

## Consolidated Financial Report For the Six Months Ended September 30, 2023

November 9, 2023

Company Name: Meitec Group Holdings Inc.  
 Representative: Hideyo Kokubun  
 President, Group CEO  
 Code No.: 9744 TSE Prime Market

[Fractions of one million yen are rounded down]

### 1. Consolidated Results for the 2nd Quarter (April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2023	62,553	7.8	8,620	13.7	8,625	13.0	5,750	12.6
Six months ended September 30, 2022	58,029	14.0	7,584	42.1	7,635	41.2	5,107	43.9

(Note) Comprehensive Income; Six months ended September 30, 2023: 5,811 million yen [ 12.0% ]  
 Six months ended September 30, 2022: 5,186 million yen [ 40.9% ]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2023	73.33	—
Six months ended September 30, 2022	63.74	—

(Note) The Company conducted a share split with a ratio of three shares for one share of common stock on July 1, 2022.  
 Earnings per share is calculated assuming the share split to have been conducted at the start of the previous fiscal year.

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2023	85,665	47,589	55.6
As of March 31, 2023	84,576	46,719	55.2

Reference: Shareholders' Equity; as of September 30, 2023: 47,589 million yen  
 as of March 31, 2023: 46,719 million yen

### 2. Dividends

	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2023	—	39.00	—	63.00	102.00
FY ending March 31, 2024	—	44.00	—	—	—
FY ending March 31, 2024 (Forecast)	—	—	—	63.00	107.00

(Note) Revision of dividends forecast from recent forecast: Yes

### 3. Consolidated Forecasts for Fiscal Year ending March 31, 2024

(% is comparison to the same period of previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY ending March 31, 2024	126,500	6.2	17,400	5.7	17,400	5.2	11,900	(2.9)	151.74

(Note) Revision of performance forecast from recent forecast: Yes

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## **Notes to Financial Statements**

- (1) Significant changes involving subsidiaries during the term: Yes  
(Changes in specific subsidiaries that affected the scope of consolidation)  
Newly consolidated: 1 (MEITEC SPLIT PREPARATORY COMPANY)  
(Note) The business name changed from MEITEC SPLIT PREPARATORY COMPANY to MEITEC CORPORATION on October 1, 2023.
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- |  |      |
|--|------|
| i. Change in accounting policies :     | None |
| ii. Changes not relating to i. :       | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements :                     | None |
- (4) Number of shares issued (common stock)
- |   |            |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) |            |
| 2nd quarter ended September 30, 2023:   | 82,500,000 |
| FY ended March 31, 2023:  | 82,500,000 |
| ii. Number of treasury shares at the fiscal year end                          |            |
| 2nd quarter ended September 30, 2023:   | 4,078,707  |
| FY ended March 31, 2023:  | 4,078,400  |
| iii. Average number of shares outstanding during the period                   |            |
| 2nd quarter ended September 30, 2023:   | 78,421,484 |
| 2nd quarter ended September 30, 2022:   | 80,125,676 |
- (Note) The Company conducted a share split with a ratio of three shares for one share of common stock on July 1, 2022. Number of shares issued at the fiscal year end, number of treasury shares at the fiscal year end, and average number of shares outstanding during the period have been calculated assuming the share split to have been conducted at the start of the previous fiscal year.

**\* This report is not included in the scope of the audit or the certified public accountant.**

**\* Advice relating to appropriate use of financial forecasts and other relevant information**

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable, and it is not intended to promise its achievement. Actual results may therefore differ materially from these statements for various reasons. Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.

## 1. Qualitative Information on the Consolidated Results for the 2nd Quarter

During the first half of the current fiscal year (the six months from April 1, 2023 to September 30, 2023), the legal status of COVID-19 was downgraded to Category V, economic and social activity was normalizing, and business conditions were gradually recovering. However, the economic outlook remained uncertain due to factors including a tense international situation, increases in the prices of resources, and yen depreciation.

As a result of investment in technological development focused on the next generation of products by the leading manufacturers that constitute the Company's major clients, the order environment was strong.

Under these circumstances, as a result of the Company continuing proactive recruitment with an eye on medium- and long-term growth, the number of engineers (total for MT and MF) as of September 30, 2023, increased to 12,523 (up 450, or 3.7% compared to September 30, 2022), including 824 (MT: 459, MF: 365) new employees joining the Group in April 2023. In addition, as a result of steady progress in assignments of both new and existing employees in response to orders, the Company achieved both an increase in the number of engineers assigned to clients and improvement in the utilization ratio. Note that working hours decreased slightly year on year, mainly due to a decrease in overtime work.

As a result, consolidated net sales for the period under review increased ¥4,523 million, or 7.8%, from a year earlier to ¥62,553 million. Consolidated cost of sales increased ¥3,315 million, or 7.8%, from a year earlier to ¥45,672 million, due mainly to an increase in labor expenses associated with growth in the number of engineers, and consolidated selling, general and administrative expenses increased ¥171 million, or 2.1%, from a year earlier to ¥8,259 million. As a result, consolidated operating profit increased ¥1,036 million, or 13.7%, from a year earlier to ¥8,620 million.

Consolidated ordinary profit increased ¥989 million, or 13.0%, from a year earlier to ¥8,625 million, while profit attributable to owners of parent increased ¥643 million, or 12.6%, from a year earlier to ¥5,750 million.

For details, please refer to the "Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2024" released today on the Tokyo Stock Exchange's Timely Disclosure network (TDnet) and the Company's website.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2023	The 2nd Quarter ended Sep. 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	51,028	50,572
Notes and accounts receivable - trade	17,354	17,872
Work in process	172	225
Other	928	1,576
<b>Total current assets</b>	<b>69,484</b>	<b>70,247</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,124	3,051
Other, net	1,661	1,706
<b>Total property, plant and equipment</b>	<b>4,785</b>	<b>4,757</b>
Intangible assets		
Other	369	451
<b>Total intangible assets</b>	<b>369</b>	<b>451</b>
Investments and other assets		
Deferred tax assets	8,994	8,967
Other	944	1,249
Allowance for doubtful accounts	(2)	(7)
<b>Total investments and other assets</b>	<b>9,935</b>	<b>10,209</b>
<b>Total non-current assets</b>	<b>15,091</b>	<b>15,417</b>
<b>Total assets</b>	<b>84,576</b>	<b>85,665</b>
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	2,694	2,818
Provision for bonuses for directors (and other officers)	181	134
Provision for bonuses	9,955	9,944
Other	7,993	7,947
<b>Total current liabilities</b>	<b>20,824</b>	<b>20,844</b>
Non-current liabilities		
Retirement benefit liability	17,032	17,231
<b>Total non-current liabilities</b>	<b>17,032</b>	<b>17,231</b>
<b>Total liabilities</b>	<b>37,856</b>	<b>38,075</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	1,259	1,259
Retained earnings	49,207	50,017
Treasury shares	(7,795)	(7,796)
<b>Total shareholders' equity</b>	<b>47,671</b>	<b>48,480</b>
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(289)	(228)
<b>Total accumulated other comprehensive income</b>	<b>(951)</b>	<b>(891)</b>
<b>Total net assets</b>	<b>46,719</b>	<b>47,589</b>
<b>Total liabilities and net assets</b>	<b>84,576</b>	<b>85,665</b>

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

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2022	The 2nd Quarter ended Sep. 30, 2023
Net sales	58,029	62,553
Cost of sales	42,357	45,672
Gross profit	15,672	16,880
Selling, general and administrative expenses	8,088	8,259
Operating profit	7,584	8,620
Non-operating income		
Interest income	0	0
Subsidy income	45	16
Other	6	6
Total non-operating income	52	24
Non-operating expenses		
Commitment fees	1	1
Other	0	18
Total non-operating expenses	1	19
Ordinary profit	7,635	8,625
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Impairment losses	—	3
Total extraordinary losses	0	5
Profit before income taxes	7,635	8,619
Income taxes	2,527	2,868
Profit	5,107	5,750
Profit attributable to owners of parent	5,107	5,750

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2022	The 2nd Quarter ended Sep. 30, 2023
Profit	5,107	5,750
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	79	60
Total other comprehensive income	79	60
Comprehensive income	5,186	5,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,186	5,811

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(3) Notes to Quaterly Financial Statements

(3)-1 Notes to Financial Statements Regarding Going Concern: None

(3)-2 Significant changes in shareholders' equity: None

(3)-3 Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the second quarter ended September 30, 2023.

(3)-4 Additional Information

There has been no material change in the assumptions regarding the impact of the spread of COVID-19 stated in (Additional Information) of the Company's annual securities report for the fiscal year ended March 31, 2023.