

Consolidated Financial Report For the Nine Months Ended December 31, 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
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: No

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

1. Consolidated Results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	100,398	5.1	15,212	6.2	15,253	6.4	9,801	(0.0)
Nine months ended December 31, 2023	95,497	7.7	14,327	15.7	14,335	15.2	9,804	15.5

(Note) Comprehensive Income; For the nine months ended December 31, 2024: 9,901 million yen [0.1 %]
 For the nine months ended December 31, 2023: 9,895 million yen [14.9 %]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Nine months ended December 31, 2024	126.95	—
Nine months ended December 31, 2023	125.11	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2024	84,898	45,397	53.5
As of March 31, 2024	90,761	47,696	52.6

Reference: Shareholders' Equity; As of December 31, 2024: 45,397 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: None

(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)

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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: None

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 December 31, 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 December 31, 2024: 792,998

As of March 31, 2024: 792,507

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

Nine months ended December 31, 2024: 77,207,356

Nine months ended December 31, 2023: 78,360,674

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

* **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 three quarters of the current fiscal year (the nine months from April 1, 2024 to December 31, 2024), while business conditions continued to gradually recover, the economic outlook remained uncertain due mainly to the continued unstable 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 December 31, 2024 remained largely unchanged year on year at 12,365 engineers (down 42, or -0.3% compared to December 31, 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 ¥4,901 million, or 5.1%, from a year earlier to ¥100,398 million. Consolidated cost of sales increased ¥3,469 million, or 5.0%, from a year earlier to ¥72,346 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 ¥546 million, or 4.4%, from a year earlier to ¥12,839 million. As a result, consolidated operating profit increased ¥885 million, or 6.2%, from a year earlier to ¥15,212 million. Consolidated ordinary profit increased ¥918 million, or 6.4%, from a year earlier to ¥15,253 million.

Meanwhile, profit attributable to owners of parent decreased ¥2 million, or 0.0%, from a year earlier to ¥9,801 million as a result of having recorded impairment losses of ¥620 million given the decision to suspend use of a large training facility owned by the Company during the first half of the fiscal year ending March 31, 2025.

For details, please refer to the "Results for the 3rd 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:

(1)-1. Engineering Solutions Business

Net sales in the Engineering Solutions Business segment, especially in the temporary engineer staffing business, our core business, increased ¥4,896 million, or 5.2%, from a year earlier to ¥99,403 million on the back of the increase in number of engineers assigned to clients and improvement in the utilization ratio. Operating profit increased ¥992 million, or 7.1%, from a year earlier to ¥14,953 million.

The overall utilization ratio increased year on year to 98.0% at MT (97.3% in the previous fiscal year) and to 96.7% at MF (94.6% in the previous fiscal year). Working hours increased slightly year on year to 8.35 hours/day at MT (8.29 hours/day in the previous fiscal year) and to 8.21 hours/day at MF (8.18 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 ¥12 million, or 1.3%, from a year earlier to ¥1,004 million due to factors including a decrease in the number of job placement, and, given efficiency improvements, operating profit increased ¥33 million, or 10.8%, from a year earlier to ¥343 million.

(1)-3. Other

In the businesses related to the group's operations, net sales were ¥7,679 million, and operating profit was ¥7,109 million.

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(2) Overview of Financial Position

Total consolidated assets at the end of the 3rd quarter (December 31, 2024) decreased ¥5,862 million from March 31, 2024 to ¥84,898 million. This reflected a decrease of ¥5,835 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 dividends.

Total consolidated liabilities as of December 31, 2024 decreased ¥3,563 million from March 31, 2024 to ¥39,500 million. This reflected a decrease of ¥ 3,740 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 December 31, 2024 decreased ¥2,299 million from March 31, 2024 to ¥45,397 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. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2024	The 3rd Quarter ended Dec. 31, 2024
Assets		
Current assets		
Cash and deposits	52,744	46,110
Notes and accounts receivable - trade	18,215	18,184
Work in process	174	285
Consumption taxes refund receivable	2,432	2,324
Other	1,203	2,030
Allowance for doubtful accounts	(4)	(4)
Total current assets	74,767	68,931
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,005	2,636
Other, net	1,650	1,510
Total property, plant and equipment	4,656	4,147
Intangible assets		
Other	403	337
Total intangible assets	403	337
Investments and other assets		
Deferred tax assets	9,356	9,312
Other	1,592	2,189
Allowance for doubtful accounts	(15)	(20)
Total investments and other assets	10,933	11,482
Total non-current assets	15,993	15,966
Total assets	90,761	84,898
Liabilities		
Current liabilities		
Income taxes payable	3,674	3,089
Provision for bonuses for directors (and other officers)	131	70
Provision for bonuses	10,612	5,370
Other	11,373	13,520
Total current liabilities	25,791	22,050
Non-current liabilities		
Retirement benefit liability	17,273	17,449
Total non-current liabilities	17,273	17,449
Total liabilities	43,064	39,500
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	1,259	1,259
Retained earnings	43,554	41,003
Treasury shares	(1,691)	(1,693)
Total shareholders' equity	48,122	45,569
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(508)
Remeasurements of defined benefit plans	236	336
Total accumulated other comprehensive income	(425)	(172)
Total net assets	47,696	45,397
Total liabilities and net assets	90,761	84,898

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

(Millions of Yen)

	The 3rd Quarter ended Dec. 31, 2023	The 3rd Quarter ended Dec. 31, 2024
Net sales	95,497	100,398
Cost of sales	68,877	72,346
Gross profit	26,619	28,052
Selling, general and administrative expenses	12,292	12,839
Operating profit	14,327	15,212
Non-operating income		
Interest income	0	6
Subsidy income	19	26
Interest on tax refund	—	7
Other	11	12
Total non-operating income	31	52
Non-operating expenses		
Provision of allowance for doubtful accounts	—	6
Bad debt expenses	0	2
Commitment fees	2	1
Other	21	1
Total non-operating expenses	23	11
Ordinary profit	14,335	15,253
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Impairment losses	3	620
Total extraordinary losses	6	621
Profit before income taxes	14,329	14,632
Income taxes	4,525	4,831
Profit	9,804	9,801
Profit attributable to owners of parent	9,804	9,801

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 3rd Quarter ended Dec. 31, 2023	The 3rd Quarter ended Dec. 31, 2024
Profit	9,804	9,801
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	90	99
Total other comprehensive income	90	99
Comprehensive income	9,895	9,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,895	9,901

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(3) Notes to Consolidated Financial Statements

(Notes to Financial Statements Regarding Going Concern)

None

(Notes Regarding the Occurrence of Significant Changes in Amount of Shareholders' Equity)

None

(Notes to Quarterly Consolidated Statements of Cash Flows)

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 nine months ended December 31, 2024.

(Millions of Yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation	272	219

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(Notes to Segment Information, etc.)

[Segment Information]

I Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	94,503	994	—	95,497
Intersegment sales and transfers	3	23	2,526	2,553
Total	94,506	1,017	2,526	98,050
Segment profit	13,960	309	2,367	16,637

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	16,637
Intersegment eliminations	(2,310)
Operating profit in quarterly consolidated financial statements	14,327

II Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	99,400	998	—	100,398
Intersegment sales and transfers	2	5	7,679	7,687
Total	99,403	1,004	7,679	108,086
Segment profit	14,953	343	7,109	22,405

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	22,405
Intersegment eliminations	(7,192)
Operating profit in quarterly consolidated financial statements	15,212

(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 Third quarter ended December 31, 2024.