinary profit increased 44.9% to 4,257 million yen, and profit attributable to owners of parent was up 32.0% to 2,941 million yen.

Business segment performance was as follows.

1) Construction Business

Net sales increased 21.1% to 28,116 million yen because of strong performance at maintenance work and large projects. Segment profit was up 37.3% to 3,701 million yen.

2) Boiler Business

Net sales increased 2.9% to 3,460 million yen because of steady progress at projects in Japan. Segment profit increased 901.3% to 218 million yen due to cost reduction.

(2) Explanation of Financial Position

Assets

At the end of the second quarter of the current fiscal year, current assets totaled 57,211 million yen, a decrease of 2,872 million yen from the end of the previous fiscal year. The main factors include decreases of 1,470 million yen in notes receivable, accounts receivable from completed construction contracts and other, and of 1,400 million yen in cash and deposits. Non-current assets totaled 27,680 million yen, an increase of 3,332 million yen from the end of the previous fiscal year. The main factors include increases of 1,723 million yen in property, plant and equipment and 1,353 million yen in investment securities.

As a result, total assets increased 460 million yen to 84,892 million yen.

Liabilities

At the end of the second quarter of the current fiscal year, current liabilities totaled 14,155 million yen, a decrease of 2,801 million yen from the end of the previous fiscal year. The main factors include decreases of 1,551 million yen in notes payable, accounts payable for construction contracts and other, 624 million yen in contract liabilities and 600 million yen in current portion of long-term borrowings. Non-current liabilities totaled 4,474 million yen, an increase of 867 million yen. The main factors include increases of 600 million yen in long-term borrowings and 541 million yen in deferred tax liabilities.

As a result, total liabilities decreased 1,933 million yen to 18,630 million yen.

Net assets

At the end of the second quarter of the current fiscal year, net assets totaled 66,262 million yen, an increase of 2,394 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,941 million yen in profit attributable to owners of parent and 976 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 77.4% (compared with 75.1% at the end of the previous fiscal year).

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

In consideration of the consolidated results for the second quarter (interim) of the fiscal year ending on March 31, 2025, the Company has revied its consolidated forecasts that were announced on May 10, 2024 as follows.

	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
Previous forecast (A)	58,000	7,200	7,450	5,200	106.57
Revised forecast (B)	63,000	7,800	8,350	6,000	122.85
Change (B-A)	5,000	600	900	800	–
Change (%)	8.6	8.3	12.1	15.4	–
Reference: Fiscal year ended March 31, 2024	60,377	8,061	8,548	6,243	126.06

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. Consolidated Interim Financial Statements and Notes

(1) Consolidated Interim Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	31,390	29,990
Notes receivable, accounts receivable from completed construction contracts and other	26,544	25,073
Securities	300	300
Costs on construction contracts in progress	536	750
Merchandise and finished goods	337	331
Raw materials and supplies	196	177
Other	783	592
Allowance for doubtful accounts	(4)	(4)
Total current assets	60,083	57,211
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,290	10,837
Machinery and vehicles	5,064	5,073
Land	11,433	11,433
Other	4,182	5,532
Accumulated depreciation	(14,215)	(14,397)
Total property, plant and equipment	16,754	18,478
Intangible assets	92	195
Investments and other assets		
Investment securities	4,812	6,190
Investment property	1,915	1,892
Retirement benefit asset	360	427
Deferred tax assets	79	108
Other	449	437
Allowance for doubtful accounts	(116)	(49)
Total investments and other assets	7,501	9,006
Total non-current assets	24,348	27,680
Total assets	84,432	84,892

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	9,180	7,629
Accounts payable - trade	283	256
Current portion of long-term borrowings	700	100
Income taxes payable	1,234	1,221
Contract liabilities	2,537	1,913
Provision for bonuses	518	499
Provision for bonuses for directors (and other officers)	67	—
Provision for warranties for completed construction	56	95
Provision for loss on construction contracts	—	2
Other	2,377	2,438
Total current liabilities	16,956	14,155
Non-current liabilities		
Long-term borrowings	100	700
Retirement benefit liability	133	135
Provision for retirement benefits for directors (and other officers)	146	117
Provision for share awards for directors (and other officers)	100	56
Deferred tax liabilities	2,260	2,802
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	366	163
Total non-current liabilities	3,607	4,474
Total liabilities	20,564	18,630
Net assets		
Shareholders' equity		
Share capital	6,889	6,889
Capital surplus	1,000	1,000
Retained earnings	55,739	56,673
Treasury shares	(4,201)	(4,146)
Total shareholders' equity	59,426	60,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,738	2,715
Revaluation reserve for land	958	958
Foreign currency translation adjustment	1,008	1,400
Remeasurements of defined benefit plans	253	238
Total accumulated other comprehensive income	3,960	5,313
Non-controlling interests	480	532
Total net assets	63,868	66,262
Total liabilities and net assets	84,432	84,892

(2) Consolidated Interim Statements of Income and Consolidated Interim Statements of Comprehensive Income

Consolidated Interim Statements of Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales of completed construction contracts	26,578	31,576
Cost of sales of completed construction contracts	21,527	25,206
Gross profit on completed construction contracts	5,051	6,370
Selling, general and administrative expenses	2,328	2,444
Operating profit	2,722	3,925
Non-operating income		
Interest income	48	60
Dividend income	99	133
Rental income from real estate	110	116
Foreign exchange gains	1	—
Gain on investments in investment partnerships	—	72
Reversal of allowance for doubtful accounts	—	28
Other	46	48
Total non-operating income	306	460
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	—	27
Rental costs on real estate	66	70
Other	20	29
Total non-operating expenses	89	129
Ordinary profit	2,938	4,257
Extraordinary income		
Gain on sale of investment securities	—	29
Total extraordinary income	—	29
Profit before income taxes	2,938	4,287
Income taxes - current	694	1,204
Income taxes - deferred	(24)	89
Total income taxes	670	1,294
Profit	2,267	2,993
Profit attributable to non-controlling interests	39	52
Profit attributable to owners of parent	2,228	2,941

Consolidated Interim Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,267	2,993
Other comprehensive income		
Valuation difference on available-for-sale securities	419	976
Foreign currency translation adjustment	286	391
Remeasurements of defined benefit plans, net of tax	(8)	(15)
Total other comprehensive income	698	1,352
Comprehensive income	2,966	4,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,926	4,294
Comprehensive income attributable to non-controlling interests	39	52

(3) Consolidated Interim Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,938	4,287
Depreciation	347	318
Amortization of goodwill	—	12
Increase (decrease) in allowance for doubtful accounts	11	(67)
Increase (decrease) in provision for loss on construction contracts	—	2
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	(28)
Increase (decrease) in provision for share awards for directors (and other officers)	(3)	(35)
Increase (decrease) in other provisions	(32)	(48)
Decrease (increase) in retirement benefit asset	(2)	(66)
Increase (decrease) in retirement benefit liability	(48)	(20)
Interest and dividend income	(147)	(194)
Interest expenses	2	2
Foreign exchange losses (gains)	(81)	71
Loss (gain) on sale of investment securities	—	(29)
Decrease (increase) in trade receivables	5,811	1,470
Decrease (increase) in costs on construction contracts in progress	(282)	(214)
Decrease (increase) in inventories	(112)	25
Increase (decrease) in contract liabilities	1,121	(624)
Increase (decrease) in trade payables	(980)	(1,599)
Other, net	(354)	(697)
Subtotal	8,182	2,562
Interest and dividends received	147	196
Interest paid	(2)	(2)
Income taxes paid	(1,372)	(1,204)
Net cash provided by (used in) operating activities	6,954	1,551
Cash flows from investing activities		
Payments into time deposits	(84)	(84)
Proceeds from withdrawal of time deposits	84	84
Purchase of investment securities	(8)	(42)
Proceeds from sale and redemption of investment securities	—	8
Purchase of property, plant and equipment	(1,655)	(1,870)
Proceeds from distributions from investment partnerships	59	120
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	5
Payments for acquisition of businesses	—	(130)
Other, net	139	567
Net cash provided by (used in) investing activities	(1,465)	(1,340)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	—	700
Repayments of long-term borrowings	—	(700)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	17	46
Dividends paid	(1,199)	(2,002)
Dividends paid to non-controlling interests	(6)	(10)
Other, net	—	—
Net cash provided by (used in) financing activities	(1,187)	(1,966)
Effect of exchange rate change on cash and cash equivalents	235	325
Net increase (decrease) in cash and cash equivalents	4,536	(1,430)
Cash and cash equivalents at beginning of period	29,004	31,371
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	24
Cash and cash equivalents at end of period	33,540	29,965

(4) Notes to Consolidated Interim Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. Six months ended September 30, 2023 (from April 1, 2023 to September 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 interim statements of income (Note 2)
Net sales:					
Japan	19,756	3,324	23,080	―	23,080
Asia	3,459	26	3,486	―	3,486
Other	―	12	12	―	12
Revenue from contracts with customers	23,215	3,363	26,578	―	26,578
Sales to external customers	23,215	3,363	26,578	―	26,578
Intersegment sales or transfers	―	76	76	(76)	―
Total	23,215	3,439	26,655	(76)	26,578
Segment profit	2,695	21	2,717	5	2,722

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 consolidated interim statements of income.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 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 interim statements of income (Note 2)
Net sales:					
Japan	25,152	3,394	28,546	―	28,546
Asia	2,963	66	3,030	―	3,030
Other	―	―	―	―	―
Revenue from contracts with customers	28,116	3,460	31,576	―	31,576
Sales to external customers	28,116	3,460	31,576	―	31,576
Intersegment sales or transfers	6	104	111	(111)	―
Total	28,122	3,565	31,688	(111)	31,576
Segment profit	3,701	218	3,919	6	3,925

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 consolidated interim statements of income.

Revenue Recognition

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

3. Supplementary Information

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

a. Orders received

Segment	Six months ended September 30, 2023		Six months ended September 30, 2024		Increase (decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	29,007	88.7	29,506	89.9	499	52,015	89.8
Boiler	3,699	11.3	3,319	10.1	(380)	5,939	10.2
Total	32,706	100.0	32,825	100.0	118	57,955	100.0

b. Net sales

Segment	Six months ended September 30, 2023		Six months ended September 30, 2024		Increase (decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	23,215	87.3	28,116	89.0	4,900	53,449	88.5
Boiler	3,363	12.7	3,460	11.0	97	6,927	11.5
Total	26,578	100.0	31,576	100.0	4,998	60,377	100.0

c. Balance of orders

Segment	Six months ended September 30, 2023		Six months ended September 30, 2024		Increase (decrease)	Fiscal year ended March 31, 2024	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	25,644	80.6	19,809	80.8	(5,835)	18,418	79.2
Boiler	6,166	19.4	4,700	19.2	(1,465)	4,841	20.8
Total	31,810	100.0	24,509	100.0	(7,301)	23,260	100.0