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# Consolidated Financial Report For the Nine Months Ended December 31, 2022



January 31, 2023

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 3rd Quarter (April 1, 2022 to December 31, 2022)

### (1) Consolidated operating results

(% is comparison to the previous fiscal year)

(7) Consolidated operating results							iscai year)	
	Net Sales		Operating P	rofit	Ordinary P	rofit	Profit Attributable to	
				-		Owners of Parent		
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2022	88,696	12.4	12,385	29.5	12,447	28.8	8,490	30.8
Nine months ended December 31, 2021	78,936	10.4	9,562	26.7	9,667	27.2	6,492	29.4

(Note)Comprehensive Income; Nine

Nine months ended December 31, 2022: Nine months ended December 31, 2021: 8,610 nillion yen [28.7 %] 6,689 nillion yen [28.3 %]

	Earnings per Share	Diluted Net Income per Share	
	Yen	Yen	
Nine months ended December 31, 2022	106.15	_	
Nine months ended December 31, 2021	79.66	_	

(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 December 31, 2022	77,458	44,060	56.9
As of March 31, 2022	81,590	45,287	55.5

Reference: Shareholders' Equity;

as of December 31, 2022: as of March 31, 2022:

44,060 million yen 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.

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

(% is comparison to the same period of previous fiscal year

	(70 is comparison to the same period of previous fiscal year						oi pievious fiscai yeai)		
	Net Sa	les	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: None

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.



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## **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:
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)

3rd Quarter ended December 31, 2022: 84,300,000 FY ended March 31, 2022: 84,300,000

ii. Number of treasury shares at the fiscal year end

3rd Quarter ended December 31, 2021:

3rd Quarter ended December 31, 2022: 5,377,993 FY ended March 31, 2022: 4,174,062 iii. Average number of shares outstanding during the period 3rd Quarter ended December 31, 2022: 79,990,680

(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.

81,498,224

\* 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 3rd Quarter

Qualitative Information on the Consolidated Operating Results

During the first three quarters of the current fiscal year (the nine months from April 1, 2022 to December 31, 2022), a moderate recovery in business conditions continued amid the normalization of social and economic activity from the effects of the COVID-19 pandemic. However, the economic outlook remained uncertain due to a tense international situation, increases in the prices of resources, 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 December 31, 2022, was 12,014 (up 754, or 6.7% compared to December 31, 2021), including 885 (MT: 474, MF: 411) new employees joining the Group in April 2022. In addition, while the utilization ratio started at a higher level this fiscal year than the previous year because of recovery from the second half of the previous fiscal year, the utilization ratio increased due to factors including improvement in the pace of assignments for new employees year on year and steady progress in assignments in response to orders. Therefore, the number of engineers assigned to clients increased.

As a result, consolidated net sales for the period under review increased \$9,760 million, or 12.4%, from a year earlier to \$88,696 million. Consolidated cost of sales increased \$6,101 million, or 10.5%, from a year earlier to \$64,180 million, due mainly to an increase in labor expenses associated with growth in the number of engineers. Consolidated selling, general and administrative expenses increased \$835 million, or 7.4%, from a year earlier to \$12,130 million, due mainly to an increase in hiring-related expenses. Consolidated operating profit increased \$2,822 million, or 29.5%, from a year earlier to \$12,385 million.

Consolidated ordinary profit increased \$2,780 million, or 28.8% from a year earlier to \$12,447 million. Profit attributable to owners of parent increased \$1,998 million, or 30.8% from a year earlier to \$8,490 million.

For details, please refer to the "Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2023" released today on the Company's website.

	Fiscal year ended Mar. 31, 2022	The 3rd Quarter ended Dec. 31, 2022
Assets		
Current assets		
Cash and deposits	49,706	44,080
Notes and accounts receivable - trade	16,098	16,453
Work in process	178	272
Other	954	2,197
Allowance for doubtful accounts	(0)	(0)
Total current assets	66,937	63,003
Non-current assets	30,727	00,000
Property, plant and equipment		
Buildings and structures, net	3,271	3,161
Other, net	1,731	1,681
Total property, plant and equipment	5,002	4,843
Intangible assets	3,002	4,043
Other	345	378
Total intangible assets	345	378
	343	3/6
Investments and other assets	0.450	0.406
Deferred tax assets	8,458	8,406
Other	848	830
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,304	9,233
Total non-current assets	14,652	14,455
Total assets	81,590	77,458
Liabilities		
Current liabilities		
Income taxes payable	3,310	1,629
Provision for bonuses for directors (and other officers)	238	182
Provision for bonuses	8,861	4,895
Other	7,259	9,687
Total current liabilities	19,669	16,395
Non-current liabilities		
Retirement benefit liability	16,633	17,003
Total non-current liabilities	16,633	17,003
Total liabilities	36,302	33,398
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	3,627	3,627
Retained earnings	44,865	46,518
Treasury shares	(7,035)	(10,036)
Total shareholders' equity	46,457	45,109
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Remeasurements of defined benefit plans	(506)	(386)
Total accumulated other comprehensive income	(1,169)	(1,049)
Total net assets	45,287	44,060
Total liabilities and net assets	81,590	77,458

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

`		(Millions of Yen)
	The 3rd Quarter ended Dec. 31, 2021	The 3rd Quarter ended Dec. 31, 2022
Net sales	78,936	88,696
Cost of sales	58,079	64,180
Gross profit	20,856	24,515
Selling, general and administrative expenses	11,294	12,130
Operating profit	9,562	12,385
Non-operating income		
Interest income	0	0
Subsidy income	103	57
Other	9	10
Total non-operating income	114	68
Non-operating expenses		
Commitment fees	1	2
Commission expenses	6	3
Other	0	0
Total non-operating expenses	9	6
Ordinary profit	9,667	12,447
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment losses	4	_
Total extraordinary losses	4	0
Profit before income taxes	9,662	12,447
Income taxes	3,170	3,956
Profit	6,492	8,490
Profit attributable to owners of parent	6,492	8,490
(Consolidated Statements of Comprehensive Income)		(Millions of Yen)
	The 3rd Quarter ended Dec. 31, 2021	The 3rd Quarter ended Dec. 31, 2022
Profit	6,492	8,490
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	197	119
Total other comprehensive income	197	119
Comprehensive income	6,689	8,610
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,689	8,610



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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 December 31, 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.