

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is an English translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.



January 31, 2020

## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020 <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, President and Representative Director  
Inquiries: Takeshi Ariga, General Manager of Finance Division  
TEL: +81-6-6447-0275

Scheduled date to file quarterly securities report: February 12, 2020  
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, 2020 (from April 1, 2019 to December 31, 2019)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2019	36,917	(3.2)	4,193	(16.0)	4,454	(15.2)	2,985	(15.9)
December 31, 2018	38,129	(4.6)	4,991	19.9	5,250	20.3	3,550	23.3

Note: Comprehensive income

Nine months ended December 31, 2019: ¥3,004 million [ (6.4)%]  
Nine months ended December 31, 2018: ¥3,211 million [ (3.9)%]

	Basic net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2019	57.52	—
December 31, 2018	68.28	68.20

#### (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, 2019	65,020	49,501	75.6	957.04
March 31, 2019	66,533	48,716	72.7	927.08

Reference: Shareholders' equity

As of December 31, 2019: ¥49,176 million  
As of March 31, 2019: ¥48,399 million

## 2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2019	–	10.00	–	20.00	30.00
Fiscal year ending					
March 31, 2020	–	10.00	–		
Fiscal year ending				10.00	20.00
March 31, 2020 (Forecast)					

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	53,000	0.4	5,200	(28.5)	5,350	(29.0)	3,500	(30.9)	67.04

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, 2019	59,386,718 shares
As of March 31, 2019	59,386,718 shares

- b. Number of treasury shares at end of period

As of December 31, 2019	8,002,258 shares
As of March 31, 2019	7,179,817 shares

- c. Average number of outstanding shares during period

Nine months ended December 31, 2019	51,907,274 shares
Nine months ended December 31, 2018	52,006,351 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.

## Contents of Attached Materials

<b>1. Qualitative Information Regarding Results for the First Nine months</b> .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	2
(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	3
<b>2. Quarterly Consolidated Financial Statements and Key Notes</b> .....	4
(1) Quarterly consolidated balance sheets .....	4
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income .....	6
Quarterly consolidated statements of income (cumulative).....	6
Quarterly consolidated statements of comprehensive income (cumulative) .....	7
(3) Notes to quarterly consolidated financial statements .....	8
Notes on premise of going concern.....	8
Notes on significant changes in the amount of shareholders' equity .....	8
Segment information, etc. ....	8
<b>3. Supplementary Information</b> .....	9
Status of orders received, net sales and balance of orders.....	9

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

### (1) Explanation of operating results

During the nine months ended December 31, 2019, while the Japanese economy maintained a trend of gradual recovery supported by domestic demand, exports and manufacturing stagnated as a result of trade friction between the United States and China, and the impact of natural disasters, etc. Regarding the economic outlook, concerns about a recession increased as a result of uncertainty regarding changes in overseas situations such as the issue of the U.K.'s withdrawal from the EU, increased geopolitical risks in the Middle East, etc., and the increasing cost burden due to the labor shortage and rising transportation costs, etc., despite seeing signs of stabilization of the global economy.

Under these economic conditions, the Meisei Group recorded total construction orders received for the nine months ended December 31, 2019 of ¥34,380 million (a year-on-year decrease of 17.1%), reflecting factors such as a decline in orders for large projects in Japan and overseas. The Group recorded net sales of ¥36,917 million (a year-on-year decrease of 3.2%), reflecting the completion of long-term, large-scale projects during the previous fiscal year, despite steady progress in maintenance-related projects and the delivery of boilers.

Additionally, in terms of profit, in line with the decrease in net sales, operating profit totaled ¥4,193 million (a year-on-year decrease of 16.0%), ordinary profit amounted to ¥4,454 million (a year-on-year decrease of 15.2%) and profit attributable to owners of parent totaled ¥2,985 million (a year-on-year decrease of 15.9%).

Results by segment are as follows.

#### (i) Construction Business

Net sales in the Construction Business totaled ¥31,384 million (a year-on-year decrease of 6.1%), reflecting the completion of long-term, large-scale LNG-related projects in Japan and overseas during the previous fiscal year, despite solid progress in maintenance-related and other projects in Japan. In line with the decrease in net sales, segment profit amounted to ¥3,731 million (a year-on-year decrease of 19.1%).

#### (ii) Boiler Business

Net sales in the Boiler Business totaled ¥5,533 million (a year-on-year increase of 17.2%), reflecting steady progress in the delivery of boilers. Segment profit amounted to ¥454 million (a year-on-year increase of 50.1%).

### (2) Explanation of financial position

#### *Assets*

Total current assets as of December 31, 2019 amounted to ¥43,664 million, a decrease of ¥1,376 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in costs on uncompleted construction contracts of ¥2,144 million, and a decrease in notes receivable, accounts receivable from completed construction contracts and other of ¥2,086 million, a decrease in cash and deposits of ¥1,895 million. Total non-current assets amounted to ¥21,355 million, a decrease of ¥136 million compared with the end of the previous fiscal year. Principal contributory factors included a decrease in deferred tax assets of ¥98 million, and a decrease in real estate for investment of ¥34 million.

As a result, total assets amounted to ¥65,020 million, a decrease of ¥1,513 million compared with the end of the previous fiscal year.

#### *Liabilities*

Total current liabilities as of December 31, 2019 amounted to ¥11,607 million, a decrease of ¥1,990 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in short-term loans payable of ¥430 million, a decrease in income taxes payable of ¥1,194 million, a decrease in advances received on uncompleted construction contracts of ¥343 million, and a decrease in provision for bonuses of ¥313 million. Total non-current liabilities amounted to ¥3,910 million, a decrease of ¥308 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in deferred tax liabilities of ¥159 million, and a decrease in long-term loans payable of ¥460 million.

As a result, total liabilities amounted to ¥15,518 million, a decrease of ¥2,298 million compared with the end of the previous fiscal year.

*Net assets*

Total net assets as of December 31, 2019 amounted to ¥49,501 million, an increase of ¥785 million compared with the end of the previous fiscal year. Principal contributory factors were an increase in profit attributable to owners of parent of ¥2,985 million, a decrease of ¥1,565 million due to dividends of surplus, and a decrease of ¥688 million purchase of treasury shares.

As a result, the equity-to-asset ratio was 75.6% (72.7% at the end of the previous fiscal year).

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

The consolidated earnings forecasts (net sales, operating profit, ordinary profit, and profit attributable to owners of parent) are unchanged from the forecasts for the fiscal year ending March 31, 2020 announced in the financial results report released on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	20,862	18,966
Notes receivable, accounts receivable from completed construction contracts and other	21,785	19,699
Securities	300	400
Costs on uncompleted construction contracts	1,347	3,491
Merchandise and finished goods	285	194
Raw materials and supplies	270	174
Other	275	777
Allowance for doubtful accounts	(86)	(40)
Total current assets	45,040	43,664
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,654	9,880
Machinery and vehicles	4,705	4,698
Land	11,160	11,160
Other	1,428	1,366
Accumulated depreciation	(11,676)	(11,844)
Total property, plant and equipment	15,272	15,261
Intangible assets	72	69
Investments and other assets		
Investment securities	3,335	3,327
Real estate for investment	2,145	2,111
Retirement benefit asset	10	23
Deferred tax assets	172	73
Other	519	527
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	6,146	6,024
Total non-current assets	21,492	21,355
Total assets	66,533	65,020

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,175	7,194
Accounts payable - trade	740	787
Short-term loans payable	310	740
Income taxes payable	1,357	163
Advances received on uncompleted construction contracts	1,342	998
Provision for bonuses	474	160
Provision for directors' bonuses	80	—
Provision for warranties for completed construction	48	31
Provision for loss on construction contracts	—	8
Other	2,068	1,522
<b>Total current liabilities</b>	<b>13,598</b>	<b>11,607</b>
Non-current liabilities		
Long-term loans payable	710	250
Net defined benefit liability	636	573
Provision for directors' retirement benefits	136	141
Provision for directors' stock payment	23	39
Deferred tax liabilities	1,811	1,971
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	399	435
<b>Total non-current liabilities</b>	<b>4,218</b>	<b>3,910</b>
<b>Total liabilities</b>	<b>17,816</b>	<b>15,518</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,889	6,889
Capital surplus	1,166	1,179
Retained earnings	40,914	42,334
Treasury shares	(2,574)	(3,239)
<b>Total shareholders' equity</b>	<b>46,396</b>	<b>47,164</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	732	825
Revaluation reserve for land	958	958
Foreign currency translation adjustment	355	267
Remeasurements of defined benefit plans	(43)	(39)
<b>Total accumulated other comprehensive income</b>	<b>2,003</b>	<b>2,012</b>
Share acquisition rights	1	—
Non-controlling interests	315	325
<b>Total net assets</b>	<b>48,716</b>	<b>49,501</b>
<b>Total liabilities and net assets</b>	<b>66,533</b>	<b>65,020</b>



**(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, 2018	Nine months ended December 31, 2019
Net sales of completed construction contracts	38,129	36,917
Cost of sales of completed construction contracts	29,873	29,493
Gross profit on completed construction contracts	8,256	7,424
Selling, general and administrative expenses	3,264	3,230
Operating profit	4,991	4,193
Non-operating income		
Interest income	62	38
Dividend income	94	93
Real estate rent	169	185
Other	88	131
Total non-operating income	414	448
Non-operating expenses		
Interest expenses	8	4
Rent cost of real estate	104	110
Foreign exchange losses	11	14
Loss on retirement of non-current assets	20	15
Other	10	43
Total non-operating expenses	155	188
Ordinary profit	5,250	4,454
Profit before income taxes	5,250	4,454
Income taxes - current	1,495	1,242
Income taxes - deferred	171	215
Total income taxes	1,667	1,458
Profit	3,583	2,995
Profit attributable to non-controlling interests	32	9
Profit attributable to owners of parent	3,550	2,985

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	3,583	2,995
Other comprehensive income		
Valuation difference on available-for-sale securities	(346)	93
Foreign currency translation adjustment	(34)	(88)
Remeasurements of defined benefit plans, net of tax	8	3
Total other comprehensive income	(372)	8
Comprehensive income	3,211	3,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,178	2,994
Comprehensive income attributable to non-controlling interests	32	9

**(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.

**Segment information, etc.****<Segment Information>****I. Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)**

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	33,406	4,723	38,129	–	38,129
(2) Intersegment sales or transfers	29	138	167	(167)	–
Total	33,435	4,861	38,297	(167)	38,129
Segment profit	4,614	302	4,917	74	4,991

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, 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.

### 3. Supplementary Information

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

##### a. Orders received

Segment	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	36,408	87.8	31,547	91.8	(4,860)	49,418	88.0
Boiler	5,053	12.2	2,832	8.2	(2,220)	6,746	12.0
Total	41,461	100.0	34,380	100.0	(7,080)	56,165	100.0

##### b. Net sales

Segment	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	33,406	87.6	31,384	85.0	(2,022)	46,351	87.8
Boiler	4,723	12.4	5,533	15.0	810	6,459	12.2
Total	38,129	100.0	36,917	100.0	(1,212)	52,810	100.0

##### c. Balance of orders

Segment	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Increase (decrease) Millions of yen	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Construction	15,230	68.2	15,459	78.0	229	15,296	68.4
Boiler	7,104	31.8	4,360	22.0	(2,743)	7,061	31.6
Total	22,334	100.0	19,820	100.0	(2,514)	22,357	100.0