



## Consolidated Financial Report For the Six Months Ended September 30, 2022

October 27, 2022

Company Name: Meitec Corporation  
Representative: Hideyo Kokubun  
President, Group CEO  
Code No.: 9744 TSE Prime Market

[Fractions of one million yen are rounded down]

### 1. Consolidated Results for the 2nd Quarter (April 1, 2022 to September 30, 2022)

#### (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, 2022 | 58,029          | 14.0 | 7,584            | 42.1 | 7,635           | 41.2 | 5,107                                   | 43.9 |
| Six months ended September 30, 2021 | 50,915          | 8.1  | 5,336            | 9.4  | 5,405           | 10.1 | 3,549                                   | 13.1 |

(Note) Comprehensive Income; Six months ended September 30, 2022: 5,186 million yen [ 40.9% ]  
Six months ended September 30, 2021: 3,680 million yen [ 12.6% ]

|                                     | Earnings per Share | Diluted Net Income per Share |
|-------------------------------------|--------------------|------------------------------|
|                                     | Yen                | Yen                          |
| Six months ended September 30, 2022 | 63.74              | —                            |
| Six months ended September 30, 2021 | 43.48              | —                            |

(Note) The Company conducted a share split with a ratio of three shares for one share of common stock on July 1, 2022. Earnings per share is calculated assuming the share split to have been conducted at the start of the previous fiscal year.

#### (2) Consolidated financial position

|                          | Total Assets    | Net Assets      | Equity Ratio |
|--------------------------|-----------------|-----------------|--------------|
|                          | Millions of Yen | Millions of Yen | %            |
| As of September 30, 2022 | 81,747          | 46,761          | 57.2         |
| As of March 31, 2022     | 81,590          | 45,287          | 55.5         |

Reference: Shareholders' Equity; as of September 30, 2022: 46,761 million yen  
as of March 31, 2022: 45,287 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, 2022             | —                          | 78.50       | —           | 139.00   | 217.50 |
| FY ending March 31, 2023            | —                          | 39.00       | —           | —        | —      |
| FY ending March 31, 2023 (Forecast) | —                          | —           | —           | 45.00    | 84.00  |

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

The Company implemented a stock split on July 1, 2022 at a ratio of 3 shares to 1 share of common shares. For the fiscal year ended March 31, 2022, the actual amount of dividends per share before the stock split is stated.

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### 3. Consolidated Forecasts for Fiscal Year ending March 31, 2023

(% 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, 2023 | 119,500         | 11.5 | 15,800           | 23.3 | 15,900          | 22.8 | 10,900                                  | 18.0 | 136.04             |

(Note) Revision of performance forecast from recent forecast: Yes

The Company implemented a stock split on July 1, 2022 at a ratio of 3 shares to 1 share of common shares.

The consolidated earnings per share forecast for the fiscal year ending March 31, 2023, takes into account the effects of the stock split.

### 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, 2022: 84,300,000  
FY ended March 31, 2022: 84,300,000  
ii. Number of treasury shares at the fiscal year end  
2nd quarter ended September 30, 2022: 4,174,487  
FY ended March 31, 2022: 4,174,062  
iii. Average number of shares outstanding during the period  
2nd quarter ended September 30, 2022: 80,125,676  
2nd quarter ended September 30, 2021: 81,628,803

(Note) The Company conducted a share split with a ratio of three shares for one share of common stock on July 1, 2022.

Number of shares issued at the fiscal year end, number of treasury shares at the fiscal year end, and average number of shares outstanding during the period have been calculated assuming the share split to have been conducted at the start of the previous fiscal year.

**\* 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 2nd Quarter

During the first half of the current fiscal year (the six months from April 1, 2022 to September 30, 2022), restrictions on economic activity caused by the impact of COVID-19 were eased, and the shift towards a new stage of coexistence with COVID-19 brought about a moderate recovery in business conditions. However, the economic outlook remained uncertain due to a tense international situation, increases in the prices of resources, further depreciation of the yen, and other factors.

As a result of investment in technological development focused on the next generation of products by the leading manufacturers that constitute the Company's major clients, the order environment was strong.

Under these circumstances, as a result of the Company continuing proactive recruitment with an eye on medium- and long-term growth, the number of engineers (total for MT and MF) as of September 30, 2022, increased to 12,073 (up 798, or 7.1% compared to September 30, 2021), including 885 (MT: 474, MF: 411) new employees joining the Group in April 2022. In addition, the number of engineers assigned to clients increased as a result of since the utilization ratio recovered from the second half of the previous fiscal year, this fiscal year started at a higher level than the previous year, and an improvement in the pace of assignments for new employees year on year.

As a result, consolidated net sales for the period under review increased ¥7,114 million, or 14.0%, from a year earlier to ¥58,029 million. Consolidated cost of sales increased ¥4,282 million, or 11.2%, from a year earlier to ¥42,357 million, due mainly to an increase in labor expenses associated with the growth in the number of engineers. Consolidated selling, general and administrative expenses increased ¥584 million, or 7.8%, from a year earlier to ¥8,088 million, due mainly to an increase in hiring-related expenses. As a result, consolidated operating profit increased ¥2,247 million, or 42.1%, from a year earlier to ¥7,584 million.

Consolidated ordinary profit increased ¥2,229 million, or 41.2% from a year earlier to ¥7,635 million. Profit attributable to owners of parent increased ¥1,557 million, or 43.9% from a year earlier to ¥5,107 million.

For details, please refer to the "Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023" released today on the Company's website.

2. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Millions of Yen)

|  | Fiscal year ended<br>Mar. 31, 2022 | The 2nd Quarter ended<br>Sep. 30, 2022 |
|--|------------------------------------|--|
| <b>Assets</b>  |                                    |  |
| Current assets   |                                    |  |
| Cash and deposits  | 49,706                             | 49,128                                 |
| Notes and accounts receivable - trade                    | 16,098                             | 16,425                                 |
| Work in process  | 178                                | 275                                    |
| Other  | 954                                | 1,403                                  |
| Allowance for doubtful accounts                          | (0)                                | (0)                                    |
| Total current assets                                     | 66,937                             | 67,233                                 |
| Non-current assets                                       |                                    |  |
| Property, plant and equipment                            |                                    |  |
| Buildings and structures, net                            | 3,271                              | 3,204                                  |
| Other, net   | 1,731                              | 1,691                                  |
| Total property, plant and equipment                      | 5,002                              | 4,895                                  |
| Intangible assets  |                                    |  |
| Other  | 345                                | 352                                    |
| Total intangible assets                                  | 345                                | 352                                    |
| Investments and other assets                             |                                    |  |
| Deferred tax assets                                      | 8,458                              | 8,423                                  |
| Other  | 848                                | 845                                    |
| Allowance for doubtful accounts                          | (2)                                | (2)                                    |
| Total investments and other assets                       | 9,304                              | 9,266                                  |
| Total non-current assets                                 | 14,652                             | 14,513                                 |
| Total assets   | 81,590                             | 81,747                                 |
| <b>Liabilities</b>                                       |                                    |  |
| Current liabilities                                      |                                    |  |
| Income taxes payable                                     | 3,310                              | 2,537                                  |
| Provision for bonuses for directors (and other officers) | 238                                | 130                                    |
| Provision for bonuses                                    | 8,861                              | 8,949                                  |
| Other  | 7,259                              | 6,473                                  |
| Total current liabilities                                | 19,669                             | 18,090                                 |
| Non-current liabilities                                  |                                    |  |
| Retirement benefit liability                             | 16,633                             | 16,895                                 |
| Total non-current liabilities                            | 16,633                             | 16,895                                 |
| Total liabilities  | 36,302                             | 34,986                                 |
| <b>Net assets</b>  |                                    |  |
| Shareholders' equity                                     |                                    |  |
| Share capital  | 5,000                              | 5,000                                  |
| Capital surplus  | 3,627                              | 3,627                                  |
| Retained earnings  | 44,865                             | 46,259                                 |
| Treasury shares  | (7,035)                            | (7,036)                                |
| Total shareholders' equity                               | 46,457                             | 47,850                                 |
| Accumulated other comprehensive income                   |                                    |  |
| Revaluation reserve for land                             | (662)                              | (662)                                  |
| Remeasurements of defined benefit plans                  | (506)                              | (426)                                  |
| Total accumulated other comprehensive income             | (1,169)                            | (1,089)                                |
| Total net assets   | 45,287                             | 46,761                                 |
| Total liabilities and net assets                         | 81,590                             | 81,747                                 |

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

(Millions of Yen)

|  | The 2nd Quarter ended<br>Sep. 30, 2021 | The 2nd Quarter ended<br>Sep. 30, 2022 |
|--|--|--|
| Net sales                                    | 50,915                                 | 58,029                                 |
| Cost of sales                                | 38,074                                 | 42,357                                 |
| Gross profit                                 | 12,840                                 | 15,672                                 |
| Selling, general and administrative expenses | 7,503                                  | 8,088                                  |
| Operating profit                             | 5,336                                  | 7,584                                  |
| Non-operating income                         |  |  |
| Interest income                              | 0                                      | 0                                      |
| Subsidy income                               | 63                                     | 45                                     |
| Other  | 6                                      | 6                                      |
| Total non-operating income                   | 70                                     | 52                                     |
| Non-operating expenses                       |  |  |
| Commitment fees                              | 1                                      | 1                                      |
| Other  | 0                                      | 0                                      |
| Total non-operating expenses                 | 1                                      | 1                                      |
| Ordinary profit                              | 5,405                                  | 7,635                                  |
| Extraordinary losses                         |  |  |
| Loss on retirement of non-current assets     | 0                                      | 0                                      |
| Impairment losses                            | 4                                      | —                                      |
| Total extraordinary losses                   | 4                                      | 0                                      |
| Profit before income taxes                   | 5,401                                  | 7,635                                  |
| Income taxes                                 | 1,852                                  | 2,527                                  |
| Profit                                       | 3,549                                  | 5,107                                  |
| Profit attributable to owners of parent      | 3,549                                  | 5,107                                  |

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

|   | The 2nd Quarter ended<br>Sep. 30, 2021 | The 2nd Quarter ended<br>Sep. 30, 2022 |
|---|--|--|
| Profit  | 3,549                                  | 5,107                                  |
| Other comprehensive income                            |  |  |
| Remeasurements of defined benefit plans, net of tax   | 131                                    | 79                                     |
| Total other comprehensive income                      | 131                                    | 79                                     |
| Comprehensive income                                  | 3,680                                  | 5,186                                  |
| Comprehensive income attributable to                  |  |  |
| Comprehensive income attributable to owners of parent | 3,680                                  | 5,186                                  |

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(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, 2022.

(3)-4 Changes in Accounting Policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the start of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment provided in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied prospectively. This change in accounting policy has 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, 2022.