

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2022

July 29, 2021

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, 2022 (Group Consolidated)

- ✓ Net sales rose 6.0% ⇒ Due to the increase in the number of engineers and longer working hours.
- ✓ Operating profit fell 8.1% ⇒ Due to the inability to absorb the increase in labor expenses associated with a growth in the number of engineers and the increase in hiring-related expenses by the increase in net sales.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2020	1Q ended June. 30, 2021	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2021	% Change
Net sales	23,764	25,196	+1,431	+6.0%	51,800	48.6%
Cost of sales	17,467	18,835	+1,368	+7.8%	38,600	
Cost of sales to Net sales	73.5%	74.8%	+1.3%			
SG&A Expenses	3,518	3,807	+288	+8.2%	8,000	
Operating profit	2,778	2,552	(225)	(8.1%)	5,200	49.1%
Operating profit margins	11.7%	10.1%	(1.6%)		10.0%	
Ordinary profit	2,786	2,581	(205)	(7.4%)	5,200	49.6%
Extraordinary income & loss	0	0	—			
Profit before income taxes	2,786	2,581	(205)	(7.4%)		
Profit attributable to owners of parent	1,667	1,606	(61)	(3.7%)	3,500	45.9%
Profit margins	7.0%	6.4%	(0.6%)			

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2022 (Meitec)

- ✓ Net sales rose 4.1% ⇒ Due to the increase in the number of engineers and longer working hours.
- ✓ Operating profit rose 1.1% ⇒ Higher net sales offset higher labor expenses associated with a growth in the number of engineers.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2020	1Q ended June. 30, 2021	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2021	% Change
Net sales	17,550	18,270	+719	+4.1%	37,400	48.9%
Operating profit	2,206	2,230	+23	+1.1%	4,300	51.9%
Operating profit margins	12.6%	12.2%	(0.4%)		11.5%	
Ordinary profit	3,141	2,803	(337)	(10.8%)	4,800	58.4%
Profit	2,204	1,938	(265)	(12.0%)	3,400	57.0%
Utilization ratio (Company-wide)	90.1%	88.9%	(1.2%)		92.2%	
Working Hours<h/day>	8.04	8.43	+0.39	+4.9%	8.44	
Number of Engineers	7,512	7,655	+143	+1.9%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2022 (Meitec Fielders)

- ✓ Net sales rose 13.5% ⇒ Due to the increase in the number of engineers and longer working hours.
- ✓ Operating profit fell 58.0% ⇒ The increase in net sales was not enough to offset the increase in hiring-related expenses due to proactive recruiting.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2020	1Q ended June. 30, 2021	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2021	% Change
Net sales	5,179	5,881	+701	+13.5%	12,100	48.6%
Operating profit	388	163	(225)	(58.0%)	600	27.2%
Operating profit margins	7.5%	2.8%	(4.7%)		5.0%	
Ordinary profit	389	163	(225)	(58.0%)	600	27.2%
Profit	266	111	(155)	(58.4%)	400	27.8%
Utilization ratio (Company-wide)	86.3%	80.4%	(5.9%)		84.2%	
Working Hours<h/day>	8.02	8.39	+0.37	+4.6%	8.41	
Number of Engineers	3,116	3,705	+589	+18.9%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2022 (Group Overview)

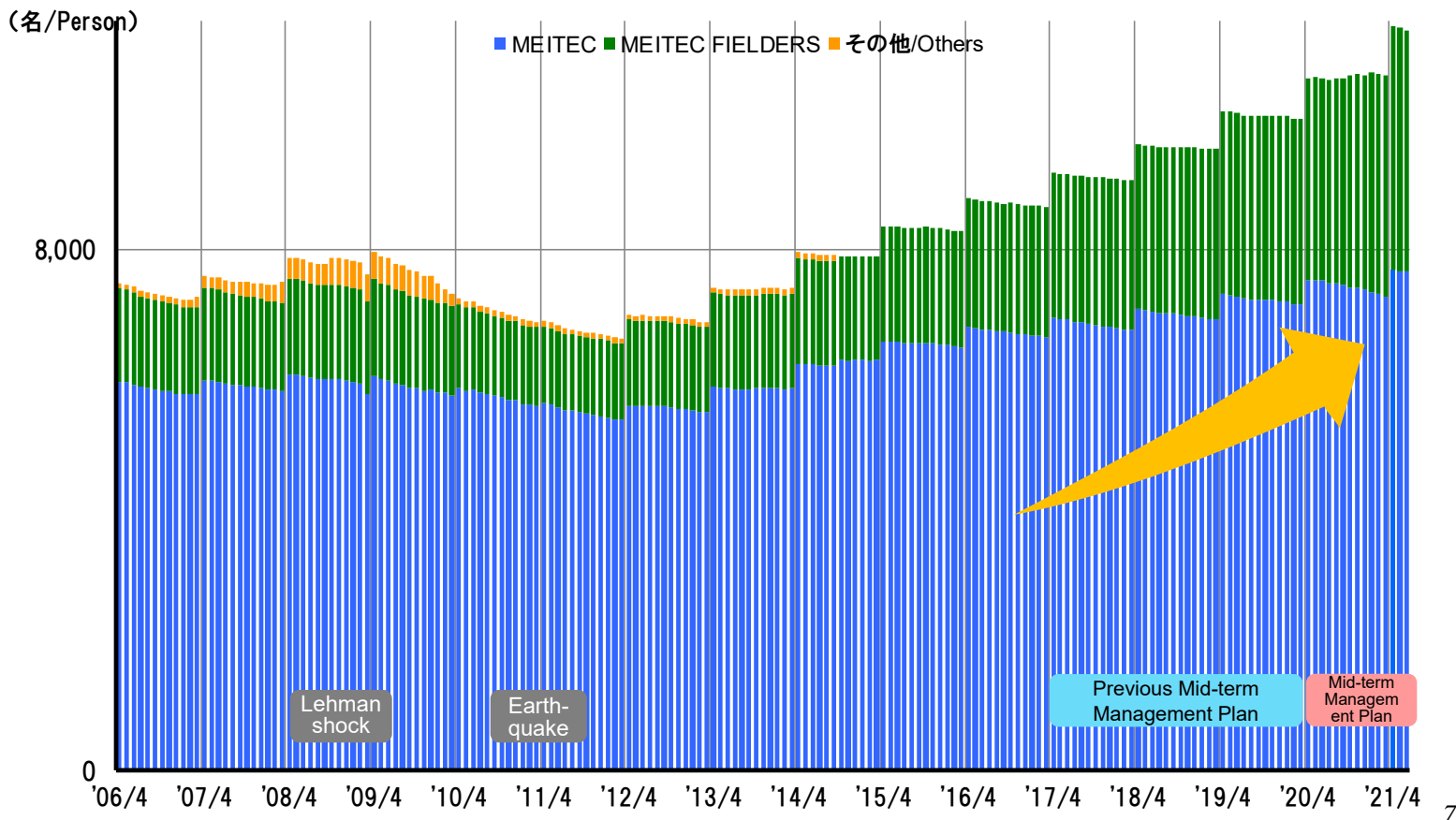
- ✓ Sales in the Recruiting & Placement Business for Engineers increased due to an increase in the number of job placements.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	18,270	5,881	744	63	380
YoY Amount	+719	+701	+20	+16	+18
% Change	+4.1%	+13.5%	+2.8%	+36.3%	+5.1%
Operating profit	2,230	163	62	2	119
YoY Amount	+23	(225)	(6)	+3	(0)
% Change	+1.1%	(58.0%)	(9.5%)	—	(0.4%)
Ordinary profit	2,803	163	62	2	119
Profit	1,938	111	42	2	82

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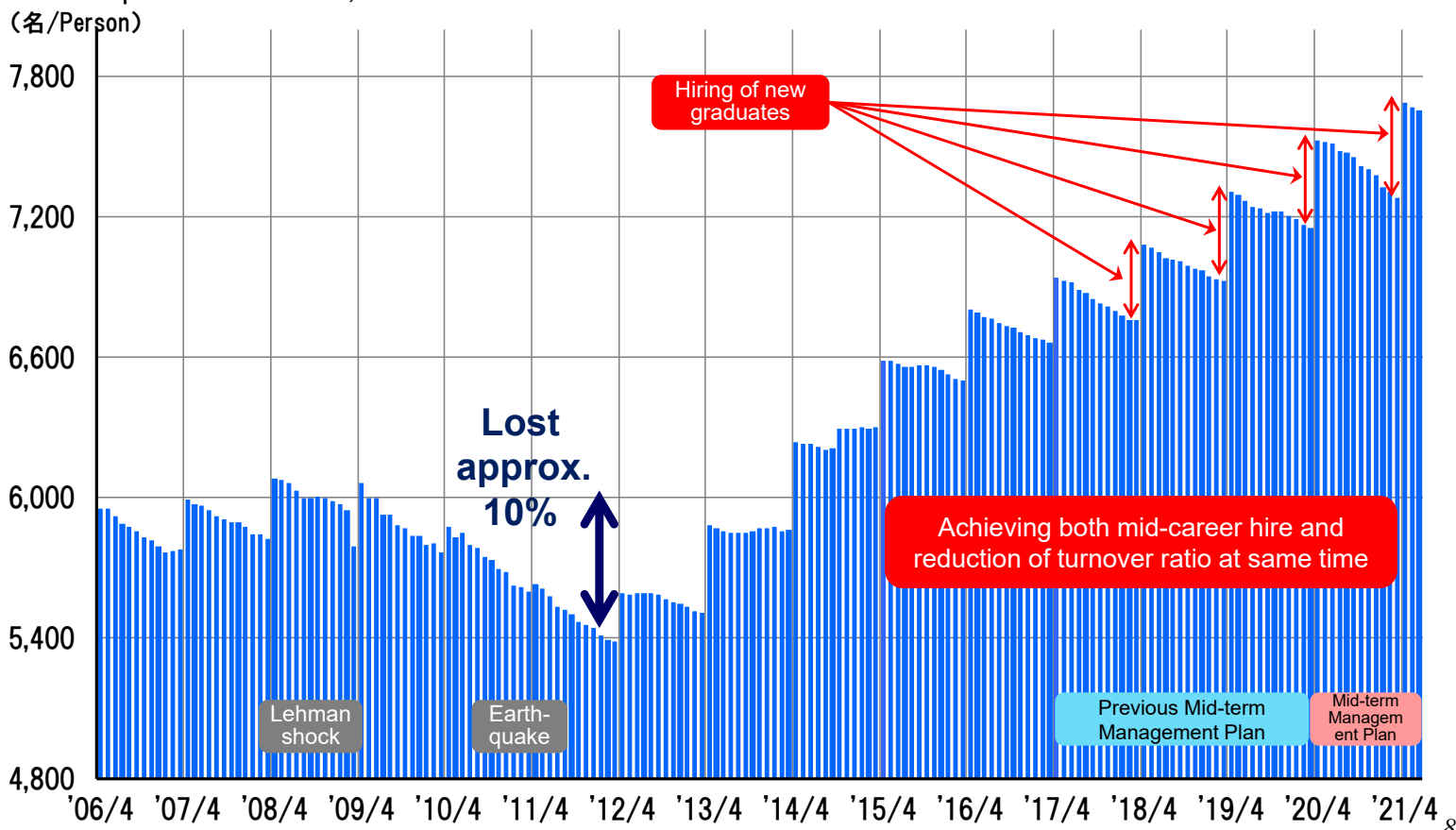
Number of Engineers (Group Consolidated)

✓ The number of engineers as of June 30, 2021 was 11,360, an increase of 732 engineers, or 6.9%, compared to June 30, 2020.



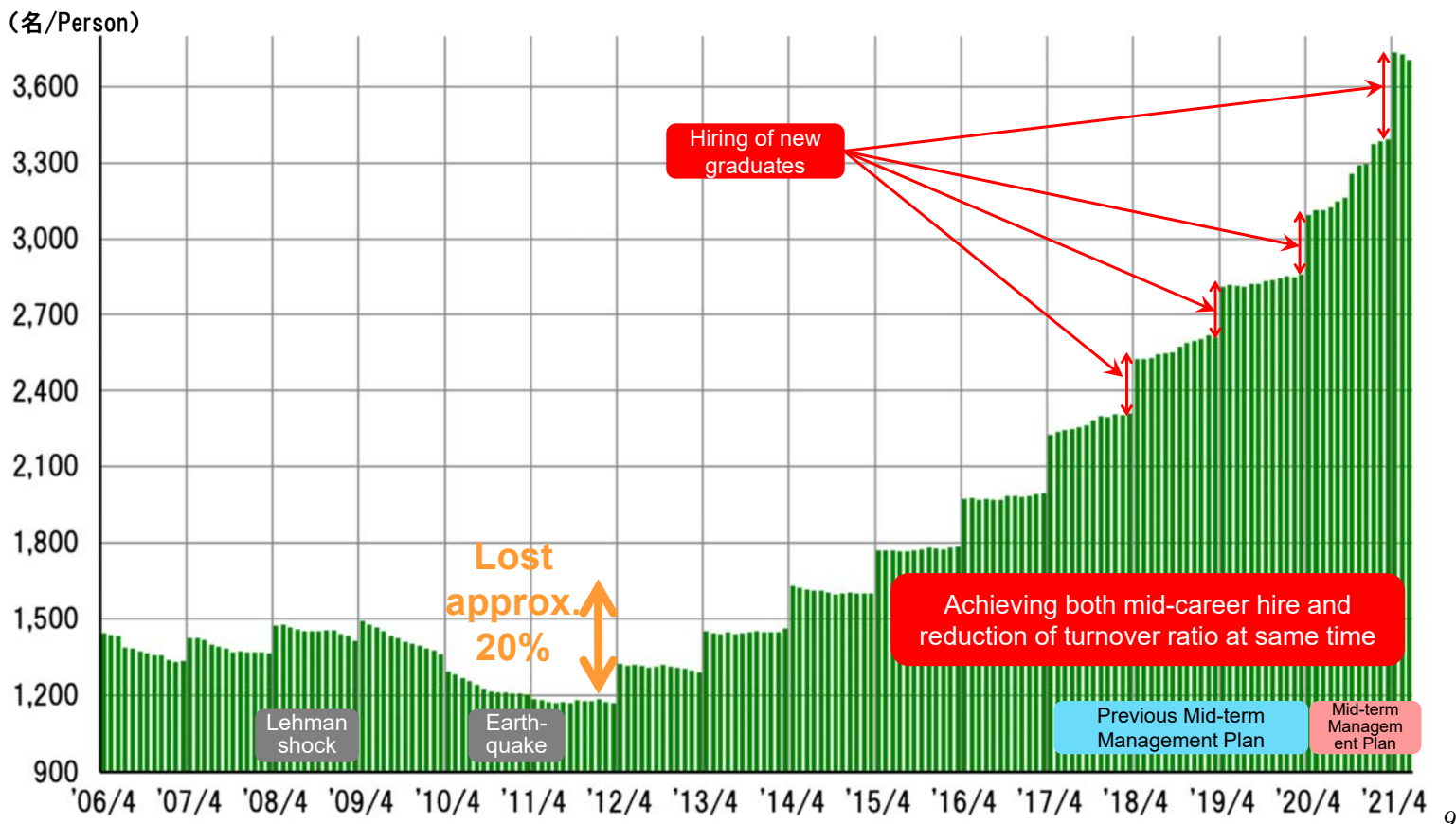
Number of Engineers (Meitec)

✓ The number of engineers as of June 30, 2021 was 7,655, an increase of 143 engineers, or 1.9%, compared to June 30, 2020.



Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of June 30, 2021 was 3,705, an increase of 589 engineers, or 18.9%, compared to June 30, 2020.



Hiring Target for the Fiscal Year Ending March 31, 2022

Re-posted

Mid-career (FY 2022/3)

- While it is unclear when the COVID-19 pandemic will end, hiring needs for engineers with immediate working capabilities are overheating centered on DX personnel.
- ✓ We are promoting active hiring while maintaining our hiring standards, with an eye on medium- to long-term growth and development.
- ✓ We aim to secure the number of hires by using various media to actively communicate our understanding of the “lifetime professional engineers” career style and our approach to career advancement.

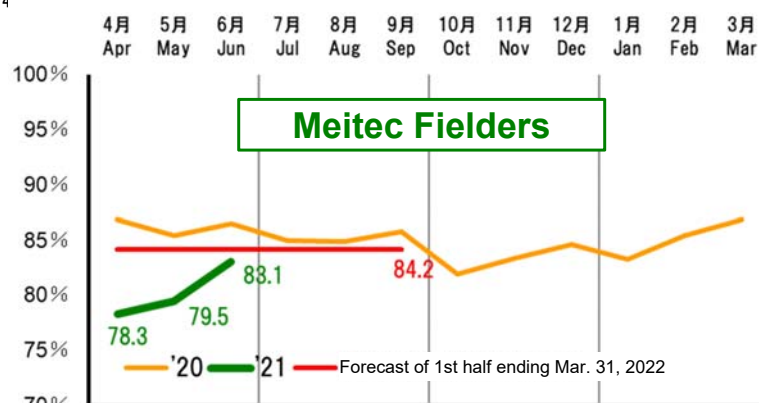
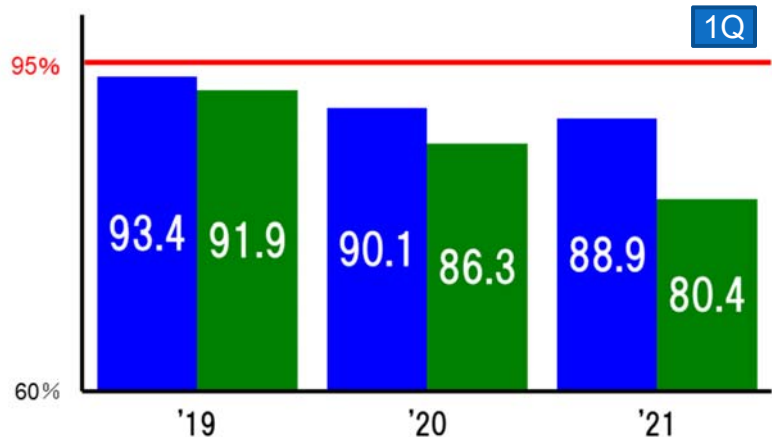
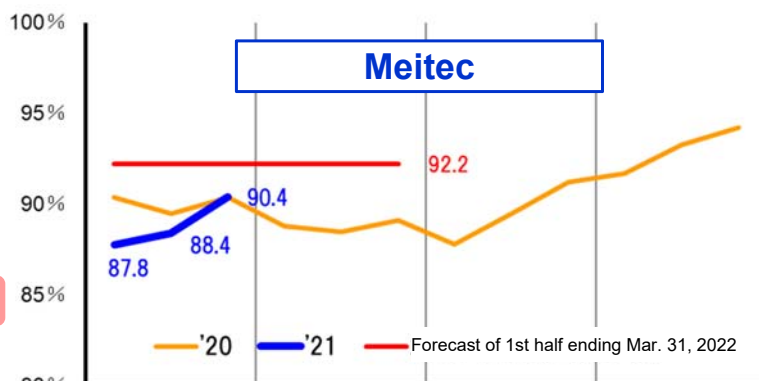
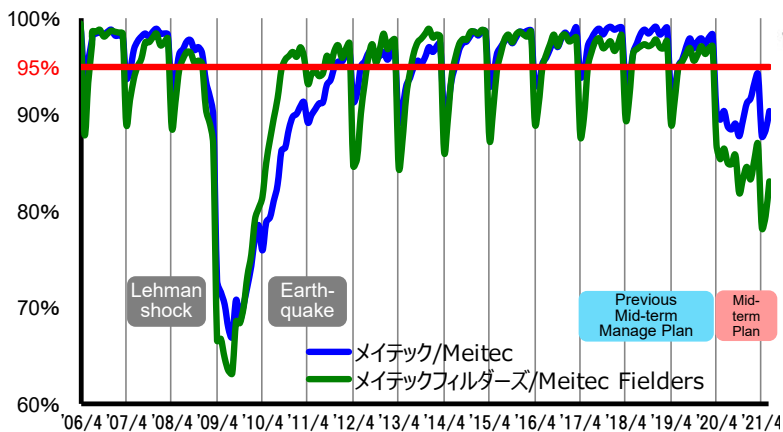
New Graduates (Joined April 2022)

- Companies' hiring needs for science students are further increasing, and hiring competition is intensifying with student's job searching methods and companies' selection processes becoming more diverse amid the COVID-19 pandemic.
- ✓ Creating understanding and showing students the appeal of a lifetime professional engineering career through internship programs, etc.
- ✓ Continuing hiring activities that value applicants' orientations (such as the desire for growth), with the top priority placed on ensuing applicants' safety.
- ※ As we are working to continuously realize the provision of solutions that are involved in the development of state-of-the-art technology and the latest products at the design and development department, the hiring standard cannot be lowered

(person)	Fiscal Year Ending March 31, 2022						Fiscal Year Ending March 31, 2023	
	New Graduates April 2021 (Actual)	Mid-career		Total		New Graduates April 2022	Comparison to Previous Year	
		In-house target	Comparison to Previous Year	In-house target	Comparison to Previous Year			
Meitec	462	240	+77	702	+140	480	+18	
Meitec Fielders	302	1,000	+378	1,302	+463	400	+98	
Total	764	1,240	+455	2,004	+603	880	+116	

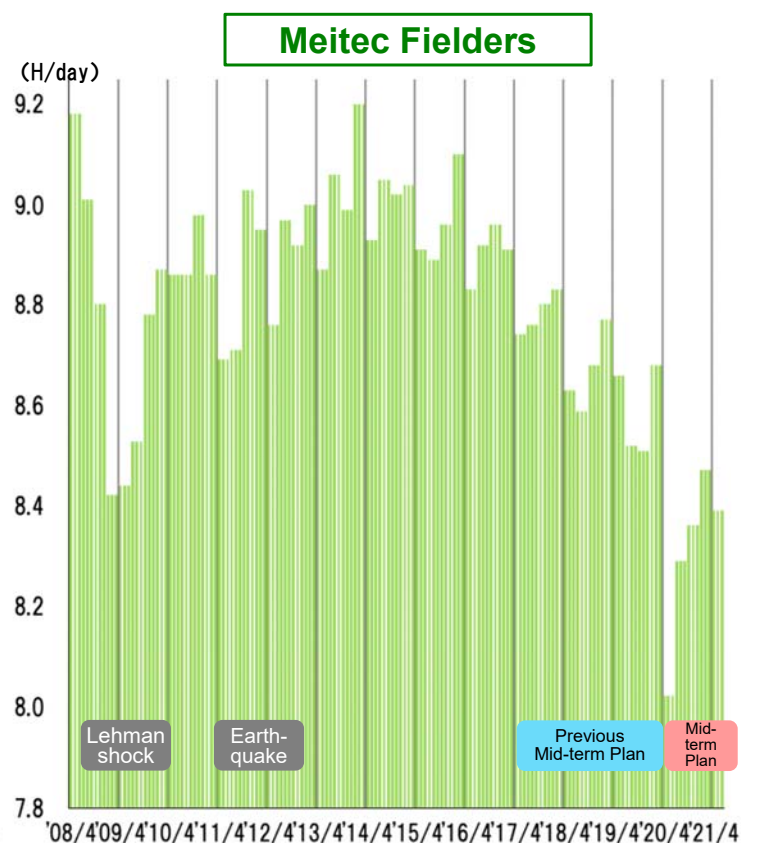
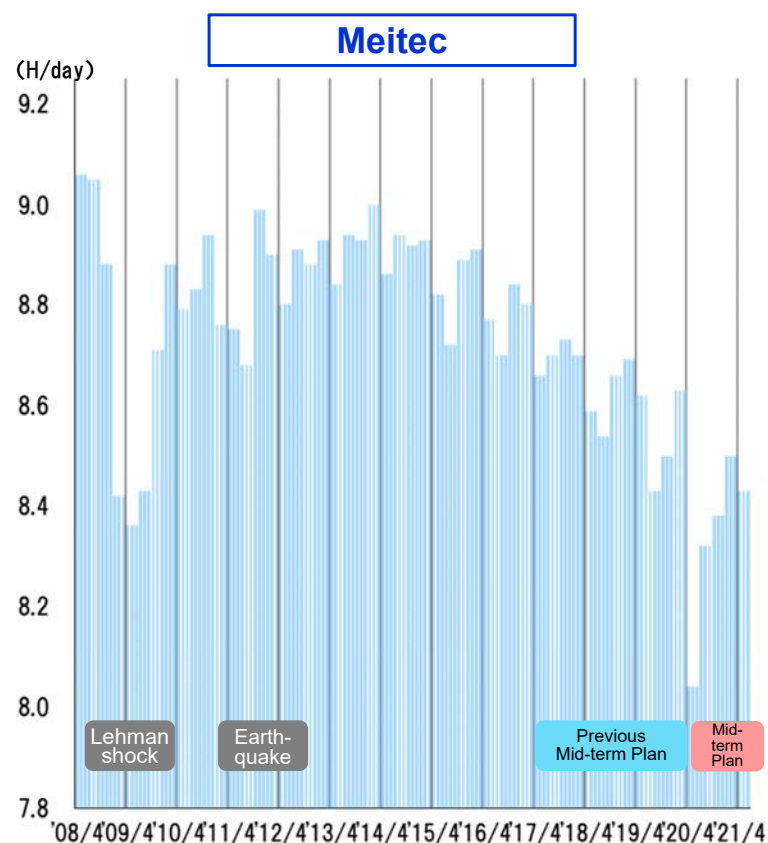
Utilization Ratio

✓ Utilization ratio fell ⇒ Due to the increase in new employees and the continued severe order environment, assignment of new employees has been delayed.



Working Hours

✓ Longer working hours ⇒ Due to the recovery in overtime work, which had fallen sharply year-on-year.



Develop a New Era by People and Technology

人と技術で次代を拓く

MEITEC

Engineering Firm at The Core