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Consolidated Financial Report For the Nine Months Ended December 31, 2020

January 28, 2021

Company Name: Meitec Corporation Representative: Hideyo Kokubun

President, Group CEO
Code No.: 9744 TSE 1st Section

[Fractions of one million yen are rounded down]

1. Consolidated Results for the 3rd Quarter (April 1, 2020 to December 31, 2020)

(1) Consolidated operating results

(% is comparison to the previous fiscal year)

1 2					`			• /
	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, 2020	71,487	(4.9)	7,546	(23.5)	7,598	(23.3)	5,016	(25.2)
Nine months ended December 31, 2019	75,149	2.5	9,867	(4.1)	9,900	(3.8)	6,702	(4.6)

(Note)Comprehensive Income;

Nine months ended December 31, 2020: Nine months ended December 31, 2019: 5,212 million yen [(24.4)%] 6,897 million yen [(4.4)%]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2020	182.00	_
Nine months ended December 31, 2019	241.77	_

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2020	70,609	42,911	60.8
As of March 31, 2020	77,493	44,327	57.2

Reference: Shareholders' Equity;

as of December 31, 2020: 4 as of March 31, 2020: 4

42,911 44,327 million yen 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, 2020	_	86.50	_	115.50	202.00			
FY ending March 31, 2021	_	68.50	_					
FY ending March 31, 2021 (Forecast)				98.50	167.00			

(Note) Revision of dividends forecast from recent forecast:

None

3. Consolidated Forecasts for Fiscal Year ending March 31, 2021

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

	Net Sa	les	Opera Pro	_	Ordina Profi	-	Profit Attri to Owne Parer	ers of	Earnings per Share
FY ending March 31, 2021	Millions of Yen 97,500	% (3.5)	Millions of Yen 9,900	% (23.4)	Millions of Yen 10,000	% (22.9)	Millions of Yen 6,600	% (27.4)	Yen 239.13

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



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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, 2020: 29,000,000 FY ended March 31, 2020: 29,000,000

ii. Number of treasury shares at the fiscal year end

3rd Quarter ended December 31, 2020: 1,704,162 FY ended March 31, 2020: 1,399,519

iii. Average number of shares outstanding during the period 3rd Quarter ended December 31, 2020: 27,563,788 3rd Quarter ended December 31, 2019: 27,724,070

* 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, 2020 to December 31, 2020, with the spread of the novel coronavirus disease (COVID-19), the economic climate rapidly deteriorated as the declaration of a state of emergency was issued and economic activities were severely restricted. While there were signs of a partial recovery after the declaration was lifted, the economic outlook remained uncertain due to the reemergence of COVID-19 infections.

Investment in technological development looking to the next generation at leading manufacturers that are our major clients partly weakened, and the Company's order environment was severe.

Under these circumstances, 616 new graduates joined us in April 2020 (MT: 399, MF: 217), thanks to active hiring activities developed before the spread of COVID-19, increasing the number of engineers in the Group. However, as a result of being forced to conduct training with the highest priority to prevent the spread of infections with COVID-19, the assignment of new employees was delayed much more than normal years, together with the impact of lower utilization ratio due to an addition of the harsh order environment and shorter working hours as a result of increased reduction of clients' overtime hours due to requests to refrain from going out at night, sales decreased from a year earlier, but generally continued to progress as per internal plans.

Consolidated net sales for the period under review decreased \3,661 million, or 4.9%, from a year earlier to \71,487 million. Consolidated cost of sales fell \1,249 million, or 2.3%, from a year earlier to \53,460 million, chiefly because of lower labor costs mainly due to a decrease in working hours, despite an increase in labor costs associated with a growth in the number of engineers. Consolidated selling, general and administrative expenses fell \91 million, or 0.9%, from a year earlier to \10,480 million with the absence of once-off recording of system costs as in the previous fiscal year. Consolidated operating profit decreased \2,320 million, or 23.5%, from a year earlier to \7,546 million.

Consolidated ordinary profit decreased \2,302 million, or 23.3%, from a year earlier to \7,598 million. Profit attributable to owners of parent decreased \1,686 million, or 25.2%, from a year earlier to \5,016 million.

For details, please refer to the "Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021" released today on the Company's website.

2. Consolidated Financial Statements (1)Consolidated Balance Sheets

	Fiscal year ended	(Millions of Yen) The 3rd Quarter ended
	Mar. 31, 2020	Dec. 31, 2020
Assets		
Current assets		
Cash and deposits	47,033	41,314
Notes and accounts receivable - trade	14,696	13,124
Work in process	154	389
Other	798	1,383
Allowance for doubtful accounts	(2)	(2)
Total current assets	62,679	56,209
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,533	3,412
Other, net	1,798	1,719
Total property, plant and equipment	5,332	5,131
Intangible assets		-, -
Other	588	488
Total intangible assets	588	488
Investments and other assets		
Deferred tax assets	8,062	7,974
Other	844	817
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	8,893	8,779
Total non-current assets	14,814	14,399
Total assets Total assets	77,493	70,609
Liabilities	11,473	70,007
Current liabilities		
	2,344	617
Income taxes payable Provision for bonuses for directors (and other officers)	2,544	127
Provision for bonuses Provision for bonuses		
	7,959	3,365
Other	6,685	7,496
Total current liabilities	17,228	11,607
Non-current liabilities	15.027	16.001
Retirement benefit liability	15,937	16,091
Total non-current liabilities	15,937	16,091
Total liabilities	33,166	27,698
Net assets		
Shareholders' equity	5 000	5 000
Share capital	5,000	5,000
Capital surplus	7,927	7,927
Retained earnings	38,952	38,890
Treasury shares	(5,929)	(7,479)
Total shareholders' equity	45,950	44,338
Accumulated other comprehensive income Revaluation reserve for land	(662)	(662)
	(662)	(662)
Remeasurements of defined benefit plans Total accumulated other comprehensive income	(961) (1,623)	(765)
Total accumulated other comprehensive income Total net assets	44,327	(1,427) 42,911
Total liabilities and net assets	77,493	70,609

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

	The 3rd Quarter ended Dec. 31, 2019	The 3rd Quarter ended Dec. 31, 2020
Net sales	75,149	71,487
Cost of sales	54,709	53,460
Gross profit	20,439	18,027
Selling, general and administrative expenses	10,572	10,480
Operating profit	9,867	7,546
Non-operating income		
Interest income	1	0
Subsidy income	25	48
Other	13	8
Total non-operating income	39	57
Non-operating expenses		
Commitment fee	1	1
Commission expenses	2	3
Other	2	1
Total non-operating expenses	6	6
Ordinary profit	9,900	7,598
Extraordinary losses		
Impairment loss	_	4
Other	2	0
Total extraordinary losses	2	4
Profit before income taxes	9,898	7,593
Income taxes	3,195	2,577
Profit	6,702	5,016
Profit attributable to owners of parent	6,702	5,016
(Consolidated Statements of Comprehensive Income)		(Millions of Yen)
	The 3rd Quarter ended Dec. 31, 2019	The 3rd Quarter ended Dec. 31, 2020
Profit	6,702	5,016
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	194	195
Total other comprehensive income	194	195
Comprehensive income	6,897	5,212
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,897	5,212

- (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, 2020.

(3)-4 Additional Information

There has been no material change in the assumptions regarding the impact of the spread of COVID-19 stated in (Additional Information) of the Company's annual securities report for the fiscal year ended March 31, 2020.