

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2021

July 30, 2020

MEITEC CORPORATION

President and CEO, COO
MEITEC Group CEO
Hideyo Kokubun

Disclaimer

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.

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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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2021 (Group Consolidated)

- ✓ Net sales fell 2.3% year on year ⇒ Due to the effect of lower utilization ratio and shorter working hours as a result of the spread of COVID-19.
- ✓ Operating profit rose 8.2% YoY ⇒ Due to the absence of once-off recording of system costs in addition to a decrease in costs due to lower labor costs chiefly caused by shorter working hours.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2019	1Q ended June. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	% Change
Net sales	24,333	23,764	(569)	(2.3%)	49,600	47.9%
Cost of sales	18,048	17,467	(580)	(3.2%)	37,100	
Cost of sales to Net sales	74.2%	73.5%	(0.7%)			
SG&A Expenses	3,717	3,518	(199)	(5.4%)	7,900	
Operating profit	2,567	2,778	+210	+8.2%	4,600	60.4%
Operating profit margins	10.6%	11.7%	+1.1%		9.3%	
Ordinary profit	2,576	2,786	+210	+8.2%	4,600	60.6%
Extraordinary income & loss	(1)	0	+1			
Profit before income taxes	2,574	2,786	+211	+8.2%		
Profit attributable to owners of parent	1,552	1,667	+115	+7.4%	3,000	55.6%
Profit margins	6.4%	7.0%	+0.6%			

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2021 (Meitec)

- ✓ Net sales fell 3.4% year on year ⇒ Due to the effect of lower utilization ratio and shorter working hours as a result of the spread of COVID-19.
- ✓ Operating profit rose 6.4% YoY ⇒ Due to the absence of once-off recording of system costs in addition to a decrease in costs due to lower labor costs chiefly caused by shorter working hours.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2019	1Q ended June. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	% Change
Net sales	18,176	17,550	(625)	(3.4%)	36,500	48.1%
Operating profit	2,073	2,206	+133	+6.4%	3,700	59.6%
Operating profit margins	11.4%	12.6%	+1.2%		10.1%	
Ordinary profit	2,962	3,141	+179	+6.0%	4,600	68.3%
Profit	2,092	2,204	+112	+5.4%	3,200	68.9%
Utilization ratio (Company-wide)	93.4%	90.1%	(3.3%)		91.1%	
Working Hours<h/day>	8.62	8.04	(0.58)	(6.7%)	8.52	
Number of Engineers	7,268	7,512	+244	+3.4%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2021 (Meitec Fielders)

- ✓ Net sales rose 1.5% year on year, and operating profit was up 8.4% YoY.
⇒ Negative impact of lower utilization ratio and shorter working hours was offset by the effect of an increase in the number of engineers assigned to clients due to a growth in the number of engineers.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2019	1Q ended June. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	% Change
Net sales	5,101	5,179	+78	+1.5%	10,600	48.9%
Operating profit	358	388	+30	+8.4%	600	64.7%
Operating profit margins	7.0%	7.5%	+0.5%		5.7%	
Ordinary profit	358	389	+30	+8.4%	600	64.8%
Profit	247	266	+19	+7.7%	400	66.5%
Utilization ratio (Company-wide)	91.9%	86.3%	(5.6%)		86.3%	
Working Hours<h/day>	8.66	8.02	(0.64)	(7.4%)	8.59	
Number of Engineers	2,815	3,116	+301	+10.7%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2021 (Group Overview)

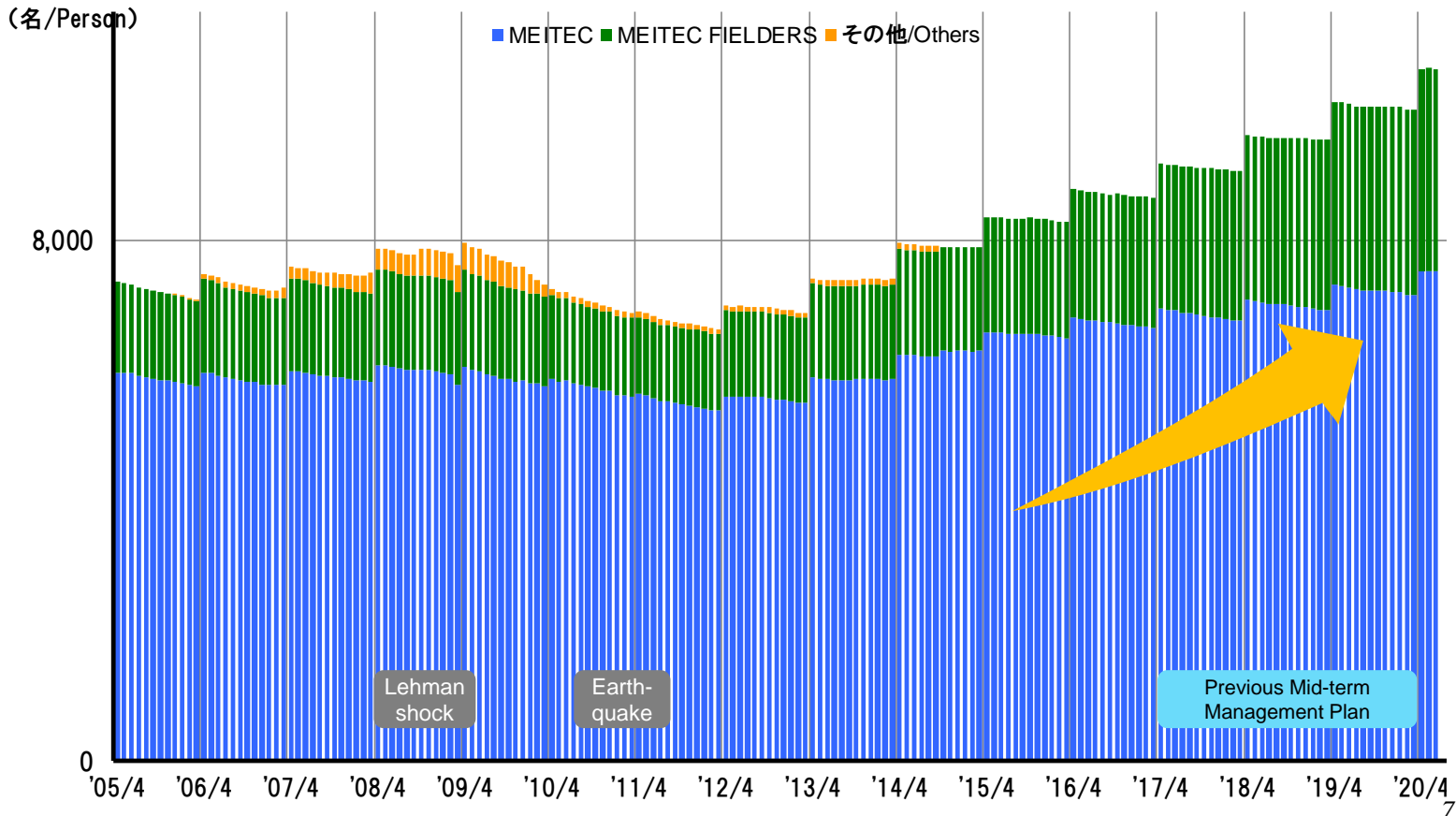
- ✓ Sales declined year on year due to a fall in the number of job placements in the Recruiting & Placement Business for Engineers.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	17,550	5,179	724	46	361
YoY Amount	(625)	+78	+29	+18	(50)
% Change	(3.4%)	+1.5%	+4.2%	+64.5%	(12.2%)
Operating profit	2,206	388	68	0	120
YoY Amount	+133	+30	+22	+2	+26
% Change	+6.4%	+8.4%	+49.4%	—	+28.6%
Ordinary profit	3,141	389	68	0	120
Profit	2,204	266	46	0	82

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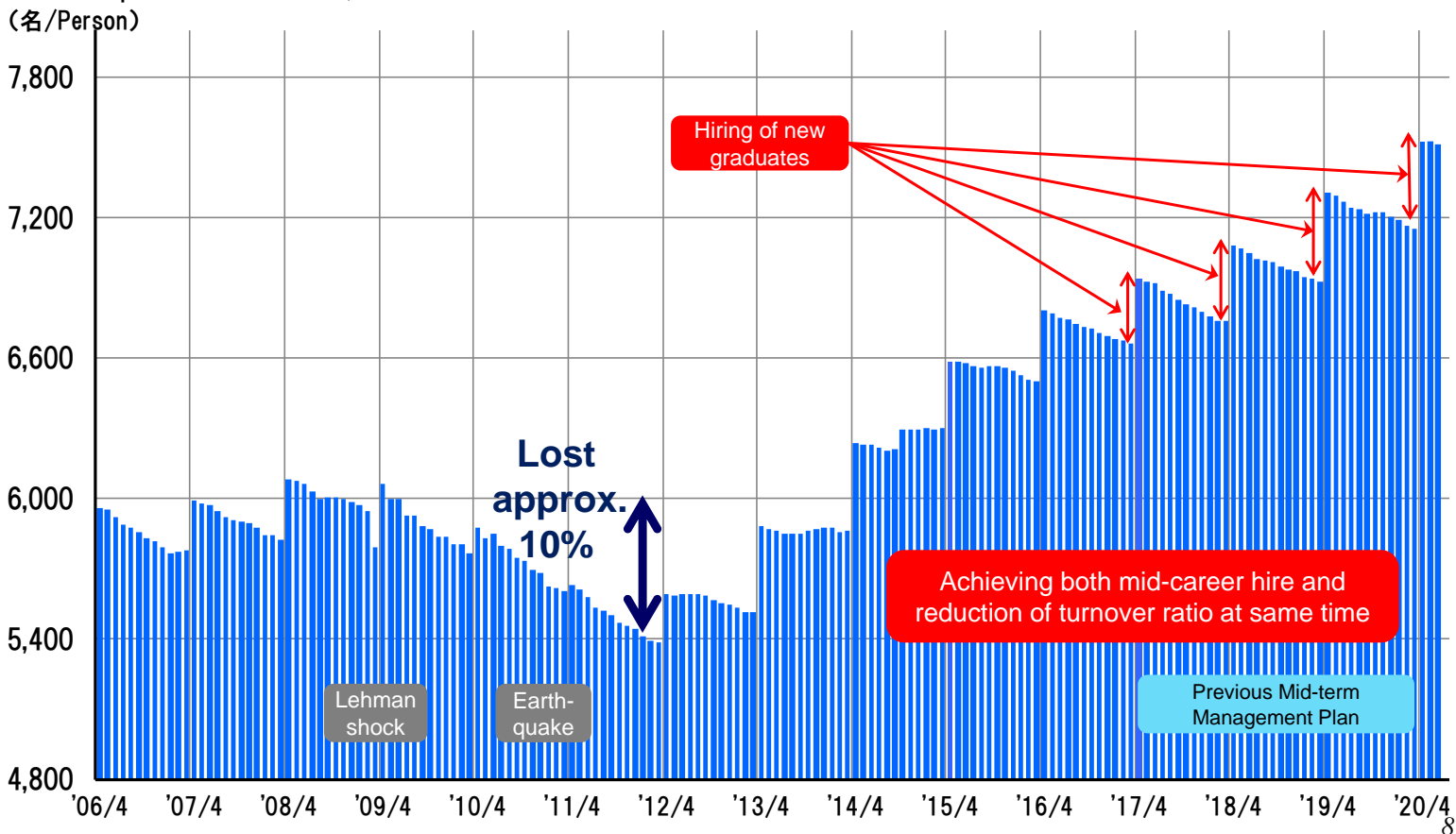
Number of Engineers (Group Consolidated)

✓ The number of engineers as of June 30, 2020 was 10,628, an increase of 545 engineers, or 5.4%, compared to June 30, 2019.



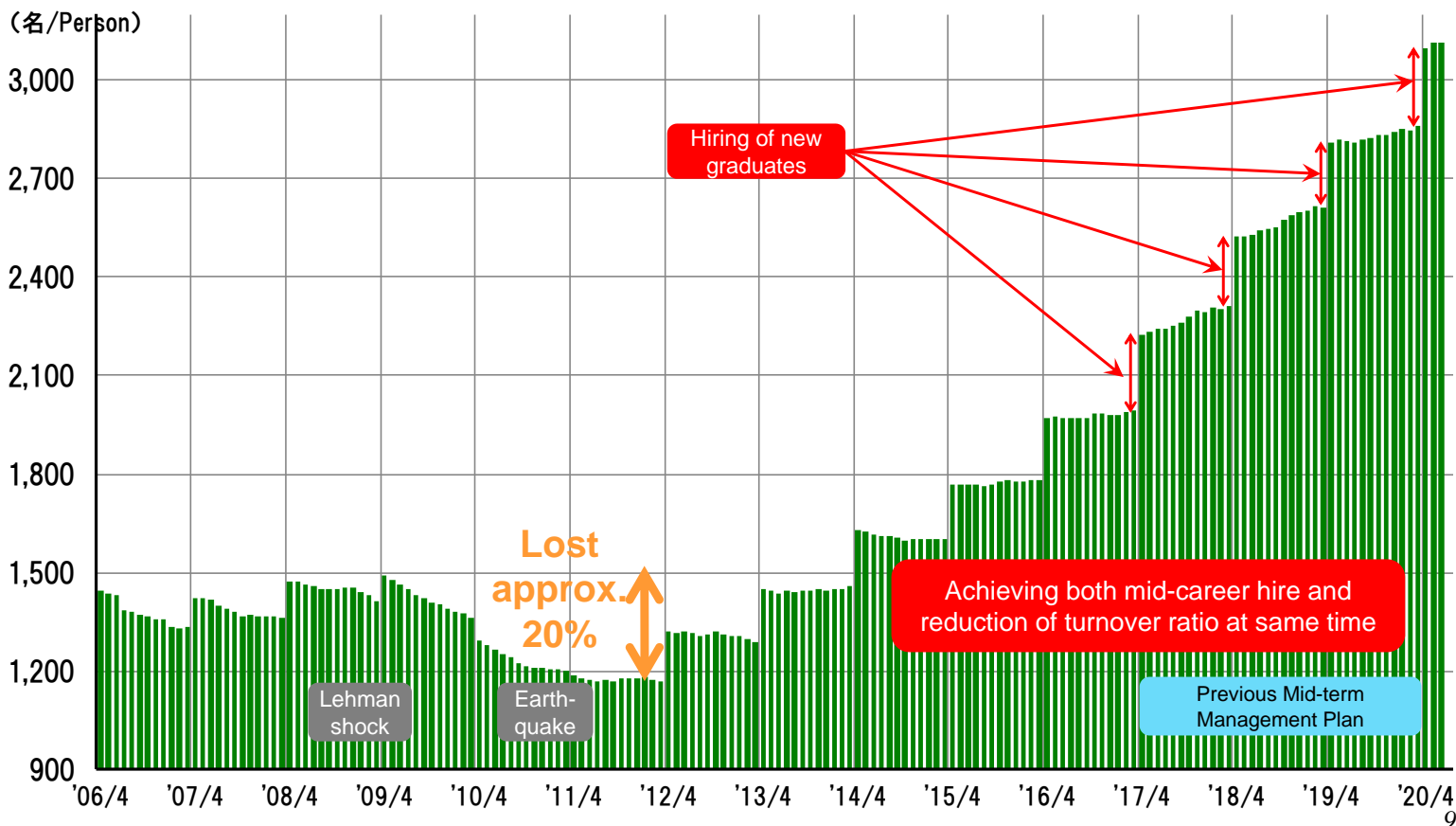
Number of Engineers (Meitec)

✓ The number of engineers as of June 30, 2020 was 7,512, an increase of 244 engineers, or 3.4%, compared to June 30, 2019.



Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of June 30, 2020 was 3,116, an increase of 301 engineers, or 10.7%, compared to June 30, 2019.



Hiring Target for the Fiscal Year Ending March 31, 2021

Re-posted

Mid-career (FY 2021/3)

- Prospects for the hiring of the Group companies remain uncertain due to the effects of COVID-19.
- ✓ As the Company's resilience is strong, we will continue hiring activities, maintaining the hiring standard, with top priority placed on ensuring applicants' safety and security.
- ✓ Bolster the ability to attract applicants by having people understand the fact that our business continually generates lifetime professional engineers

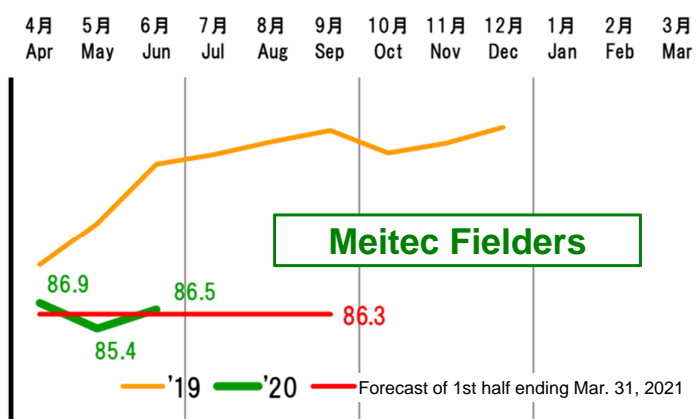
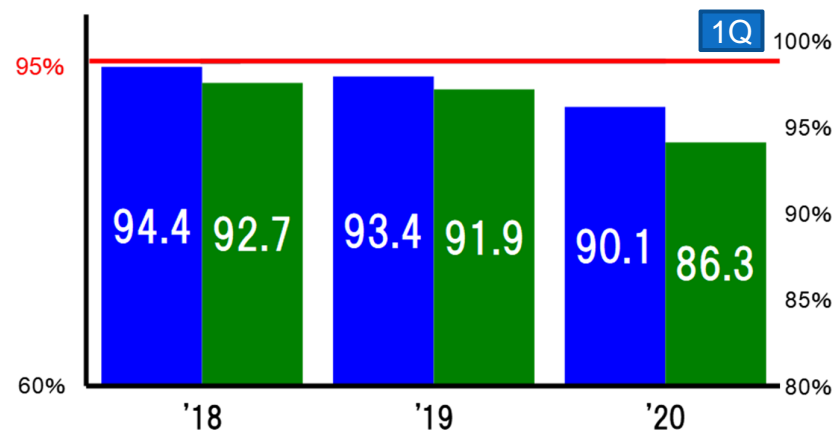
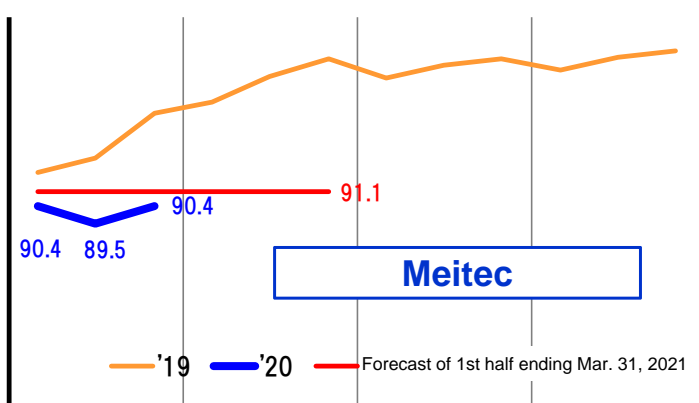
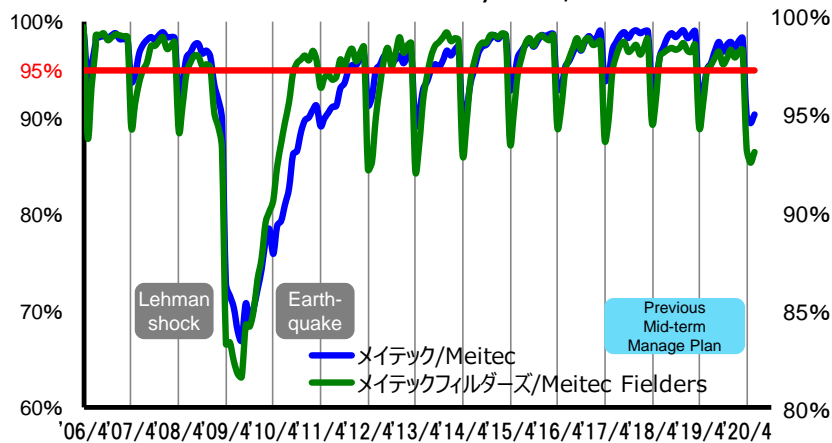
New Graduates (Joined April 2021)

- In the continuing seller's market, companies are beginning their hiring activities earlier and competition for talent is intensifying.
- ✓ Show students the appeal of a lifetime professional engineering career through internship programs, etc.
- ✓ Continue hiring activities that value applicants' preferences, with top priority placed on ensuring applicants' safety.
- ※ Due to the nature of solutions provided by our engineer's involvement with the state-of-the-art technology and the latest product at the design and development department, hiring standard can not be lowered.

(person)	Fiscal Year Ending March 31, 2021					Fiscal Year Ending March 31, 2022	
	New Graduates April 2020 (Actual)	Mid-career In-house target	Comparison to Previous Year	Total In-house target	Comparison to Previous Year	New Graduates April 2021 In-house target	Comparison to Previous Year
Meitec	399	220	+11	619	(8)	450	+51
Meitec Fielders	217	675	+367	892	+386	300	+83
Total	616	895	+378	1,511	+378	750	+134

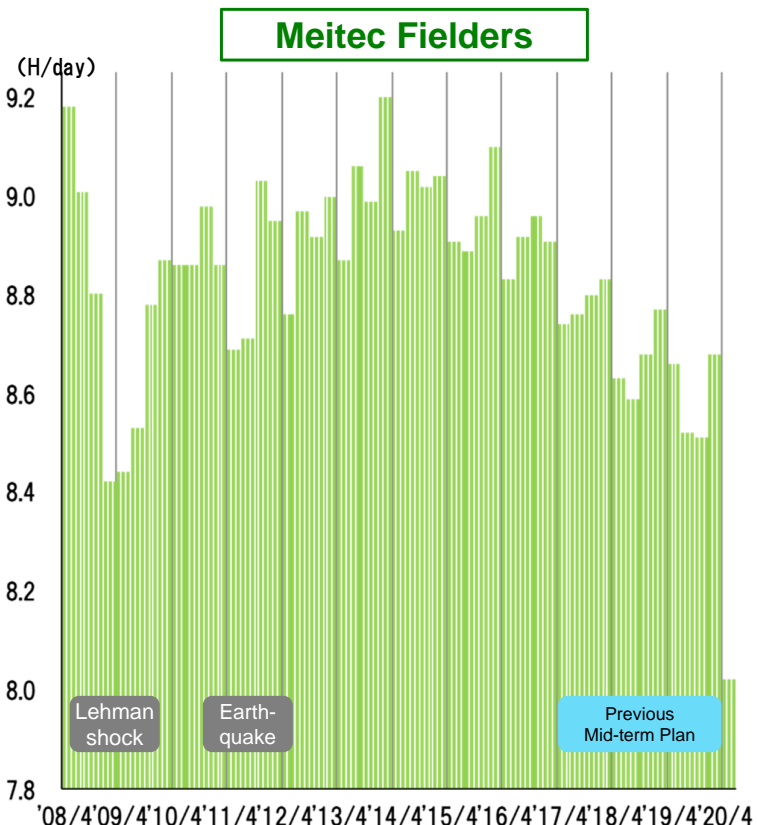
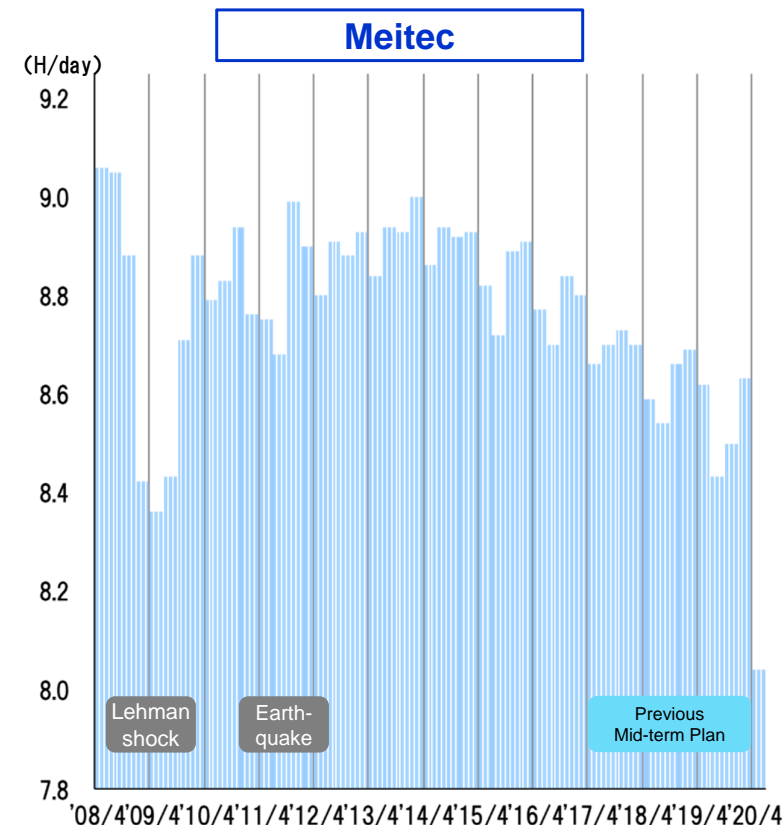
Utilization Ratio

✓ Utilization ratio fell ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.



Working Hours

✓ Working hours decreased ⇒ Due to the fact that with requests for refraining from going out at night, etc., clients' reduction of overtime hours was enhanced.



Develop a New Era by People and Technology

人と技術で次代を拓く

MEITEC

Engineering Firm at The Core