



August 1, 2024

Consolidated Financial Report For the Three Months Ended June 30, 2024 (Japanese GAAP)

Company Name: Meitec Group Holdings Inc.
 Listed Stock Exchange: Tokyo
 Code No.: 9744
 URL: <https://www.meitecgroup-holdings.com/en/index.html>
 Representative: Masato Uemura, President, Group CEO
 Inquiries: Toru Yamashita, Executive officer for the Accounting, the Finance, the Management Administration
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

[Fractions of one million yen are rounded down]

1. Consolidated Results for the 1st Quarter (April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	32,910	5.1	4,767	12.5	4,780	13.2	3,223	22.2
Three months ended June 30, 2023	31,302	9.3	4,238	13.8	4,225	12.9	2,638	11.3

(Note) Comprehensive Income; Three months ended June 30, 2024: 3,226 million yen [20.9 %]
 Three months ended June 30, 2023: 2,669 million yen [10.7 %]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2024	41.75	—
Three months ended June 30, 2023	33.65	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2024	81,973	45,518	55.5
As of March 31, 2024	90,761	47,696	52.6

Reference: Shareholders' Equity; as of June 30, 2024: 45,518 million yen
 as of March 31, 2024: 47,696 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, 2024	—	44.00	—	70.00	114.00
FY ending March 31, 2025	—	—	—	—	—
FY ending March 31, 2025 (Forecast)	—	88.00	—	100.00	188.00

(Note) Revision of dividends forecast from recent forecast: None

(Note) Breakdown of dividends for FY ending March 31, 2025: ordinary dividend of ¥158.00 and commemorative dividend of ¥30.00 (the 50th anniversary commemorative dividend)

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

3. Consolidated Forecasts for Fiscal Year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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
Six months ending September 30, 2024	65,000	3.9	8,200	(4.9)	8,200	(4.9)	5,600	(2.6)	72.53
FY ending March 31, 2025	132,700	4.5	17,500	(0.9)	17,600	(0.4)	12,100	(2.0)	156.72

(Note) Revision of performance forecast from recent forecast: None

Notes to Financial Statements

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

Newly consolidated: —

Excluded: —

(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)

1st quarter ended June 30, 2024: 78,000,000

FY ended March 31, 2024: 78,000,000

ii. Number of treasury shares at the fiscal year end

1st quarter ended June 30, 2024: 792,517

FY ended March 31, 2024: 792,507

iii. Average number of shares outstanding during the period (first quarter cumulative)

1st quarter ended June 30, 2024: 77,207,486

1st quarter ended June 30, 2023: 78,421,587

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm : None**

*** 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.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

1. Overview of Operating Results

(1) Overview of operating results for the 1st Quarter

During the first quarter of the current fiscal year (the three months from April 1, 2024 to June 30, 2024), while business conditions continued to gradually recover, the economic outlook remained uncertain due mainly to the continued tense international situation and rising prices of resources and other items.

MEITEC (MT) and MEITEC Fielders (MF), which are responsible for the Engineering Solutions Business that accounts for more than 90% of the Group's consolidated net sales, saw orders remain strong as leading manufacturers that constitute the Group's major clients invested in technological development focused on the next generation of products. Furthermore, the Company continued proactive recruitment that adheres to high standards even in a challenging hiring situation, with an eye on medium- and long-term growth. As a result, 631 (MT: 329, MF: 302) new employees joined the Group in April 2024, bringing the number of engineers (total for MT and MF) as of June 30, 2024 to 12,686 (up +109, or +0.9% compared to June 30, 2023). In addition, as a result of promoting 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. Moreover, working hours increased slightly year on year, mainly due to an increase in overtime work.

As a result, consolidated net sales for the period under review increased ¥1,607 million, or 5.1%, from a year earlier to ¥32,910 million. Consolidated cost of sales increased ¥1,028 million, or 4.5%, from a year earlier to ¥23,917 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 ¥49 million, or 1.2%, from a year earlier to ¥4,224 million. As a result, consolidated operating profit increased ¥529 million, or 12.5%, from a year earlier to ¥4,767 million. Consolidated ordinary profit increased ¥555 million, or 13.2%, from a year earlier to ¥4,780 million, while profit attributable to owners of parent increased ¥584 million, or 22.2%, from a year earlier to ¥3,223 million.

For details, please refer to the "Results for the 1st Quarter of the Fiscal Year Ending March 31, 2025" released today on the Tokyo Stock Exchange's Timely Disclosure network (TDnet Company Announcements Service) and the Company's website.

The following information highlights performance by segment:

With the transition to a holding company structure on October 1, 2023, and from the third quarter of the previous fiscal year, the Company changed its segment categories from the previous two categories of "Engineering Solutions Business" and "Recruiting & Placement Business for Engineers" to the three categories of "Engineering Solutions Business," "Recruiting & Placement Business for Engineers" and "Other."

(1)-1. Engineering Solutions Business

Net sales in the Engineering Solutions Business segment, especially in the temporary engineer staffing business, our core business, increased ¥1,621 million, or 5.2%, from a year earlier to ¥32,570 million on the back of the increase in number of engineers assigned to clients and improvement in the utilization ratio. Operating profit increased ¥594 million, or 14.4%, from a year earlier to ¥4,714 million. The overall utilization ratio increased year on year to 95.8% at MT (94.5% in the previous fiscal year) and to 93.5% at MF (90.6% in the previous fiscal year). Working hours increased slightly year on year to 8.37 hours/day at MT (8.33 hours/day in the previous fiscal year) and to 8.21 hours/day at MF (8.19 hours/day in the previous fiscal year).

(1)-2. Recruiting & Placement Business for Engineers

MEITEC NEXT CORPORATION operates job placement business for engineers. Net sales for the fiscal year under review decreased ¥15 million, or 4.3%, from a year earlier to ¥345 million due to a decrease in the number of job placement, and operating profit increased ¥1 million, or 1.1%, from a year earlier to ¥119 million.

(1)-3. Other

In the businesses related to the group's operations, net sales were ¥7,679 million, and operating profit was ¥7,450 million.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

(2) Overview of Financial Position for the 1st Quarter

Total consolidated assets at the end of the 1st quarter (June 30, 2024) decreased ¥8,787 million from March 31, 2024 to ¥81,973 million. This reflected a decrease of ¥8,937 million in current assets as a result of a decrease in cash and deposits from the previous fiscal year-end. Furthermore, the main factors for the decrease in cash and deposits were payment of bonuses, income taxes payable and year-end dividends of the previous fiscal year.

Total consolidated liabilities as of June 30, 2024 decreased ¥6,609 million from March 31, 2024 to ¥36,454 million. This reflected a decrease of ¥ 6,695 million in current liabilities from the previous fiscal year-end. The decrease in current liabilities was primarily due to a decrease in provision for bonuses associated with the payment of bonuses.

Total consolidated net assets as of June 30, 2024 decreased ¥2,177 million from March 31, 2024 to ¥45,518 million. This mainly reflected an increase in profit attributable to owners of parent due to business performance in the period under review, offset by the payment of dividends.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2024	The 1st Quarter ended Jun. 30, 2024
Assets		
Current assets		
Cash and deposits	52,744	45,567
Notes and accounts receivable - trade	18,215	18,712
Work in process	174	285
Consumption taxes refund receivable	2,432	—
Other	1,203	1,269
Allowance for doubtful accounts	(4)	(4)
Total current assets	74,767	65,829
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,005	2,971
Other, net	1,650	1,641
Total property, plant and equipment	4,656	4,613
Intangible assets		
Other	403	379
Total intangible assets	403	379
Investments and other assets		
Deferred tax assets	9,356	9,352
Other	1,592	1,813
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	10,933	11,150
Total non-current assets	15,993	16,144
Total assets	90,761	81,973
Liabilities		
Current liabilities		
Income taxes payable	3,674	1,702
Provision for bonuses for directors (and other officers)	131	70
Provision for bonuses	10,612	5,103
Other	11,373	12,220
Total current liabilities	25,791	19,096
Non-current liabilities		
Retirement benefit liability	17,273	17,358
Total non-current liabilities	17,273	17,358
Total liabilities	43,064	36,454
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	1,259	1,259
Retained earnings	43,554	41,373
Treasury shares	(1,691)	(1,691)
Total shareholders' equity	48,122	45,941
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	236	240
Total accumulated other comprehensive income	(425)	(422)
Total net assets	47,696	45,518
Total liabilities and net assets	90,761	81,973

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

(Millions of Yen)

	The 1st Quarter ended Jun. 30, 2023	The 1st Quarter ended Jun. 30, 2024
Net sales	31,302	32,910
Cost of sales	22,889	23,917
Gross profit	8,413	8,992
Selling, general and administrative expenses	4,175	4,224
Operating profit	4,238	4,767
Non-operating income		
Interest income	0	0
Subsidy income	3	3
Interest on tax refund	—	7
Other	1	3
Total non-operating income	4	14
Non-operating expenses		
Commitment fees	0	0
Other	17	1
Total non-operating expenses	18	1
Ordinary profit	4,225	4,780
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	4,224	4,780
Income taxes	1,585	1,557
Profit	2,638	3,223
Profit attributable to owners of parent	2,638	3,223

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 1st Quarter ended Jun. 30, 2023	The 1st Quarter ended Jun. 30, 2024
Profit	2,638	3,223
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	30	3
Total other comprehensive income	30	3
Comprehensive income	2,669	3,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,669	3,226

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

(3) Notes to Quarterly Consolidated Financial Statements
 (Notes to Financial Statements Regarding Going Concern)

None

(Significant Changes in Shareholders' Equity)

None

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024.

Depreciation (including amortization of intangible assets) for the three-month period under review is as follows:

	(Millions of Yen)	
	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	94	75

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

(Notes to Segment Information, etc.)

[Segment Information]

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

1. Disclosure of Sales and Profit (Loss) for Each Reportable Segment • Matters regarding changes to reporting segments, etc.

(Millions of Yen)

	Reportable segments			Total
	Engineering Solutions Business	Recruiting & Placement Business for Engineers	Other	
Net sales				
Revenues from external customers	30,946	356	–	31,302
Intersegment sales and transfers	1	4	–	6
Total	30,948	360	–	31,309
Segment profit	4,119	118	–	4,238

2. Difference between the Total Amount of Profit (Loss) for Reportable Segments and the Amount Recorded in the Quarterly Consolidated Financial Statements and the Main Details of Such Difference (Matters Concerning Reconciliation)

(Millions of Yen)

Profit	Amount
Reportable segment total	4,238
Intersegment eliminations	–
Operating profit in quarterly consolidated financial statements	4,238

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

1. Disclosure of Sales and Profit (Loss) for Each Reportable Segment

(Millions of Yen)

	Reportable segments			Total
	Engineering Solutions Business	Recruiting & Placement Business for Engineers	Other	
Net sales				
Revenues from external customers	32,569	340	–	32,910
Intersegment sales and transfers	0	4	7,679	7,684
Total	32,570	345	7,679	40,594
Segment profit	4,714	119	7,450	12,284

Note: The “Other” segment represents the Company’s business as a holding company, mainly engaged in the management of Group companies and real estate.

2. Difference between the Total Amount of Profit (Loss) for Reportable Segments and the Amount Recorded in the Quarterly Consolidated Financial Statements and the Main Details of Such Difference (Matters Concerning Reconciliation)

(Millions of Yen)

Profit	Amount
Reportable segment total	12,284
Intersegment eliminations	(7,517)
Operating profit in quarterly consolidated financial statements	4,767

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

3. Matters relating to changes in reportable segments

With the transition to a holding company structure on October 1, 2023, and from the third quarter of the previous fiscal year, the Company changed its segment categories from the previous two categories of “Engineering Solutions Business” and “Recruiting & Placement Business for Engineers” to the three categories of “Engineering Solutions Business,” “Recruiting & Placement Business for Engineers” and “Other.” Furthermore, the category of the Company, which is a holding company and was previously categorized in the “Engineering Solutions Business,” has been changed to “Other.” Moreover, segment information for the first quarter of the previous fiscal year has been created and disclosed based on the reportable segment categories following the transition to the holding company structure.

(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 first quarter ended June 30, 2024.