



## Consolidated Financial Report For the Fiscal Year Ended March 31, 2021

May 11, 2021

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 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 Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

#### (1) Consolidated operating results

(% 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	%
FY ended March 31, 2021	96,626	(4.3)	10,234	(20.8)	10,306	(20.6)	7,028	(22.7)
FY ended March 31, 2020	100,995	3.3	12,926	2.3	12,975	2.6	9,093	3.0

(Note) Comprehensive Income; FY ended March 31, 2021: 7,226 million yen [(22.1) %]  
 FY ended March 31, 2020: 9,271 million yen [3.3 %]

	Earnings per Share	Diluted Net Income per Share	Return on Equity	Ordinary Profit to Total Assets ratio	Operating Profit per Net Sales
	Yen	Yen	%	%	%
FY ended March 31, 2021	255.78	—	15.8	13.5	10.6
FY ended March 31, 2020	328.36	—	21.0	17.1	12.8

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2021	75,038	44,472	59.3	1,634.43
As of March 31, 2020	77,493	44,327	57.2	1,606.03

Reference: Shareholders' Equity; as of March 31, 2021: 44,472 million yen  
 as of March 31, 2020: 44,327 million yen

#### (3) Consolidated cash flows

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash and Cash Equivalents end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY ended March 31, 2021	5,487	(307)	(7,080)	45,132
FY ended March 31, 2020	9,837	(536)	(7,319)	47,033

### 2. Dividends

	Annual Dividends per Share					Total Amount (Annual)	Dividend Payout ratio (Consolidated)	Dividend on Equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY ended March 31, 2020	—	86.50	—	115.50	202.00	5,575	61.5	12.9
FY ended March 31, 2021	—	68.50	—	115.50	184.00	5,033	71.9	11.4
FY ending March 31, 2022(Forecast)	—	77.50	—	—	—	—	—	—

(Note) As for the dividends forecasts for the fiscal year ending March 31, 2022, only the interim dividend forecast is disclosed based on the consolidated forecast for the six months ending September 30, 2021, that can be reasonably estimated at this point. The year-end dividend forecast has not been decided.

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022

(% 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
Six months ending September 30, 2021	51,800	10.0	5,200	6.6	5,200	6.0	3,500	11.5	128.63

(Note) As for the consolidated forecasts for the fiscal year ending March 31, 2022, only the forecast for the six months ending September 30, 2021 is disclosed, as this is the period that can be reasonably estimated at this point. For more details, please refer to (4) Future Outlook of 1. Overview of Operating Results and Others on page 4.

## **Notes to Financial Statements**

- (1) Significant changes involving subsidiaries during the term: None  
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) 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 |
- (3) Number of shares issued (common stock)
- |   |            |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) |            |
| FY ended March 31, 2021:  | 28,600,000 |
| FY ended March 31, 2020:  | 29,000,000 |
| ii. Number of treasury shares at the fiscal year end                          |            |
| FY ended March 31, 2021:  | 1,390,253  |
| FY ended March 31, 2020:  | 1,399,519  |
| iii. Average number of shares outstanding during the period                   |            |
| FY ended March 31, 2021:  | 27,480,114 |
| FY ended March 31, 2020:  | 27,693,373 |

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

**\* 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.

## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results for the Fiscal Year

During the fiscal year under review (from April 1, 2020 to March 31, 2021), 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 in April 2020 and economic activities were severely restricted. While there were signs of a partial recovery after the declaration was lifted in May 2020, the economic outlook remained uncertain because another state of emergency was declared in January 2021 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.

Even in this situation, hiring activities continued, looking to medium- to long-term growth, and the number of engineers across the Group increased. 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.

Consolidated net sales for the fiscal year under review decreased ¥4,369 million, or 4.3%, from a year earlier to ¥96,626 million. Consolidated cost of sales fell ¥1,620 million, or 2.2%, from a year earlier to ¥72,203 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 ¥57 million, or 0.4%, from a year earlier to ¥14,188 million with the absence of once-off recording of system costs as in the previous fiscal year. Consolidated operating profit decreased ¥2,692 million, or 20.8%, from a year earlier to ¥10,234 million.

Consolidated ordinary profit decreased ¥2,668 million, or 20.6%, from a year earlier to ¥10,306 million. Profit attributable to owners of parent decreased ¥2,064 million, or 22.7%, from a year earlier to ¥7,028 million.

For details, please refer to the "Results for the Fiscal Year Ended March 31, 2021" released today on the Company's website.

Operating results by business segment were as follows.

#### (1)-1. Engineering Solutions Business

Net sales in the Engineering Solutions Business segment, which accounts for more than 90% of consolidated net sales, for the fiscal year under review decreased ¥3,940 million, or 4.0%, from a year earlier to ¥95,521 million. This decrease was partially due to the impact of lower utilization ratio and shorter working hours due to a decrease in overtime hours work, particularly in the professional staffing business for engineers, the core business of this segment, although there was an increase in the number of engineers. Operating profit decreased ¥2,531 million, or 20.3%, from a year earlier to ¥9,960 million.

The Company's non-consolidated utilization ratio (overall) decreased to 90.4% from 96.4% for the previous fiscal year. Working hours declined compared with the previous fiscal year to 8.31 hours/day (8.54 hours/day for 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 ¥422 million, or 25.8%, from a year earlier to ¥1,216 million, and operating profit decreased ¥160 million, or 36.9%, to ¥273 million due to a decrease in the number of job placements.

## (2) Overview of Financial Position for the Fiscal Year

### (2)-1. Assets

Total consolidated assets at the end of the fiscal year (March 31, 2021) decreased ¥2,454 million from March 31, 2020 to ¥75,038 million. This reflected a decrease of ¥1,794 million in current assets from the previous fiscal year-end. The decrease in current assets was mainly due to a decrease in cash and deposits.

### (2)-2. Liabilities

Total consolidated liabilities as of March 31, 2021 decreased ¥2,599 million from March 31, 2020 to ¥30,566 million. This reflected a decrease of ¥2,956 million in current liabilities and an increase of ¥356 million in non-current liabilities from the previous fiscal year-end. The decrease in current liabilities was primarily due to decreases in provision for bonuses and income taxes payable, along with other factors, while the increase in non-current liabilities was mainly due to factors such as an increase in retirement benefit liability.

### (2)-3. Net Assets

Total consolidated net assets as of March 31, 2021 increased ¥145 million from March 31, 2020 to ¥44,472 million. This mainly reflected an increase in profit attributable to owners of parent due to business performance in the fiscal year under review, offset by the payment of dividends and purchase of treasury shares.

## (3) Overview of Cash Flows for the Fiscal Year

Consolidated cash and cash equivalents (hereinafter, “cash”) as of March 31, 2021 decreased by ¥1,900 million compared to the previous fiscal year-end to ¥45,132 million.

The situation and factors related to cash flows for the fiscal year under review are as follows:

### (3)-1 Cash Flows from Operating Activities

Cash gained from operating activities decreased by ¥4,349 million compared to the previous fiscal year to ¥5,487 million. The cash gained was primarily due to profit before income taxes.

### (3)-2 Cash Flows from Investing Activities

Cash used in investing activities decrease by ¥228 million compared to the previous fiscal year to ¥307 million. Major uses of cash included ¥72 million in purchase of property, plant and equipment and ¥153 million in purchase of intangible assets.

### (3)-3 Cash Flows from Financing Activities

Cash used in financing activities decrease by ¥239 million compared to the previous fiscal year to ¥7,080 million. Major uses of cash included ¥2,005 million in purchase of treasury shares and ¥5,075 million in cash dividends paid.

## (4) Future Outlook

It is uncertain when COVID-19 will be brought under control. However, we will announce the consolidated forecasts for the first six months of the fiscal year ending March 31, 2022, which can be reasonably estimated based on the latest operating status and outlook. We will not announce full-year consolidated forecasts this time because of the uncertainty.

For details of the forecasts for the first six months of fiscal year ending March 31, 2022, please refer to the “Results for the Fiscal Year Ended March 31, 2021” released today on the Company’s website.

Note: 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, and it is not intended to promise the realization. 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.

## 2. Basic Concept Regarding the Selection of Accounting Standards

The Company will continue to adopt the Japanese generally accepted accounting standards in the near term, as Meitec Group’s operations are centered on the domestic market. However, going forward, the Company will continue to study the selection of accounting standards, basing its considerations on factors such as investors’ demands as well as trends regarding the adoption of IFRS (International Financial Reporting Standards) by other Japanese companies.

2. Consolidated Financial Statements  
 (1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	47,033	45,132
Notes and accounts receivable - trade	14,696	14,600
Work in process	154	139
Other	798	1,013
Allowance for doubtful accounts	(2)	(0)
Total current assets	62,679	60,885
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,533	3,373
Tools, furniture and fixtures, net	309	208
Land	1,487	1,487
Other, net	2	53
Total property, plant and equipment	5,332	5,122
Intangible assets		
Software	567	476
Other	20	18
Total intangible assets	588	495
Investments and other assets		
Investment securities	27	27
Deferred tax assets	8,062	7,684
Other	816	826
Allowance for doubtful accounts	(12)	(2)
Total investments and other assets	8,893	8,535
Total non-current assets	14,814	14,153
Total assets	77,493	75,038

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accrued expenses	3,124	2,843
Income taxes payable	2,344	1,214
Accrued consumption taxes	2,339	1,850
Provision for bonuses for directors (and other officers)	238	187
Provision for bonuses	7,959	6,801
Other	1,221	1,374
Total current liabilities	17,228	14,272
Non-current liabilities		
Retirement benefit liability	15,937	16,294
Total non-current liabilities	15,937	16,294
<b>Total liabilities</b>	<b>33,166</b>	<b>30,566</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	7,927	6,155
Retained earnings	38,952	40,903
Treasury shares	(5,929)	(6,159)
Total shareholders' equity	45,950	45,898
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(961)	(763)
Total accumulated other comprehensive income	(1,623)	(1,426)
<b>Total net assets</b>	<b>44,327</b>	<b>44,472</b>
<b>Total liabilities and net assets</b>	<b>77,493</b>	<b>75,038</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	100,995	96,626
Cost of sales	73,823	72,203
Gross profit	27,171	24,422
Selling, general and administrative expenses	14,245	14,188
Operating profit	12,926	10,234
Non-operating income		
Interest income	1	1
Subsidy income	38	69
Other	15	10
Total non-operating income	55	81
Non-operating expenses		
Commission expenses	2	4
Commitment fees	2	2
Bad debt expenses	0	1
Other	2	0
Total non-operating expenses	6	9
Ordinary profit	12,975	10,306
Extraordinary losses		
Impairment losses	—	4
Other	3	0
Total extraordinary losses	3	4
Profit before income taxes	12,971	10,301
Income taxes - current	4,367	2,983
Income taxes - deferred	(489)	289
Total income taxes	3,878	3,272
Profit	9,093	7,028
Profit attributable to owners of parent	9,093	7,028

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	9,093	7,028
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	178	197
Total other comprehensive income	178	197
Comprehensive income	9,271	7,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,271	7,226

(3) Consolidated Statements of Changes in Equity  
Fiscal year ended March 31, 2020

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	9,198	35,469	(5,495)	44,173
Changes during period					
Dividends of surplus			(5,610)		(5,610)
Profit attributable to owners of parent			9,093		9,093
Purchase of treasury shares				(1,705)	(1,705)
Cancellation of treasury shares		(1,271)		1,271	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,271)	3,482	(434)	1,777
Balance at end of period	5,000	7,927	38,952	(5,929)	45,950

	Accumulated other comprehensive income			Total net assets
	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(662)	(1,139)	(1,802)	42,371
Changes during period				
Dividends of surplus				(5,610)
Profit attributable to owners of parent				9,093
Purchase of treasury shares				(1,705)
Cancellation of treasury shares				—
Net changes in items other than shareholders' equity	—	178	178	178
Total changes during period	—	178	178	1,956
Balance at end of period	(662)	(961)	(1,623)	44,327



Fiscal year ended March 31, 2021

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	7,927	38,952	(5,929)	45,950
Changes during period					
Dividends of surplus			(5,078)		(5,078)
Profit attributable to owners of parent			7,028		7,028
Purchase of treasury shares				(2,002)	(2,002)
Cancellation of treasury shares		(1,772)		1,772	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,772)	1,950	(230)	(51)
Balance at end of period	5,000	6,155	40,903	(6,159)	45,898

	Accumulated other comprehensive income			Total net assets
	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(662)	(961)	(1,623)	44,327
Changes during period				
Dividends of surplus				(5,078)
Profit attributable to owners of parent				7,028
Purchase of treasury shares				(2,002)
Cancellation of treasury shares				—
Net changes in items other than shareholders' equity	—	197	197	197
Total changes during period	—	197	197	145
Balance at end of period	(662)	(763)	(1,426)	44,472

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,971	10,301
Depreciation	562	553
Impairment losses	—	4
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses for directors (and other officers)	5	(51)
Increase (decrease) in provision for bonuses	261	(1,157)
Increase (decrease) in retirement benefit liability	866	642
Interest and dividend income	(1)	(1)
Subsidy income	(38)	(69)
Loss on retirement of non-current assets	3	0
Decrease (increase) in trade receivables	(811)	96
Decrease (increase) in inventories	16	15
Decrease (increase) in other current assets	132	(77)
Increase (decrease) in accrued expenses	(238)	(280)
Increase (decrease) in accrued consumption taxes	921	(489)
Increase (decrease) in other current liabilities	(595)	140
Other, net	44	2
Subtotal	14,099	9,628
Interest and dividends received	1	1
Income taxes paid	(4,302)	(4,211)
Income taxes refund	0	—
Subsidies received	38	69
Net cash provided by (used in) operating activities	9,837	5,487
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(323)	(72)
Purchase of intangible assets	(108)	(153)
Payments for retirement of non-current assets	(0)	—
Decrease (increase) in investments and other assets	(103)	(81)
Net cash provided by (used in) investing activities	(536)	(307)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(1,712)	(2,005)
Dividends paid	(5,607)	(5,075)
Net cash provided by (used in) financing activities	(7,319)	(7,080)
Net increase (decrease) in cash and cash equivalents	1,980	(1,900)
Cash and cash equivalents at beginning of period	45,052	47,033
Cash and cash equivalents at end of period	47,033	45,132