

MEITEC CORPORATION

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021

January 28, 2021

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人と技術で次代を拓く

MEITEC

Engineering Firm at The Core

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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MEITEC
Engineering Firm at The Core

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021 (Group Consolidated)

- ✓ Net sales fell 4.9% year on year ⇒ Due to the effect of lower utilization ratio and shorter working hours as a result of the pandemic deteriorating the economic climate.
- ✓ Operating profit fell 23.5% YoY ⇒ Because the decline in net sales could not be offset by lower labor costs chiefly caused by shorter working hours and lower SG&A expenses.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2019	3Q ended Dec. 31, 2020	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	75,149	71,487	(3,661)	(4.9%)	97,500	73.3%
Cost of sales	54,709	53,460	(1,249)	(2.3%)	72,700	
Cost of sales to Net sales	72.8%	74.8%	+2.0%			
SG&A Expenses	10,572	10,480	(91)	(0.9%)	14,900	
Operating profit	9,867	7,546	(2,320)	(23.5%)	9,900	76.2%
Operating profit margins	13.1%	10.6%	(2.6%)		10.2%	
Ordinary profit	9,900	7,598	(2,302)	(23.3%)	10,000	76.0%
Extraordinary income & loss	(2)	(4)	(1)			
Profit before income taxes	9,898	7,593	(2,304)	(23.3%)		
Profit attributable to owners of parent	6,702	5,016	(1,686)	(25.2%)	6,600	76.0%
Profit margins	8.9%	7.0%	(1.9%)			

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021 (Meitec)

- ✓ Net sales fell 5.5% year on year ⇒ Due to the effect of lower utilization ratio and shorter working hours as a result of the pandemic deteriorating the economic climate.
- ✓ Operating profit fell 18.7% YoY ⇒ Because the decline in net sales could not be offset by lower labor costs chiefly caused by shorter working hours and lower SG&A expenses.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2019	3Q ended Dec. 31, 2020	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	55,978	52,888	(3,089)	(5.5%)	71,600	73.9%
Operating profit	7,803	6,344	(1,458)	(18.7%)	8,100	78.3%
Operating profit margins	13.9%	12.0%	(1.9%)		11.3%	
Ordinary profit	8,706	7,288	(1,418)	(16.3%)	9,000	81.0%
Profit	6,149	5,103	(1,045)	(17.0%)	6,300	81.0%
Utilization ratio (Company-wide)	95.9%	89.5%	(6.4%)		91.0%	
Working Hours<h/day>	8.51	8.24	(0.27)	(3.2%)	8.31	
Number of Engineers	7,201	7,379	+178	+2.5%		

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021 (Meitec Fielders)

- ✓ Net sales fell 1.3% year on year ⇒ Because the impact of the decline in net sales caused by the lower utilization ratio and shorter working hours was curbed by the increase in the number of engineers assigned to clients as a result of the increase in the number of engineers.
- ✓ Operating profit fell 44.2% YoY ⇒ Hiring expenses, etc. increased due to active hiring.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2019	3Q ended Dec. 31, 2020	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	15,926	15,717	(208)	(1.3%)	21,800	72.1%
Operating profit	1,604	895	(709)	(44.2%)	1,330	67.3%
Operating profit margins	10.1%	5.7%	(4.4%)		6.1%	
Ordinary profit	1,605	894	(711)	(44.3%)	1,330	67.2%
Profit	1,111	612	(498)	(44.9%)	880	69.5%
Utilization ratio (Company-wide)	94.8%	84.9%	(9.9%)		88.1%	
Working Hours<h/day>	8.56	8.22	(0.34)	(4.0%)	8.27	
Number of Engineers	2,844	3,296	+452	+15.9%		

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2021 (Group Overview)

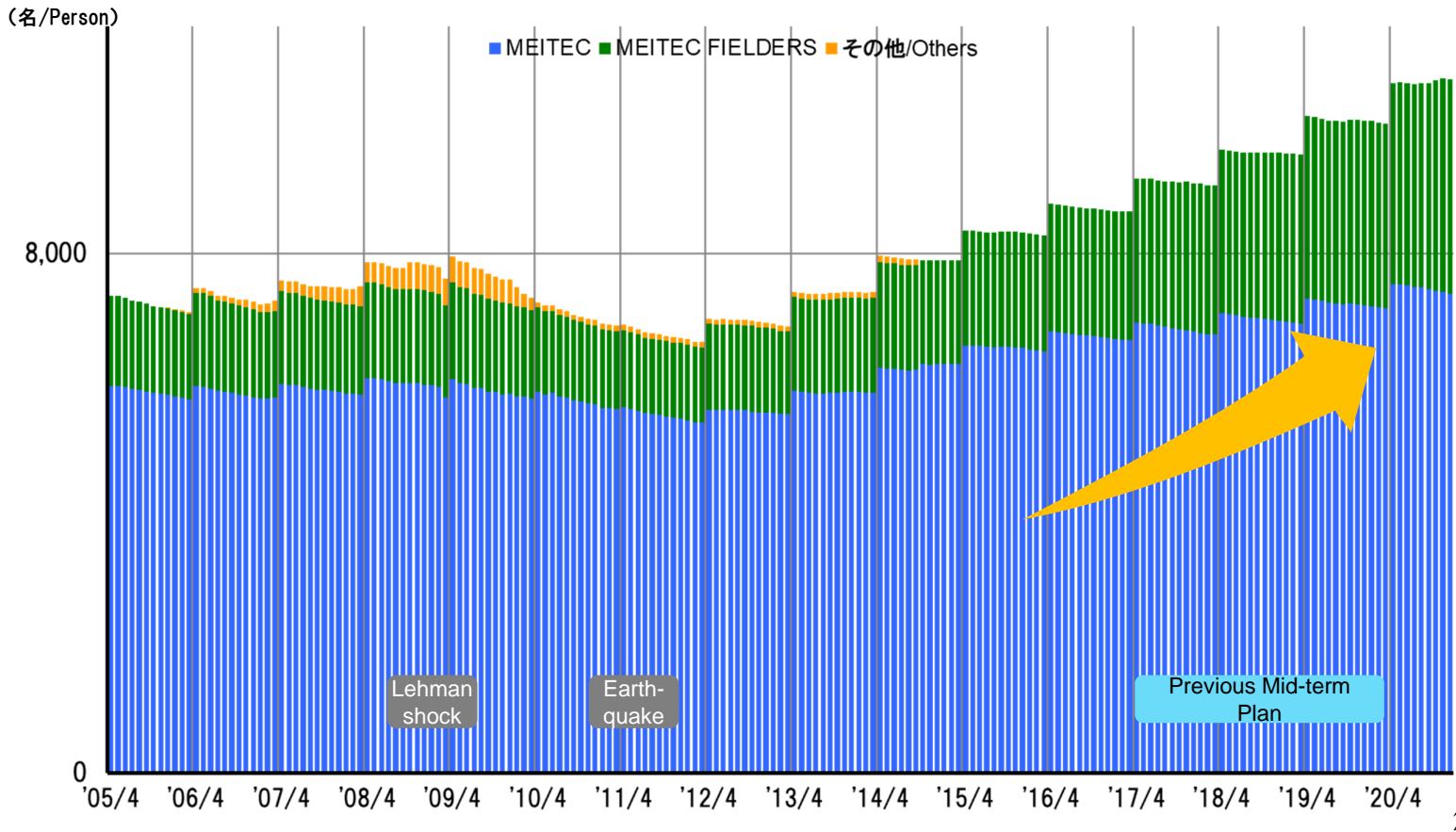
- ✓ Both sales and profit declined YoY for Meitec Next. ⇒ A decrease in the number of job placements.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	52,888	15,717	2,158	127	902
YoY Amount	(3,089)	(208)	+8	+40	(360)
% Change	(5.5%)	(1.3%)	+0.4%	+46.6%	(28.6%)
Operating profit	6,344	895	165	(15)	187
YoY Amount	(1,458)	(709)	+31	(7)	(153)
% Change	(18.7%)	(44.2%)	+23.6%	—	(45.0%)
Ordinary profit	7,288	894	175	(15)	187
Profit	5,103	612	119	(15)	128

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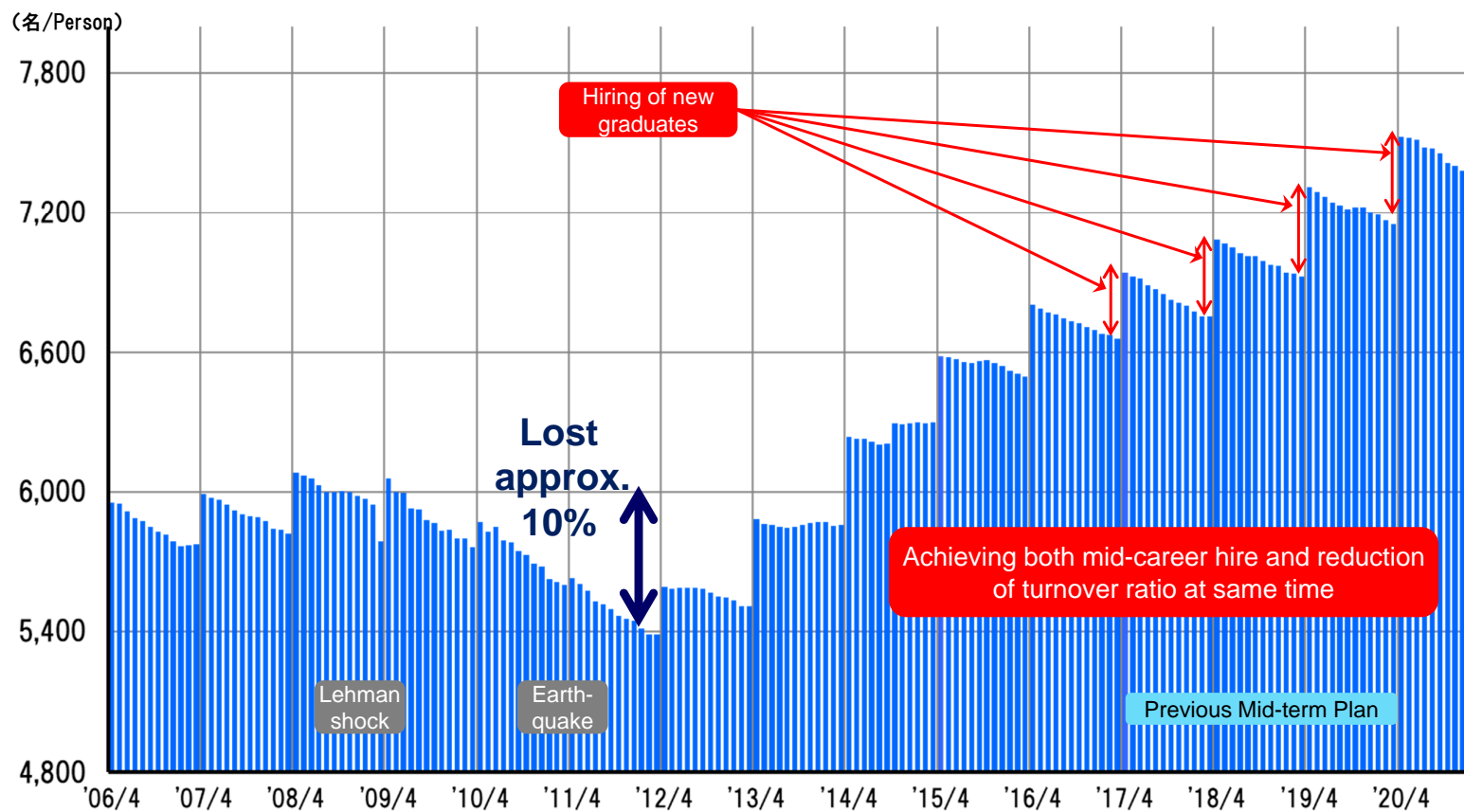
Number of Engineers (Group Consolidated)

✓ The number of engineers as of December 31, 2020 was 10,675, an increase of 630 engineers, or 6.3%, compared to December 31, 2019.



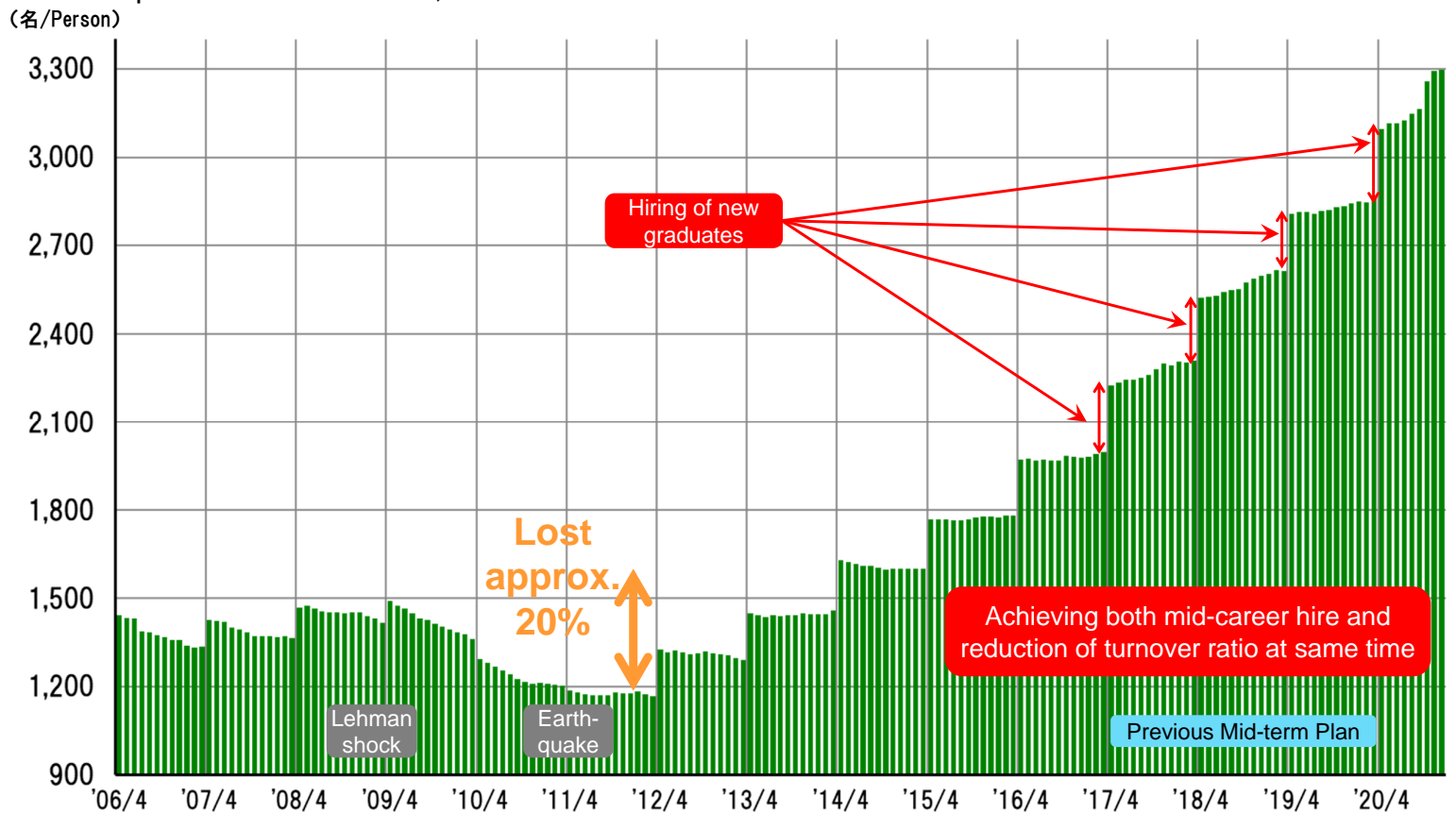
Number of Engineers (Meitec)

✓ The number of engineers as of December 31, 2020 was 7,379, an increase of 178 engineers, or 2.5%, compared to December 31, 2019.



Number of Engineers (Meitec Fielders)

✓ The number of engineers as of December 30, 2020 was 3,296, an increase of 452 engineers, or 15.9%, compared to December 30, 2019.



Hiring Target for the Fiscal Year Ending March 31, 2021

Mid-career (FY 2021/3)

- Overall recruitment needs have weakened, despite no end in sight to corporate demand for hiring DX personnel and other engineers with immediate working capabilities, and the hiring environment is expected to remain challenging.
- ✓ We will continue hiring activities maintaining our hiring standards.
- ✓ As a result of appealing to applicants by the fact that our business continually generates lifetime professional engineers and trying harder to attract more applicants, we are overall on track to achieve our internal goals at a higher level than ever.

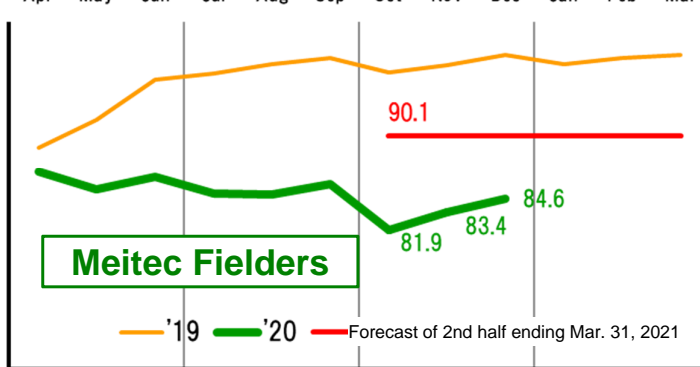
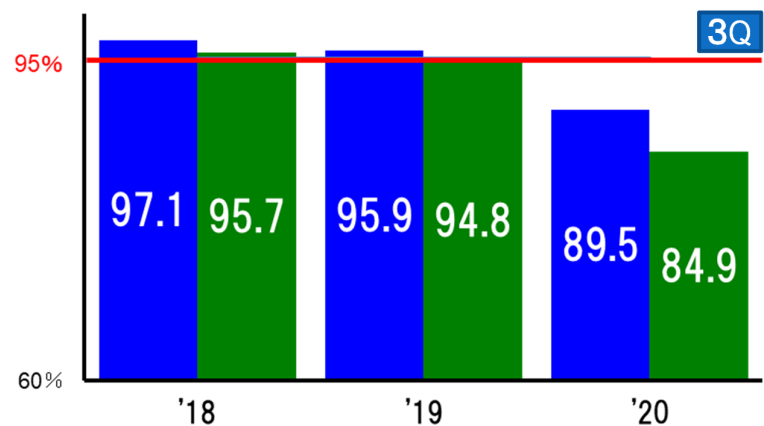
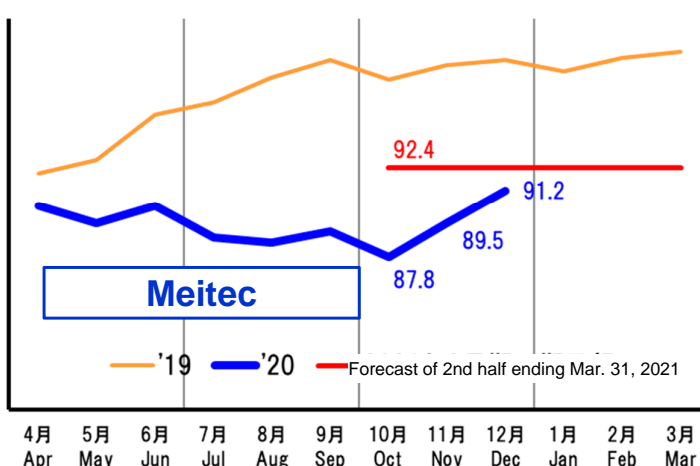
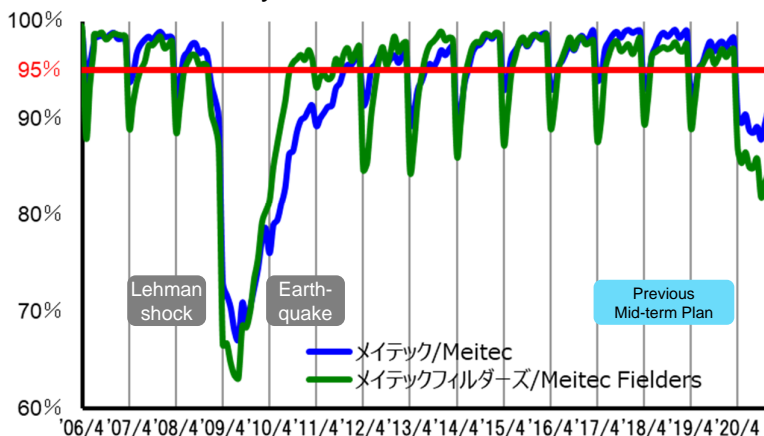
New Graduates (Joined April 2021)

- Although companies' willingness to hire new graduates has weakened due to the COVID-19 crisis, the needs to hire science students have not diminished yet.
- ✓ The number of prospective employees as of October 1 exceeded the initial forecast.
- ✓ The main reason for this is that the switch to online interviews was made at an early stage in order to dispel students' fears regarding the spread of infections.

(person)	Fiscal Year Ending March 31, 2021					Fiscal Year Ending March 31, 2022	
	New Graduates April 2020 (Actual)	Mid-career In-house target	Comparison to Initial Forecast	Total In-house target	Comparison to Initial Forecast	New Graduates April 2021 (Prospective Number as of Oct. 2020)	Comparison to Initial Forecast
Meitec	399	225	+5	624	+5	484	+34
Meitec Fielders	217	675	—	892	—	305	+5
Total	616	900	+5	1,516	+5	789	+39
Comparison to previous year	—	+383		+383			

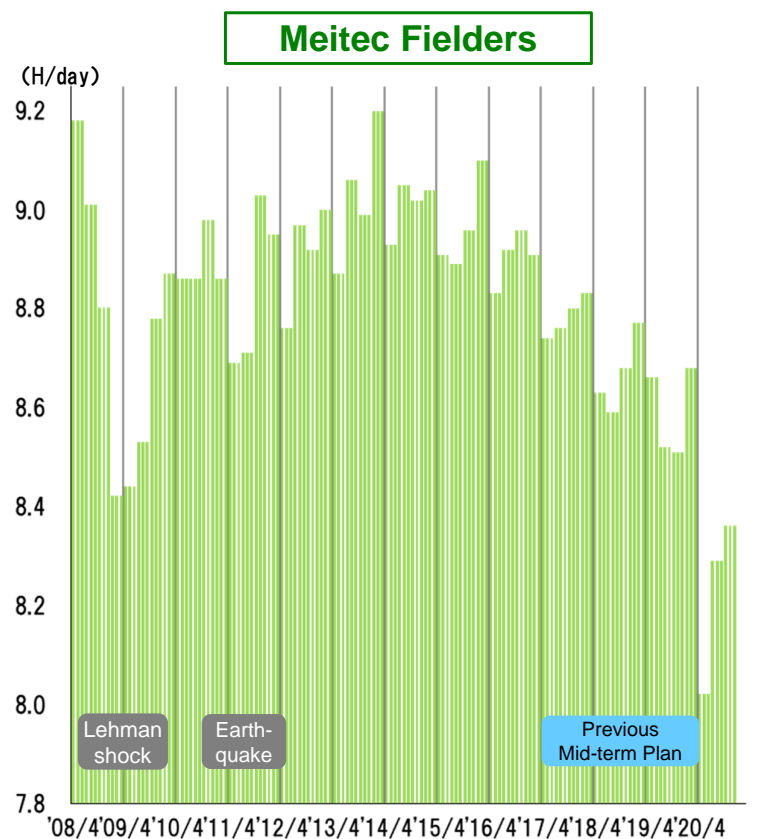
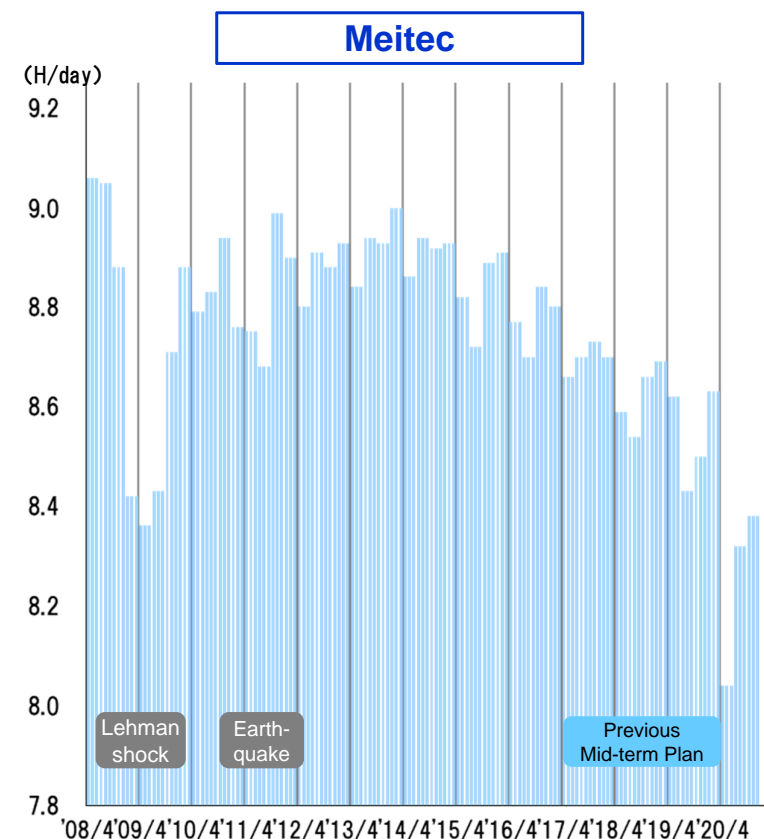
Utilization Ratio

✓ Utilization ratio fell ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.



Working Hours

✓ Working hours decreased ⇒ Due to the fact that with requests for refraining from going out at night, clients' reduction of overtime hours was enhanced.



Develop a New Era by People and Technology

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