



October 31, 2024

Consolidated Financial Report For the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company Name: Meitec Group Holdings Inc.
 Listing: Tokyo Stock Exchange
 Securities code.: 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 file semi-annual securities report: November 8, 2024
 Scheduled date to commence dividend payments: November 29, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

[Yen amounts are rounded down to millions, unless otherwise noted.]

1. Consolidated Results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(% 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, 2024	65,837	5.3	9,020	4.6	9,048	4.9	5,538	(3.7)
Six months ended September 30, 2023	62,553	7.8	8,620	13.7	8,625	13.0	5,750	12.6

(Note) Comprehensive Income; For the six months ended September 30, 2024: 5,546 million yen [(4.6) %]
 For the six months ended September 30, 2023: 5,811 million yen [12.0 %]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Six months ended September 30, 2024	71.73	—
Six months ended September 30, 2023	73.33	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2024	87,964	47,838	54.4
As of March 31, 2024	90,761	47,696	52.6

Reference: Shareholders' Equity; As of September 30, 2024: 47,838 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	—	88.00	—	—	—
FY ending March 31, 2025 (Forecast)	—	—	—	97.00	185.00

(Note) Revisions to the forecast of cash dividends most recently announced: Yes

(Note) Breakdown of dividends for FY ending March 31, 2025: ordinary dividend of ¥155.00 and commemorative dividend of ¥30.00(the 50th anniversary commemorative dividend)

Regarding the revision of the dividends, please refer to (4) Revision of Dividend Forecast (Year-end Dividends) of 1. Overview of Operating Results on page 3.

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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
FY ending March 31, 2025	133,300	5.0	18,200	3.1	18,300	3.6	11,900	(3.6)	154.13

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

Regarding the revision of the performance forecast, please refer to (3) Explanation of Consolidated Earnings Forecasts and other Forward-looking Statements of 1. Overview of Operating Results on page 3.

Notes to Financial Statements

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

Newly consolidated: —

Excluded: —

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statement: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

i. Changes in accounting policies due to revisions to accounting standards and other regulations : None

ii. Changes in accounting policies due to other reasons : None

iii. Changes in accounting estimates : None

iv. Restatement : None

(4) Number of issued shares (common shares)

i. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024: 78,000,000

As of March 31, 2024: 78,000,000

ii. Number of treasury shares at the end of the period

As of September 30, 2024: 792,605

As of March 31, 2024: 792,507

iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024: 77,207,467

Six months ended September 30, 2023: 78,421,484

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

*** Proper use of earnings forecasts, and other special matters**

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.

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1. Overview of Operating Results

(1) Overview of Operating Results

During the first half of the current fiscal year (the six months from April 1, 2024 to September 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, the number of engineers as of September 30, 2024 remained largely unchanged year on year at 12,512 engineers (down 11, or -0.08% compared to September 30, 2023). As a result of promoting assignments of both new and existing employees in response to orders under such circumstances, 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 ¥3,284 million, or 5.3%, from a year earlier to ¥65,837 million. Consolidated cost of sales increased ¥2,538 million, or 5.6%, from a year earlier to ¥48,210 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 ¥346 million, or 4.2%, from a year earlier to ¥8,606 million. As a result, consolidated operating profit increased ¥399 million, or 4.6%, from a year earlier to ¥9,020 million, and consolidated ordinary profit increased ¥422 million, or 4.9%, from a year earlier to ¥9,048 million.

Meanwhile, profit attributable to owners of parent decreased ¥212 million, or 3.7%, from a year earlier to ¥5,538 million as a result of having recorded impairment losses of ¥620 million associated with a decision to suspend use of a large training facility owned by the Company.

For details, please refer to the "Results for the 2nd 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.

(2) Overview of Financial Position

Total consolidated assets at the end of the 1st half (September 30, 2024) decreased ¥2,796 million from March 31, 2024 to ¥87,964 million. This reflected a decrease of ¥2,638 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 September 30, 2024 decreased ¥2,938 million from March 31, 2024 to ¥40,126 million. This reflected a decrease of ¥3,109 million in current liabilities from the previous fiscal year-end. The decrease in current liabilities was primarily due to a decrease in accrued consumption taxes.

Total consolidated net assets as of September 30, 2024 increased ¥141 million from March 31, 2024 to ¥47,838 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.

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

Having revised key indicators for the Engineering Solutions Business taking into account prevailing trends, the Company has accordingly revised its consolidated forecasts released on May 9, 2024.

For details of the forecasts for the fiscal year ending March 31, 2025, please refer to the "Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2025" released today on TDnet Company Announcements Service and the Company's website.

(4) Revision of Dividend Forecast (Year-end Dividends)

The Company has revised its year-end dividend forecast for the fiscal year ending March 31, 2025 in alignment with its basic policy on profit distribution, taking into account revisions to the consolidated forecasts for the fiscal year ending March 31, 2025.

For details, please refer to the "Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2025" released today on TDnet Company Announcements Service and the Company's website

2. consolidated financial statements and principal notes
(1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2024	The 2nd Quarter ended Sep. 30, 2024
Assets		
Current assets		
Cash and deposits	52,744	50,561
Notes and accounts receivable - trade	18,215	18,100
Work in process	174	267
Consumption taxes refund receivable	2,432	1,325
Other	1,203	1,879
Allowance for doubtful accounts	(4)	(5)
Total current assets	74,767	72,128
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,005	2,664
Other, net	1,650	1,518
Total property, plant and equipment	4,656	4,183
Intangible assets		
Other	403	356
Total intangible assets	403	356
Investments and other assets		
Deferred tax assets	9,356	9,350
Other	1,592	1,965
Allowance for doubtful accounts	(15)	(19)
Total investments and other assets	10,933	11,296
Total non-current assets	15,993	15,835
Total assets	90,761	87,964
Liabilities		
Current liabilities		
Income taxes payable	3,674	3,181
Provision for bonuses for directors (and other officers)	131	75
Provision for bonuses	10,612	10,682
Other	11,373	8,741
Total current liabilities	25,791	22,681
Non-current liabilities		
Retirement benefit liability	17,273	17,445
Total non-current liabilities	17,273	17,445
Total liabilities	43,064	40,126
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	1,259	1,259
Retained earnings	43,554	43,534
Treasury shares	(1,691)	(1,691)
Total shareholders' equity	48,122	48,101
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(508)
Remeasurements of defined benefit plans	236	245
Total accumulated other comprehensive income	(425)	(263)
Total net assets	47,696	47,838
Total liabilities and net assets	90,761	87,964

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

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2023	The 2nd Quarter ended Sep. 30, 2024
Net sales	62,553	65,837
Cost of sales	45,672	48,210
Gross profit	16,880	17,626
Selling, general and administrative expenses	8,259	8,606
Operating profit	8,620	9,020
Non-operating income		
Interest income	0	5
Subsidy income	16	15
Interest on tax refund	—	7
Other	6	8
Total non-operating income	24	36
Non-operating expenses		
Provision of allowance for doubtful accounts	—	4
Bad debt expenses	0	2
Commitment fees	1	1
Other	18	1
Total non-operating expenses	19	9
Ordinary profit	8,625	9,048
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Impairment losses	3	620
Total extraordinary losses	5	621
Profit before income taxes	8,619	8,426
Income taxes	2,868	2,888
Profit	5,750	5,538
Profit attributable to owners of parent	5,750	5,538

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2023	The 2nd Quarter ended Sep. 30, 2024
Profit	5,750	5,538
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	60	8
Total other comprehensive income	60	8
Comprehensive income	5,811	5,546
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,811	5,546

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(3) Notes to Consolidated Financial Statements

(Notes to Financial Statements Regarding Going Concern)

None

(Significant Changes in Shareholders' Equity)

None

(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 six months ended September 30, 2024.