

# Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022

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January 27, 2022

## **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 3rd Quarter of the Fiscal Year Ending March 31, 2022 (Group Consolidated)

- ✓ Net sales rose 10.4% year on year ⇒ Due to an increase in the number of engineers assigned to clients associated with growth in the number of engineers and improvement of utilization ratio.
- ✓ Operating profit rose 26.7% year on year ⇒ Due to a situation where the increase in net sales absorbed the increase in labor expenses and other costs associated with growth in the number of engineers, and the increase in SG&A expenses.

| (Fractions of one million yen are rounded down) | 3Q ended Dec.<br>31, 2020 | 3Q ended Dec.<br>31, 2021 | YoY<br>Amount | %<br>Change | Past Forecast | %<br>Change |
|-------------------------------------------------|---------------------------|---------------------------|---------------|-------------|---------------|-------------|
| Net sales                                       | 71,487                    | 78,936                    | +7,448        | +10.4%      | 107,000       | 73.8%       |
| Cost of sales                                   | 53,460                    | 58,079                    | +4,618        | +8.6%       | 78,600        |             |
| Cost of sales to Net sales                      | 74.8%                     | 73.6%                     | (1.2%)        |             |               |             |
| SG&A Expenses                                   | 10,480                    | 11,294                    | +814          | +7.8%       | 16,100        |             |
| Operating profit                                | 7,546                     | 9,562                     | +2,015        | +26.7%      | 12,300        | 77.7%       |
| Operating profit margins                        | 10.6%                     | 12.1%                     | +1.6%         |             | 11.5%         |             |
| Ordinary profit                                 | 7,598                     | 9,667                     | +2,068        | +27.2%      | 12,500        | 77.3%       |
| Extraordinary income & loss                     | (4)                       | (4)                       | —             |             |               |             |
| Profit before income taxes                      | 7,593                     | 9,662                     | +2,068        | +27.2%      |               |             |
| Profit attributable to owners of parent         | 5,016                     | 6,492                     | +1,475        | +29.4%      | 8,400         | 77.3%       |
| Profit margins                                  | 7.0%                      | 8.2%                      | +1.2%         |             |               |             |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022 (Meitec)

- ✓ Net sales rose 7.5% year on year ⇒ Due to an increase in the number of engineers assigned to clients associated with growth in the number of engineers and improvement of utilization ratio.
- ✓ Operating profit rose 23.1% year on year ⇒ Due to a situation where the increase in net sales absorbed the increase in labor expenses and other costs associated with growth in the number of engineers, and the increase in SG&A expenses.

| (Fractions of one million yen are rounded down) | 3Q ended Dec.<br>31, 2020 | 3Q ended Dec.<br>31, 2021 | YoY<br>Amount | %<br>Change | Past Forecast | %<br>Change |
|-------------------------------------------------|---------------------------|---------------------------|---------------|-------------|---------------|-------------|
| Net sales                                       | 52,888                    | 56,880                    | +3,991        | +7.5%       | 77,000        | 73.9%       |
| Operating profit                                | 6,344                     | 7,809                     | +1,464        | +23.1%      | 10,200        | 76.6%       |
| Operating profit margins                        | 12.0%                     | 13.7%                     | +1.7%         |             | 13.2%         |             |
| Ordinary profit                                 | 7,288                     | 8,388                     | +1,099        | +15.1%      | 10,800        | 77.7%       |
| Profit                                          | 5,103                     | 5,793                     | +690          | +13.5%      | 7,500         | 77.2%       |
| Utilization ratio (Company-wide)                | 89.5%                     | 93.0%                     | +3.5%         |             | 93.8%         |             |
| Working Hours〈h/day〉                            | 8.24                      | 8.37                      | +0.13         | +1.6%       | 8.40          |             |
| Number of Engineers                             | 7,379                     | 7,511                     | +132          | +1.8%       |               |             |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022 (Meitec Fielders)

- ✓ Net sales rose 20.1% year on year ⇒ Due to an increase in the number of engineers assigned to clients associated with growth in the number of engineers and improvement of utilization ratio.
- ✓ Operating profit rose 53.1% year on year ⇒ Due to a situation where the increase in net sales absorbed the increase in hiring-related expenses associated with active hiring.

| (Fractions of one million yen are rounded down) | 3Q ended Dec. 31, 2020 | 3Q ended Dec. 31, 2021 | YoY Amount | % Change | Past Forecast | % Change |
|-------------------------------------------------|------------------------|------------------------|------------|----------|---------------|----------|
| Net sales                                       | 15,717                 | 18,874                 | + 3,156    | +20.1%   | 25,600        | 73.7%    |
| Operating profit                                | 895                    | 1,370                  | + 475      | +53.1%   | 1,550         | 88.4%    |
| Operating profit margins                        | 5.7%                   | 7.3%                   | + 1.6%     |          | 6.1%          |          |
| Ordinary profit                                 | 894                    | 1,371                  | + 477      | +53.4%   | 1,550         | 88.5%    |
| Profit                                          | 612                    | 941                    | + 329      | +53.7%   | 1,060         | 88.8%    |
| Utilization ratio (Company-wide)                | 84.9%                  | 87.0%                  | + 2.1%     |          | 88.7%         |          |
| Working Hours<h/day>                            | 8.22                   | 8.35                   | + 0.13     | + 1.6%   | 8.38          |          |
| Number of Engineers                             | 3,296                  | 3,749                  | + 453      | + 13.7%  |               |          |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022 (Group Overview)

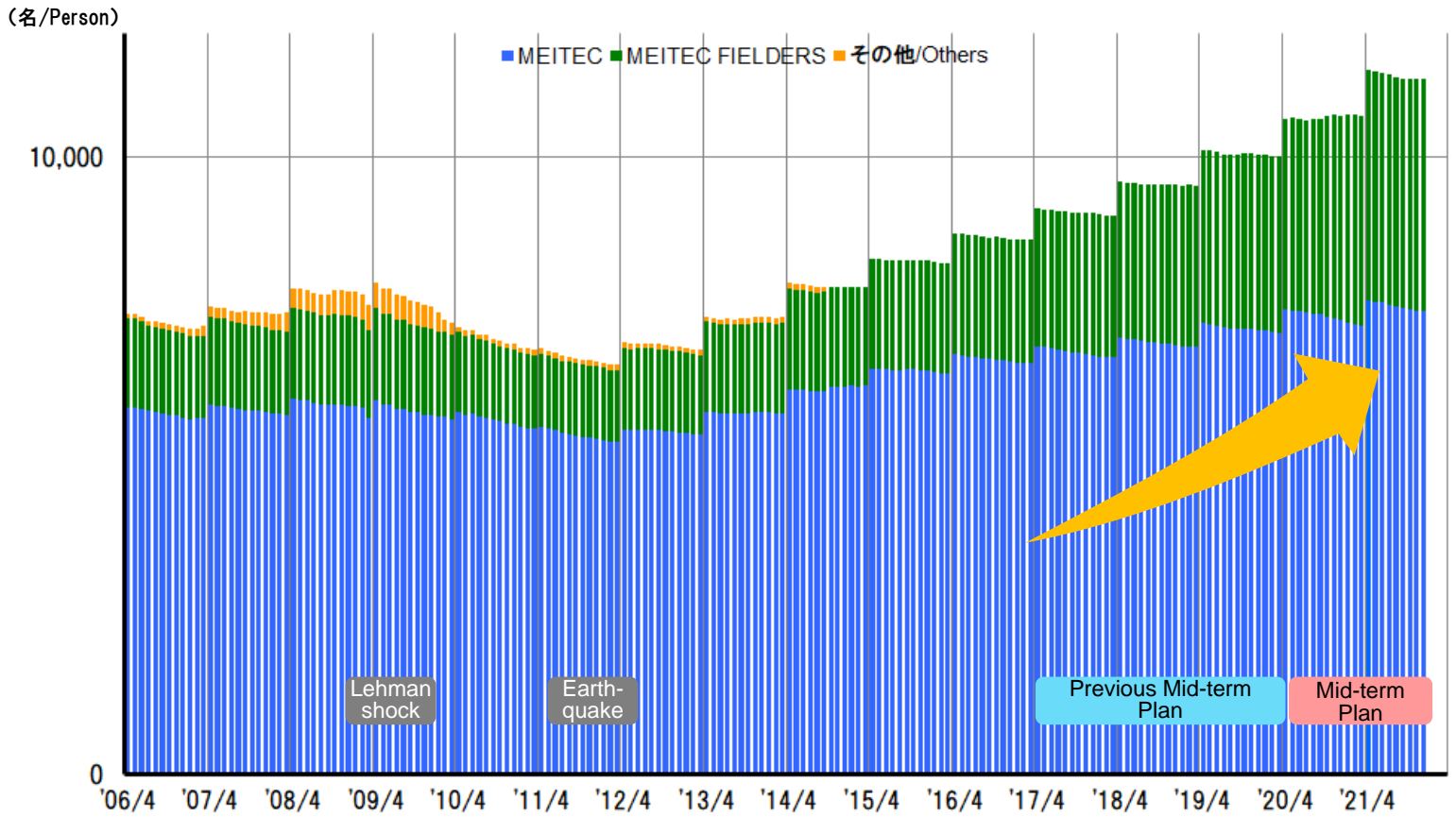
- ✓ Both sales and profit increased YoY for Meitec Next. ⇒ An increase in the number of job placements.

| (Fractions of one million yen are rounded down) | Engineering Solutions Business |                 |             |           |             | Recruiting & Placement Business for Engineers |
|-------------------------------------------------|--------------------------------|-----------------|-------------|-----------|-------------|-----------------------------------------------|
|                                                 | Meitec                         | Meitec Fielders | Meitec Cast | Meitec EX | Meitec Next |                                               |
| Net sales                                       | 56,880                         | 18,874          | 2,230       | 236       | 1,117       |                                               |
| YoY Amount                                      | + 3,991                        | + 3,156         | + 71        | + 109     | + 215       |                                               |
| % Change                                        | + 7.5%                         | + 20.1%         | + 3.3%      | + 86.6%   | + 23.9%     |                                               |
| Operating profit                                | 7,809                          | 1,370           | 140         | 0         | 338         |                                               |
| YoY Amount                                      | + 1,464                        | + 475           | (25)        | + 14      | + 151       |                                               |
| % Change                                        | + 23.1%                        | + 53.1%         | (15.3%)     | —         | + 80.6%     |                                               |
| Ordinary profit                                 | 8,388                          | 1,371           | 140         | 0         | 338         |                                               |
| Profit                                          | 5,793                          | 941             | 95          | (1)       | 232         |                                               |

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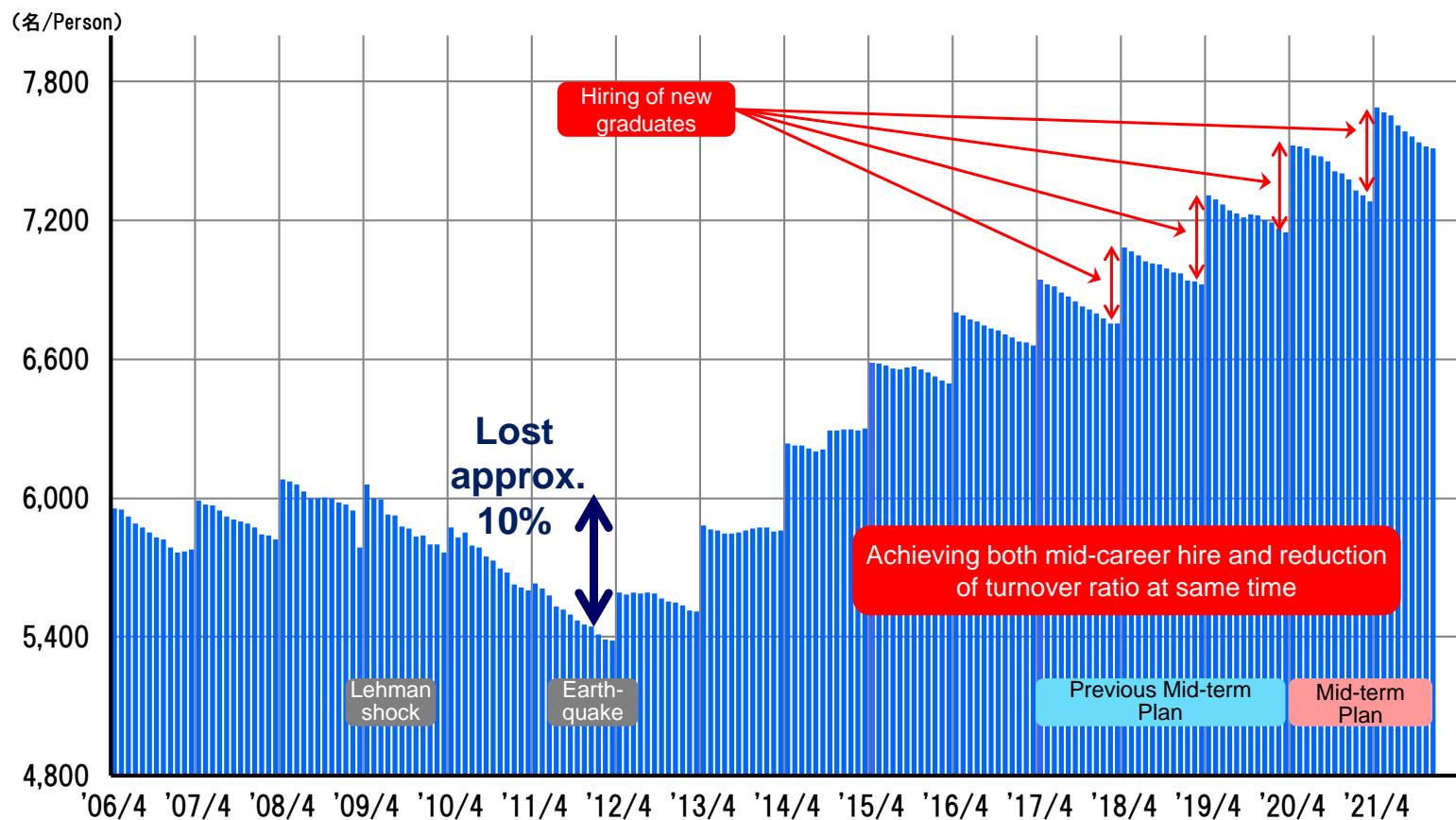
# Number of Engineers (Group Consolidated)

✓ The number of engineers as of December 31, 2021 was 11,260, an increase of 585 engineers, or 5.5%, compared to December 31, 2020.



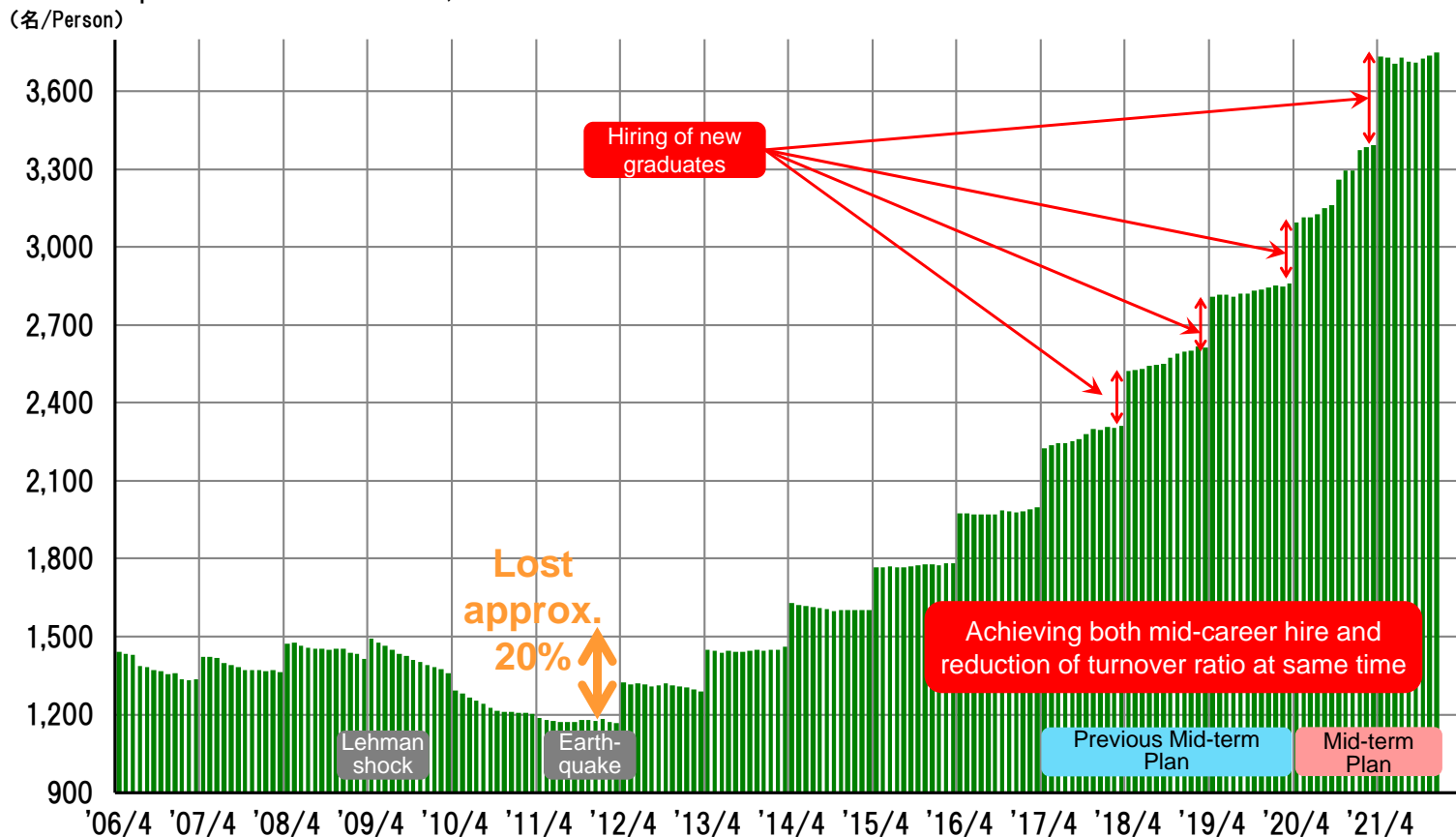
# Number of Engineers (Meitec)

✓ The number of engineers as of December 31, 2021 was 7,511, an increase of 132 engineers, or 1.8%, compared to December 31, 2020.



# Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of December 31, 2021 was 3,749, an increase of 453 engineers, or 13.7%, compared to December 31, 2020.



## Hiring Target for the Fiscal Year Ending March 31, 2022

### Mid-career (FY 2022/3)

- The need for work-ready engineers is even more intense than before the COVID-19 pandemic, and the hiring environment continues to be competitive.
- ✓ While maintaining hiring standards, we are promoting active recruitment with an eye on medium- to long-term growth and development. However, we have revised our internal targets in light of the hiring environment and assignment situation.
- ✓ Expanding recruitment channels and actively communicating the “lifetime professional engineer” career style and our approach to career advancement, aiming to secure the number of hires.

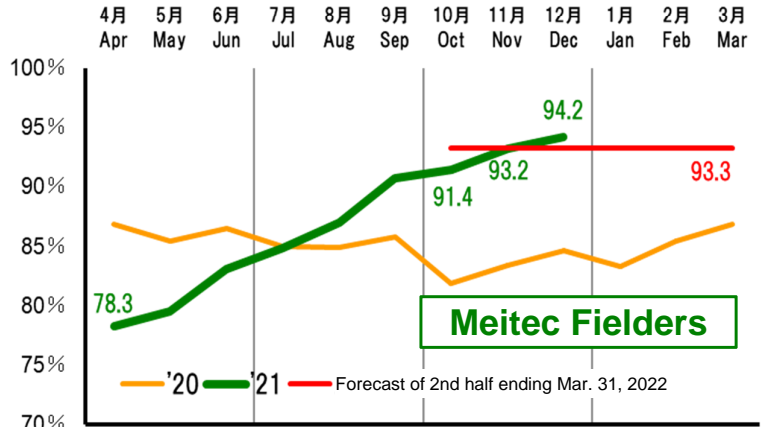
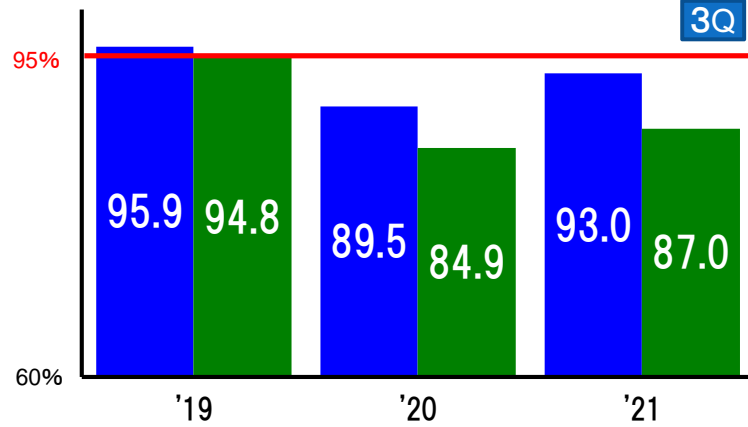
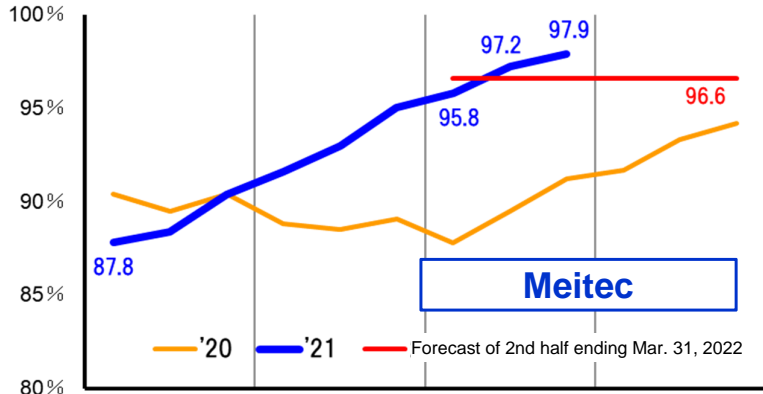
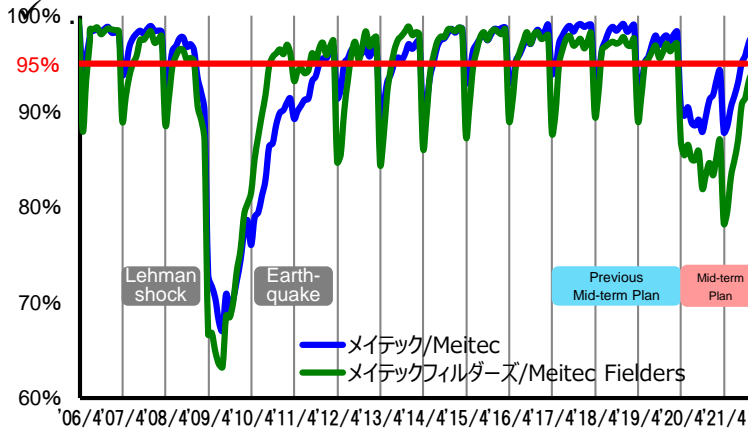
### New Graduates (Joined April 2022)

- 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.
- ✓ The number of persons who received job offers as of October 1, 2021, exceeded the initial forecast.
- ✓ This was mainly due to the fact that, while placing the highest priority on securing the safety of students, even during the COVID-19 crisis we were able to emphasize the importance of a student's inclination (a desire to grow, etc.) and implement recruitment activities that appealed the workstyle of a lifetime professional engineer.

| (person)                    | Fiscal Year Ending March 31, 2022    |                 |                                |                 |                                | Fiscal Year Ending March 31, 2023    |                                |
|-----------------------------|--------------------------------------|-----------------|--------------------------------|-----------------|--------------------------------|--------------------------------------|--------------------------------|
|                             | New Graduates April 2021<br>(Actual) | Mid-career      |                                | Total           |                                | New Graduates April 2022             |                                |
|                             |                                      | In-house target | Comparison to Initial Forecast | In-house target | Comparison to Initial Forecast | <Prospective Number as of Oct. 2021> | Comparison to Initial Forecast |
| Meitec                      | 462                                  | 240             | —                              | 702             | —                              | 499                                  | +19                            |
| Meitec Fielders             | 302                                  | 800             | (200)                          | 1,102           | (200)                          | 424                                  | +24                            |
| Total                       | 764                                  | 1,040           | (200)                          | 1,804           | (200)                          | 923                                  | +43                            |
| Comparison to previous year | —                                    | +255            |                                | +255            |                                |                                      |                                |

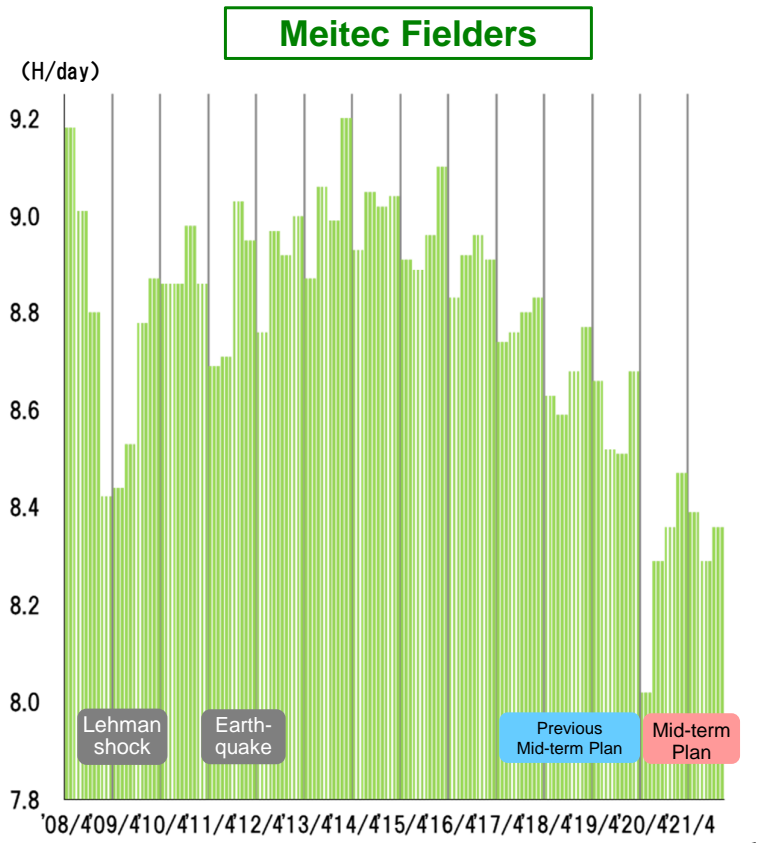
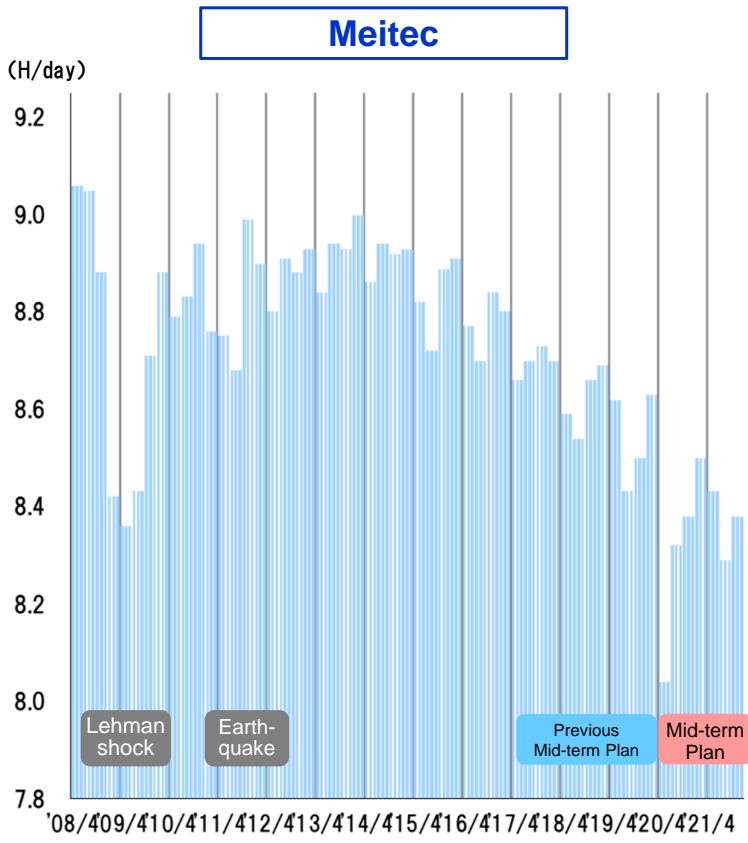
# Utilization Ratio

✓ Utilization ratio remained steady ⇒ We proceeded with the assignment of engineering staff in response to orders.



# Working Hours

✓ Working hours were longer due to the bounceback in overtime work, which had fallen sharply the year before.



*Develop a New Era by People and Technology*

人と技術で次代を拓く

**MEITEC**

**Engineering Firm at The Core**