



Consolidated Financial Report For the Six Months Ended September 30, 2021

October 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 2nd Quarter (April 1, 2021 to September 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	%
Six months ended September 30, 2021	50,915	8.1	5,336	9.4	5,405	10.1	3,549	13.1
Six months ended September 30, 2020	47,091	(5.0)	4,878	(18.7)	4,907	(18.5)	3,138	(21.0)

(Note) Comprehensive Income; Six months ended September 30, 2021: 3,680 million yen [12.6%]
 Six months ended September 30, 2020: 3,269 million yen [(20.3%)]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September, 2021	130.44	—
Six months ended September, 2020	113.73	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2021	76,158	45,008	59.1
As of March 31, 2021	75,038	44,472	59.3

Reference: Shareholders' Equity; as of September 30, 2021: 45,008 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	—	78.50	—	—	—
FY ending March 31, 2022 (Forecast)	—	—	—	107.00	185.50

(Note) Revision of dividends forecast from recent forecast: Yes
 Regarding the revision of the dividends, please see "Notice Regarding Dividend of Retained Earnings (Interim Dividend)" and "Notice Regarding Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts" which was announced today, October 28, 2021.

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
FY ending March 31, 2022	107,000	10.7	12,300	20.2	12,500	21.3	8,400	19.5	308.72

(Note) Revision of performance forecast from recent forecast: Yes
 Regarding the revision of the performance forecast, please see "Notice Regarding Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts" which was announced today, October 28, 2021.

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) | |
| 2nd Quarter ended September 30, 2021: | 28,600,000 |
| FY ended March 31, 2021: | 28,600,000 |
| ii. Number of treasury shares at the fiscal year end | |
| 2nd Quarter ended September 30, 2021: | 1,390,597 |
| FY ended March 31, 2021: | 1,390,253 |
| iii. Average number of shares outstanding during the period | |
| 2nd Quarter ended September 30, 2021: | 27,209,601 |
| 2nd Quarter ended September 30, 2020: | 27,600,379 |

*** 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. Qualitative Information on the Consolidated Results for the 2nd Quarter

(1) Qualitative Information on the Consolidated Operating Results

During the second quarter of the current fiscal year (the six months from April 1, 2021 to September 30, 2021), the economic climate remained challenging and future outlook remained unclear due to restrictions on economic activities caused by the effect of the novel coronavirus disease (COVID-19).

Under such circumstances, the Company's order environment showed signs of recovery as investment has picked up at leading manufacturers that are our major clients, for technological development looking to the next generation. As the Company continued proactive recruitment with an eye on medium- and long-term growth, the number of engineers (total for MT and MF) as of September 30, 2021, increased to 11,275 (up 658, or 6.2% compared to September 30, 2020), including 764 (MT: 462, MF: 302) new employees joining the Group in April 2021. In addition, the number of engineers assigned to clients increased as assignments proceeded in response to orders. Further, working hours increased year on year due to a rebound in overtime work.

As a result, consolidated net sales for the period under review increased ¥3,823 million, or 8.1%, from a year earlier to ¥50,915 million. Consolidated cost of sales increased ¥2,766 million, or 7.8%, from a year earlier to ¥38,074 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 ¥598 million, or 8.7%, from a year earlier to ¥7,503 million, due mainly to an increase in hiring-related expenses. As a result, consolidated operating profit increased ¥458 million, or 9.4%, from a year earlier to ¥5,336 million.

Consolidated ordinary profit increased ¥497 million, or 10.1% from a year earlier to ¥5,405 million. Profit attribute to owners of parent increased ¥410 million, or 13.1% from a year earlier to ¥3,549 million.

For details, please refer to the "Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2022" released today on the Company's website.

(2) Explanation of Forecast Information Such as Consolidated Earnings Forecasts, etc.

The full-year consolidated forecasts for the Fiscal Year ending March 31, 2022, which had not been determined due to the difficulty of making a reasonable calculation, have been calculated based on the information available at this point.

For details, please refer to "Notice Regarding Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts" and "Results for the 2nd Quarter of the Fiscal Year ending March 31, 2022" on the Company's website.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended Mar. 31, 2021	The 2nd Quarter ended Sep. 30, 2021
Assets		
Current assets		
Cash and deposits	45,132	46,250
Notes and accounts receivable - trade	14,600	14,518
Work in process	139	309
Other	1,013	1,183
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,885	62,260
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,373	3,287
Other, net	1,749	1,758
Total property, plant and equipment	5,122	5,046
Intangible assets		
Other	495	390
Total intangible assets	495	390
Investments and other assets		
Deferred tax assets	7,684	7,625
Other	854	838
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	8,535	8,460
Total non-current assets	14,153	13,897
Total assets	75,038	76,158
Liabilities		
Current liabilities		
Income taxes payable	1,214	1,895
Provision for bonuses for directors (and other officers)	187	95
Provision for bonuses	6,801	7,004
Other	6,069	5,706
Total current liabilities	14,272	14,702
Non-current liabilities		
Retirement benefit liability	16,294	16,447
Total non-current liabilities	16,294	16,447
Total liabilities	30,566	31,150
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	6,155	6,155
Retained earnings	40,903	41,309
Treasury shares	(6,159)	(6,161)
Total shareholders' equity	45,898	46,303
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(763)	(632)
Total accumulated other comprehensive income	(1,426)	(1,295)
Total net assets	44,472	45,008
Total liabilities and net assets	75,038	76,158

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

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2020	The 2nd Quarter ended Sep. 30, 2021
Net sales	47,091	50,915
Cost of sales	35,307	38,074
Gross profit	11,783	12,840
Selling, general and administrative expenses	6,905	7,503
Operating profit	4,878	5,336
Non-operating income		
Interest income	0	0
Subsidy income	25	63
Other	5	6
Total non-operating income	31	70
Non-operating expenses		
Commitment fees	1	1
Other	0	0
Total non-operating expenses	1	1
Ordinary profit	4,907	5,405
Extraordinary losses		
Impairment losses	4	4
Other	0	0
Total extraordinary losses	4	4
Profit before income taxes	4,903	5,401
Income taxes	1,764	1,852
Profit	3,138	3,549
Profit attributable to owners of parent	3,138	3,549

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2020	The 2nd Quarter ended Sep. 30, 2021
Profit	3,138	3,549
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	130	131
Total other comprehensive income	130	131
Comprehensive income	3,269	3,680
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,269	3,680

(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 second quarter ended September 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 statements.

(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.