



Consolidated Financial Report For the Three Months Ended June 30, 2021

July 29, 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 1st Quarter (April 1, 2021 to June 30, 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	%
Three months ended June 30, 2021	25,196	6.0	2,552	(8.1)	2,581	(7.4)	1,606	(3.7)
Three months ended June 30, 2020	23,764	(2.3)	2,778	8.2	2,786	8.2	1,667	7.4

(Note) Comprehensive Income; Three months ended June 30, 2021: 1,672 million yen [(3.5 %)]
 Three months ended June 30, 2020: 1,733 million yen [7.2 %]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2021	59.05	—
Three months ended June 30, 2020	60.43	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2021	72,518	43,001	59.3
As of March 31, 2021	75,038	44,472	59.3

Reference: Shareholders' Equity; as of June 30, 2021: 43,001 million yen
 as of March 31, 2021: 44,472 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, 2021	—	68.50	—	115.50	184.00
FY ending March 31, 2022	—	—	—	—	—
FY ending March 31, 2022 (Forecast)	—	77.50	—	—	—

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

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 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) Revision of performance forecast from recent forecast: None

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.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

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 : | Yes |
| ii. Changes not relating to i. : | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements : | None |
- (Note) For more details, please refer to (3) Notes to Quarterly Financial Statements (Changes in Accounting Policies) of 2. Consolidated Financial Statements on page 6.
- (4) Number of shares issued (common stock)
- | | |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) | |
| 1st quarter ended June 30, 2021: | 28,600,000 |
| FY ended March 31, 2021: | 28,600,000 |
| ii. Number of treasury shares at the fiscal year end | |
| 1st quarter ended June 30, 2021: | 1,390,407 |
| FY ended March 31, 2021: | 1,390,253 |
| iii. Average number of shares outstanding during the period | |
| 1st quarter ended June 30, 2021: | 27,209,685 |
| 1st quarter ended June 30, 2020: | 27,600,466 |

*** This 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. Qualitative Information on the Consolidated Results for the 1st Quarter

Qualitative Information on the Consolidated Operating Results

During the first quarter of the current fiscal year (the three months from April 1, 2021 to June 30, 2021), economic climate remained challenging due to intermittent restrictions on economic activities caused by the re-issuance of a state of emergency due to the re-emergence of the novel coronavirus disease (COVID-19) in some areas of the country. Although investment in technological development looking to the next generation at leading manufacturers that are our major clients showed signs of recovery and the Company's order environment also showed signs of recovery, the future remains uncertain.

Under such circumstances, as a result of proactive recruitment activities with an eye on medium- and long-term growth, the number of new employees joining the Group in April increased to 764 (MT: 462, MF: 302). As the Company has placed the highest priority on preventing the spread of COVID-19 and has been conducting training while giving thorough consideration to safety, it has taken time to assign new employees, and as the severe order environment has also continued, the utilization ratio has decreased from the previous year. On the other hand, overtime work increased year on year, resulting in an increase in operating hours.

As a result, consolidated net sales for the period under review increased ¥1,431 million, or 6.0%, from a year earlier to ¥25,196 million. Consolidated cost of sales increased ¥1,368 million, or 7.8%, from a year earlier to ¥18,835 million, due mainly to an increase in labor expenses associated with a growth in the number of engineers. Consolidated selling, general and administrative expenses increased ¥288 million, or 8.2%, from a year earlier to ¥3,807 million, due mainly to an increase in hiring-related expenses. As a result, consolidated operating profit decreased ¥225 million, or 8.1%, from a year earlier to ¥2,552 million.

Consolidated ordinary profit decreased ¥205 million, or 7.4% from a year earlier to ¥2,581 million. Profit attribute to owners of parent decreased ¥61 million, or 3.7% from a year earlier to ¥1,606 million.

For details, please refer to the "Results for the 1st Quarter of the Fiscal Year Ending March 31, 2022" released today on the Company's website.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2021	The 1st Quarter ended Jun. 30, 2021
Assets		
Current assets		
Cash and deposits	45,132	42,542
Notes and accounts receivable - trade	14,600	14,525
Work in process	139	367
Other	1,013	1,071
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,885	58,505
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,373	3,329
Other, net	1,749	1,738
Total property, plant and equipment	5,122	5,068
Intangible assets		
Other	495	452
Total intangible assets	495	452
Investments and other assets		
Deferred tax assets	7,684	7,654
Other	854	841
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	8,535	8,493
Total non-current assets	14,153	14,013
Total assets	75,038	72,518
Liabilities		
Current liabilities		
Income taxes payable	1,214	938
Provision for bonuses for directors (and other officers)	187	45
Provision for bonuses	6,801	3,505
Other	6,069	8,698
Total current liabilities	14,272	13,187
Non-current liabilities		
Retirement benefit liability	16,294	16,330
Total non-current liabilities	16,294	16,330
Total liabilities	30,566	29,517
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	6,155	6,155
Retained earnings	40,903	39,367
Treasury shares	(6,159)	(6,160)
Total shareholders' equity	45,898	44,361
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(763)	(698)
Total accumulated other comprehensive income	(1,426)	(1,360)
Total net assets	44,472	43,001
Total liabilities and net assets	75,038	72,518

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

(Millions of Yen)

	The 1st Quarter ended Jun. 30, 2020	The 1st Quarter ended Jun. 30, 2021
Net sales	23,764	25,196
Cost of sales	17,467	18,835
Gross profit	6,296	6,360
Selling, general and administrative expenses	3,518	3,807
Operating profit	2,778	2,552
Non-operating income		
Interest income	0	0
Subsidy income	7	27
Other	1	1
Total non-operating income	9	28
Non-operating expenses		
Commitment fees	0	0
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	2,786	2,581
Extraordinary losses		
Loss on retirement of non-current assets	—	0
Total extraordinary losses	—	0
Profit before income taxes	2,786	2,581
Income taxes	1,118	974
Profit	1,667	1,606
Profit attributable to owners of parent	1,667	1,606

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 1st Quarter ended Jun. 30, 2020	The 1st Quarter ended Jun. 30, 2021
Profit	1,667	1,606
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	65	65
Total other comprehensive income	65	65
Comprehensive income	1,733	1,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,733	1,672

(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 first quarter ended June 30, 2021.

(3)-4 Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition and Its Implementation Guidance

Effective from the beginning of the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related standards, and recognizes revenue when control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services.

These changes in accounting policy have no impact on the quarterly consolidated financial statements.

Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter of the current fiscal year and has applied the new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc. prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). These changes in accounting policy have no impact on the quarterly consolidated financial

(3)-5 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, 2021.