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Consolidated Financial Report For the Nine Months Ended December 31, 2019

January 30, 2020

Company Name: Meitec Corporation Representative: Hideyo Kokubun

President, Group CEO 9744 TSE 1st Section

Code No.:

[Fractions of one million yen are rounded down]

1. Consolidated Results for the 3rd Quarter (April 1, 2019 to December 31, 2019)

(1) Consolidated operating results

(% is comparison to the previous fiscal year)

1 8					,	1	1	
	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	% (4.1)	Millions of Yen		Millions of Yen	%
Nine months ended December 31, 2019		2.5	9,867	(4.1)	9,900	(3.8)	6,702	(4.6)
Nine months ended December 31, 2018	73,339	4.6	10,289	11.7	10,296	11.7	7,022	12.2

(Note)Comprehensive Income;

Nine months ended December 31, 2019: Nine months ended December 31, 2018:

6,897 million yen [(4.4)%] 7,210 million yen [11.6%]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2019	241.77	_
Nine months ended December 31, 2018	250.63	_

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2019	70,664	41,954	59.4
As of March 31, 2019	74,615	42,371	56.8

Reference: Shareholders' Equity;

as of December 31, 2019: as of March 31, 2019:

41,954 million yen 42,371 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, 2019	_	84.00	_	115.50	199.50		
FY ending March 31, 2020	_	86.50	_				
FY ending March 31, 2020 (Forecast)				107.00	193.50		

(Note) Revision of dividends forecast from recent forecast:

None

3. Consolidated Forecasts for Fiscal Year ending March 31, 2020

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

	Net Sa	les	Opera Prof	_	Ordina Profi	2	Profit Attri	rs of	Earnings per Share
FY ending March 31, 2020	Millions of Yen 101,800	% 4.2	Millions of Yen 12,900	% 2.1	Millions of Yen 12,900	% 2.0	Parer Millions of Yen 8,800	% (0.3)	Yen 318.83

(Note) Revision of performance forecast from recent forecast:



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Notes to Financial Statements

(1) Significant changes involving subsidiaries during the term: None (Changes in specific subsidiaries that affected the scope of consolidation)

(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)

3rd Quarter ended December 31, 2019: 29,300,000 FY ended March 31, 2019: 29,300,000

ii. Number of treasury shares at the fiscal year end

3rd Quarter ended December 31, 2019: 1,699,247
FY ended March 31, 2019: 1,395,169
iii. Average number of shares outstanding during the period
3rd Quarter ended December 31, 2019: 27,724,070

 3rd Quarter ended December 31, 2019:
 27,724,070

 3rd Quarter ended December 31, 2018:
 28,020,394

* 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.

^{*} Financial report is not included in the scope of the audit or the certified public accountant.



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1. Qualitative Information on the Consolidated Results for the 3rd Quarter Qualitative Information on the Consolidated Operating Results

During the nine months from April 1, 2019 to December 31, 2019, many leading manufacturers, which are the major clients of the Company, continued steady investment in technological development looking to the next generation regardless of business conditions. Amid such a firm order environment, the number of engineers assigned to clients steadily increased. There were impacts caused by a decrease in the number of working dates partly due to special holidays occurring only in the current fiscal year and also by a decline in the number of working hours due to the reduced overtime hours work, the results turned out to be in line with the announced forecast.

As a result, consolidated net sales for the period under review increased \(\xi\)1,810 million, or 2.5%, from a year earlier to \(\xi\)75,149 million. Consolidated cost of sales rose \(\xi\)1,454 million, or 2.7%, from a year earlier to \(\xi\)54,709 million, chiefly because of higher labor costs due to an increase in the number of engineers, and consolidated selling, general and administrative expenses rose \(\xi\)777 million, or 7.9%, from a year earlier to \(\xi\)10,572 million mainly due to temporarily higher system costs.

Consolidated operating profit decreased ¥422 million, or 4.1%, from a year earlier to ¥9,867 million, and consolidated ordinary profit decreased ¥395 million, or 3.8%, from a year earlier to ¥9,900 million. Profit attributable to owners of parent decreased ¥319 million or 4.6%, from a year earlier to ¥6,702 million.

For details, please refer to the summary of the third quarter of the Fiscal Year ending March 31, 2020 on the Company's website.

2. Consolidated Financial Statements (1)Consolidated Balance Sheets

	Fiscal year ended March 31, 2019	The 3rd Quarter ended Dec. 31, 2019
Assets	·	·
Current assets		
Cash and deposits	45,052	41,171
Notes and accounts receivable - trade	13,884	13,811
Work in process	170	465
Other	931	881
Allowance for doubtful accounts	(2)	(2)
Total current assets	60,036	56,328
Non-current assets		20,220
Property, plant and equipment		
Buildings and structures, net	3,601	3,566
Other, net	1,801	1,795
Total property, plant and equipment	5,402	5,362
Intangible assets	3,402	3,302
Other	742	630
Total intangible assets	742	630
Investments and other assets	142	030
Deferred tax assets	7,640	7,555
Other	806	7,333
Allowance for doubtful accounts		
Total investments and other assets	(14) 8,433	(12) 8,342
Total non-current assets	14,579	14,335
Total assets Total assets		70,664
Liabilities	74,615	70,004
Current liabilities		
Income taxes payable	2,272	1,073
Provision for bonuses for directors (and other officers)	233	1,073
Provision for bonuses	7,697	3,902
Other	6,723	7,878
Total current liabilities		13,023
Non-current liabilities	16,927	15,025
	15 217	15 (0)
Retirement benefit liability	15,317	15,686
Total liabilities	15,317	15,686
Total liabilities Net assets	32,244	28,710
Shareholders' equity	5 000	5,000
Share capital	5,000	5,000
Capital surplus	9,198	9,198
Retained earnings	35,469	36,562
Treasury shares Total shareholders' equity	(5,495) 44,173	(7,198) 43,561
Accumulated other comprehensive income	44,173	45,301
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(662) (1,139)	(662) (945)
Total accumulated other comprehensive income	(1,802)	(1,607)
Total net assets	42,371	41,954
Total liabilities and net assets	74,615	70,664

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

	The 3rd Quarter ended	(Millions of yen) The 3rd Quarter ended
	Dec. 31, 2018	Dec. 31, 2019
Net sales	73,339	75,149
Cost of sales	53,255	54,709
Gross profit	20,084	20,439
Selling, general and administrative expenses	9,794	10,572
Operating profit	10,289	9,867
Non-operating income	10,209	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Interest income	1	1
Subsidy income	_	25
Other	10	13
Total non-operating income	12	39
Non-operating expenses		
Commitment fee	1	1
Commission expenses	3	2
Other	1	2
Total non-operating expenses	5	6
Ordinary profit	10,296	9,900
Extraordinary income		.,
Gain on sales of investment securities	11	_
Other	0	_
Total extraordinary income	11	_
Extraordinary losses	_	
Impairment loss	11	_
Loss on retirement of non-current assets	1	2
Total extraordinary losses	12	2
Profit before income taxes	10,294	9,898
Income taxes	3,272	3,195
Profit	7,022	6,702
Profit attributable to owners of parent	7,022	6,702
(Consolidated Statements of Comprehensive Income)		
		(Millions of yen)
	The 3rd Quarter ended	The 3rd Quarter ended
	Dec. 31, 2018	Dec. 31, 2019
Profit	7,022	6,702
Other comprehensive income		
Foreign currency translation adjustment	(0)	_
Remeasurements of defined benefit plans, net of tax	188	194
Total other comprehensive income	188	194
Comprehensive income	7,210	6,897
Comprehensive income attributable to		, , , , , , , , , , , , , , , , , , ,
Comprehensive income attributable to owners of parent	7,210	6,897
Comprehensive income attributable to non-controlling interests	(0)	

- (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 third quarter ended December 31, 2019