

MEITEC CORPORATION

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021

October 29, 2020

President and CEO, COO

MEITEC Group CEO

Hideyo Kokubun

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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- 1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021**
- 2. Forecast for the Fiscal Year Ending March 31, 2021**
- 3. Reference Materials**

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

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1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021 (Group Consolidated)

- ✓ Net sales fell 5.0% 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)	2Q ended Sep. 30, 2019	2Q ended Sep. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	Progress toward the FY forecast
Net sales	49,577	47,091	(2,486)	(5.0%)	49,600	(2,509)
Cost of sales	36,461	35,307	(1,153)	(3.2%)	37,100	(1,793)
Cost of sales to Net sales	73.5%	75.0%	+1.5%			
SG&A Expenses	7,113	6,905	(208)	(2.9%)	7,900	(995)
Operating profit	6,003	4,878	(1,124)	(18.7%)	4,600	+278
Operating profit margins	12.1%	10.4%	(1.7%)		9.3%	+1.1%
Ordinary profit	6,020	4,907	(1,112)	(18.5%)	4,600	+307
Extraordinary income & loss	(2)	(4)	(2)			
Profit before income taxes	6,018	4,903	(1,115)	(18.5%)		
Profit attributable to owners of parent	3,970	3,138	(831)	(21.0%)	3,000	+138
Profit margins	8.0%	6.7%	(1.3%)			

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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021 (Business Domains)

- ✓ Both sales and profit declined in the Engineering Solutions Business and the Recruiting & Placement Business for Engineers year on year.

(Fractions of one million yen are rounded down)	2Q ended Sep. 30, 2019	2Q ended Sep. 30, 2020	YoY Amount	% Change
Sales of Engineering Solutions Business	48,758	46,492	(2,266)	(4.6%)
Component ratio	98.3%	98.7%	+0.4%	
Operating profit	5,765	4,703	(1,062)	(18.4%)
Sales of Recruiting & Placement Business for Engineers	867	665	(201)	(23.3%)
Component ratio	1.7%	1.4%	(0.3%)	
Operating profit	237	174	(62)	(26.3%)

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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021 (Meitec)

- ✓ Net sales fell 5.8% year on year, operating profit fell 16.9% YoY, and the number of engineers increased 3.3% YoY.
- ✓ Utilization ratio dropped 5.6% YoY ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.

(Fractions of one million yen are rounded down)	2Q ended Sep. 30, 2019	2Q ended Sep. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	Progress toward the FY forecast
Net sales	36,976	34,846	(2,130)	(5.8%)	36,500	(1,654)
Cost of sales	27,307	26,213	(1,094)	(4.0%)	27,600	(1,387)
Cost of sales to Net sales	73.8%	75.2%	+1.4%		75.6%	(0.4%)
SG&A Expenses	4,907	4,676	(230)	(4.7%)	5,200	(524)
Operating profit	4,762	3,956	(805)	(16.9%)	3,700	+256
Operating profit margins	12.9%	11.4%	(1.5%)		10.1%	+1.2%
Ordinary profit	5,661	4,899	(761)	(13.5%)	4,600	+299
Extraordinary income & loss	(2)	(4)	(2)			
Profit before income taxes	5,658	4,894	(763)	(13.5%)		
Profit	3,997	3,429	(567)	(14.2%)	3,200	+229
Utilization ratio (Company-wide)	95.1%	89.5%	(5.6%)		91.1%	(1.6%)
Working Hours<h/day>	8.52	8.17	(0.35)	(4.1%)	8.52	(0.35)
Number of Engineers	7,214	7,454	+240	+3.3%		

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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021 (Meitec Fielders)

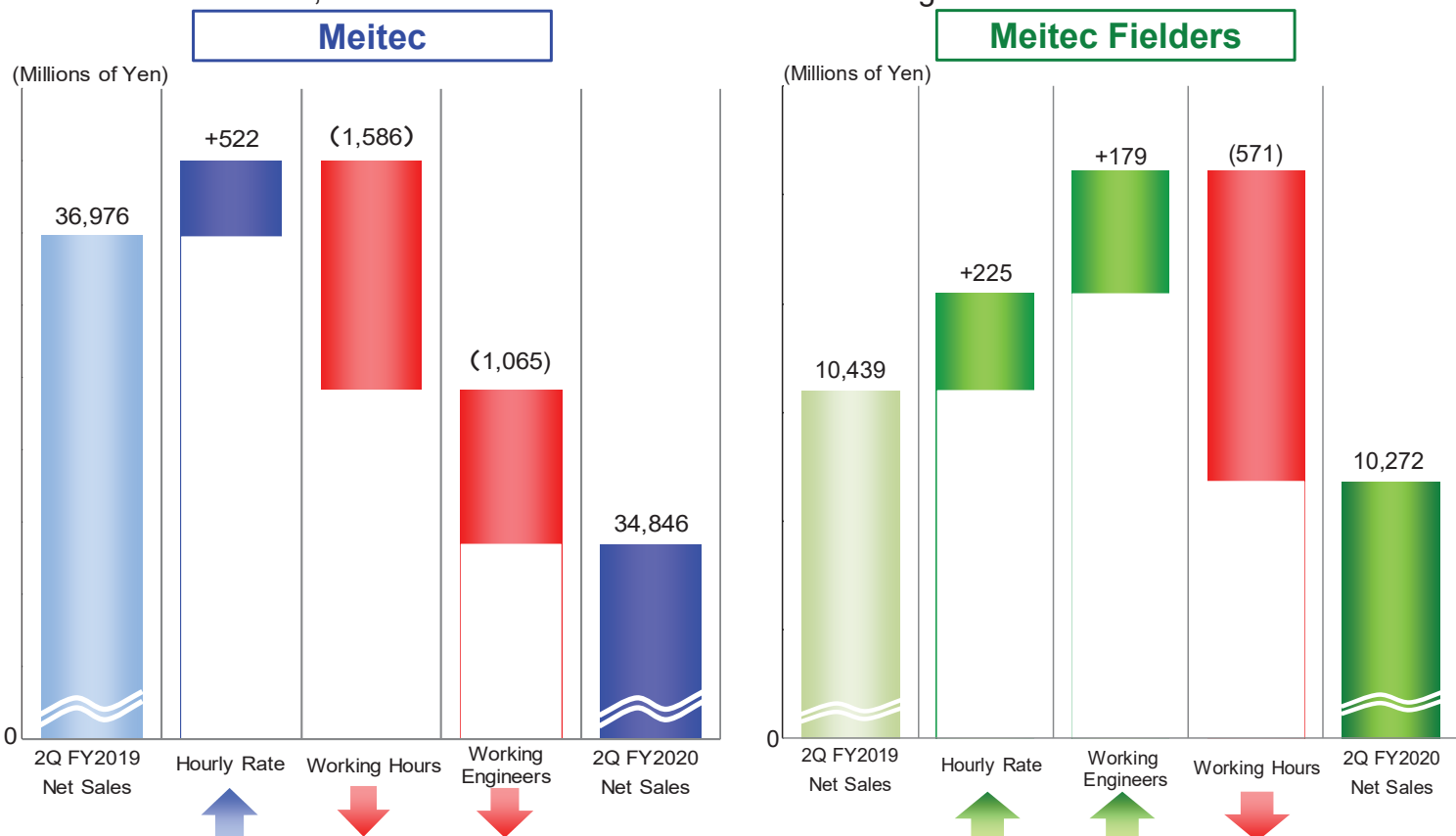
- ✓ Net sales fell 1.6% year on year, operating profit fell 28.6% YoY, and the number of engineers increased 12.1% YoY.
- ✓ Utilization ratio dropped 8.2% YoY ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.

(Fractions of one million yen are rounded down)	2Q ended Sep. 30, 2019	2Q ended Sep. 30, 2020	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2020	Progress toward the FY forecast
Net sales	10,439	10,272	(166)	(1.6%)	10,600	(328)
Cost of sales	8,095	8,007	(88)	(1.1%)	8,300	(293)
Cost of sales to Net sales	77.5%	77.9%	+0.4%		78.3%	(0.4%)
SG&A Expenses	1,413	1,601	+187	+13.3%	1,700	(99)
Operating profit	930	664	(266)	(28.6%)	600	+64
Operating profit margins	8.9%	6.5%	(2.4%)		5.7%	+0.8%
Ordinary profit	930	663	(267)	(28.8%)	600	+63
Extraordinary income & loss	0	—	—			
Profit before income taxes	930	663	(267)	(28.7%)		
Profit	644	454	(189)	(29.4%)	400	+54
Utilization ratio (Company-wide)	94.0%	85.8%	(8.2%)		86.3%	(0.5%)
Working Hours<h/day>	8.59	8.16	(0.43)	(5.0%)	8.59	(0.43)
Number of Engineers	2,822	3,163	+341	+12.1%		

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Comparison of Net Sales

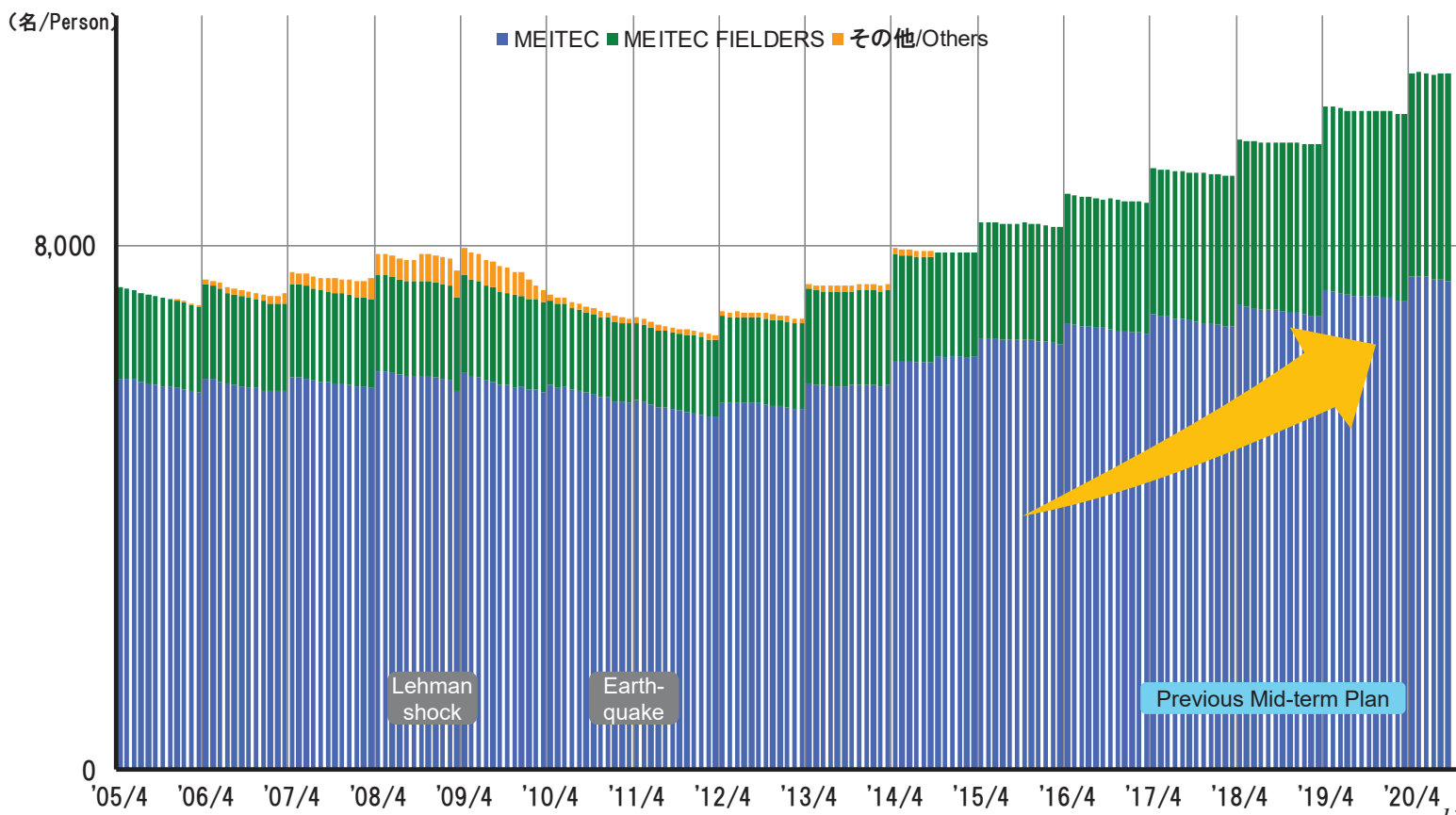
- ✓ For Meitec, net sales decreased due to “shorter working hours” and “decrease in the number of engineers assigned to clients.”
- ✓ For Meitec Fielders, net sales decreased due to “shorter working hours.”



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Number of Engineers (Group Consolidated)

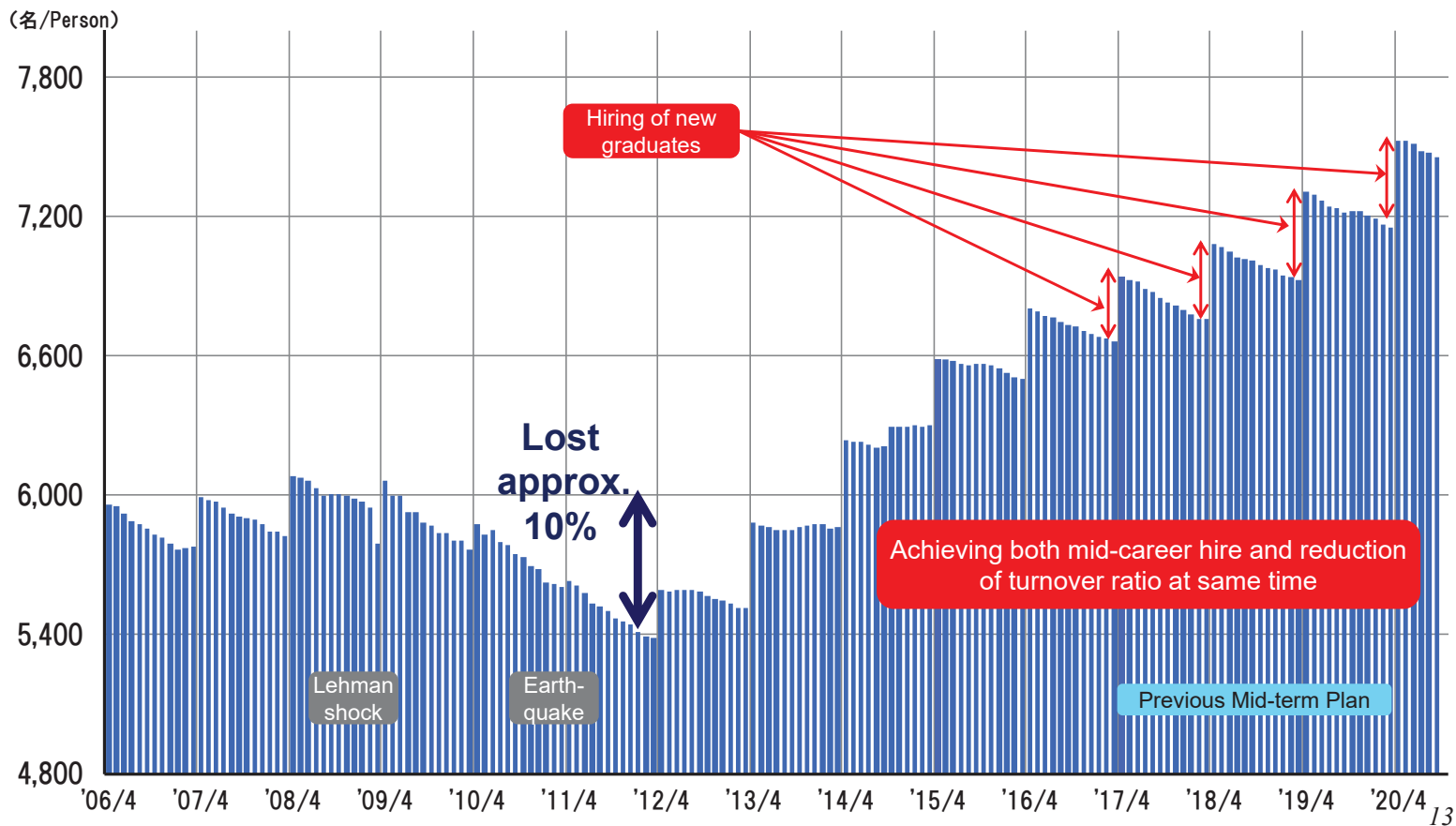
- ✓ The number of engineers as of September 30, 2020 was 10,617, an increase of 581 engineers, or 5.8%, compared to September 30, 2019.



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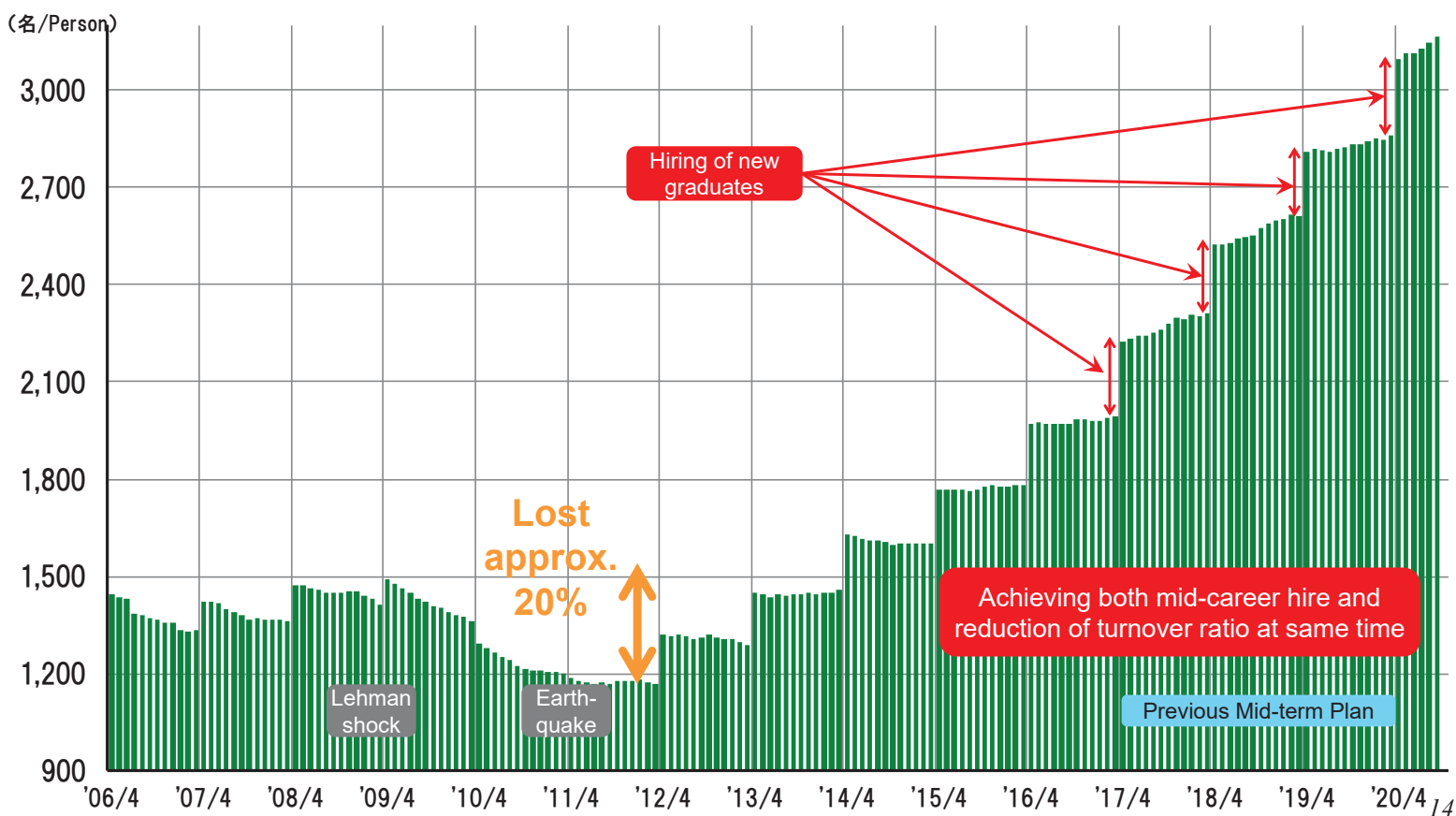
Number of Engineers (Meitec)

✓ The number of engineers as of September 30, 2020 was 7,454, an increase of 240 engineers, or 3.3%, compared to September 30, 2019.



Number of Engineers (Meitec Fielders)

✓ The number of engineers as of September 30, 2020 was 3,163, an increase of 341 engineers, or 12.1%, compared to September 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)

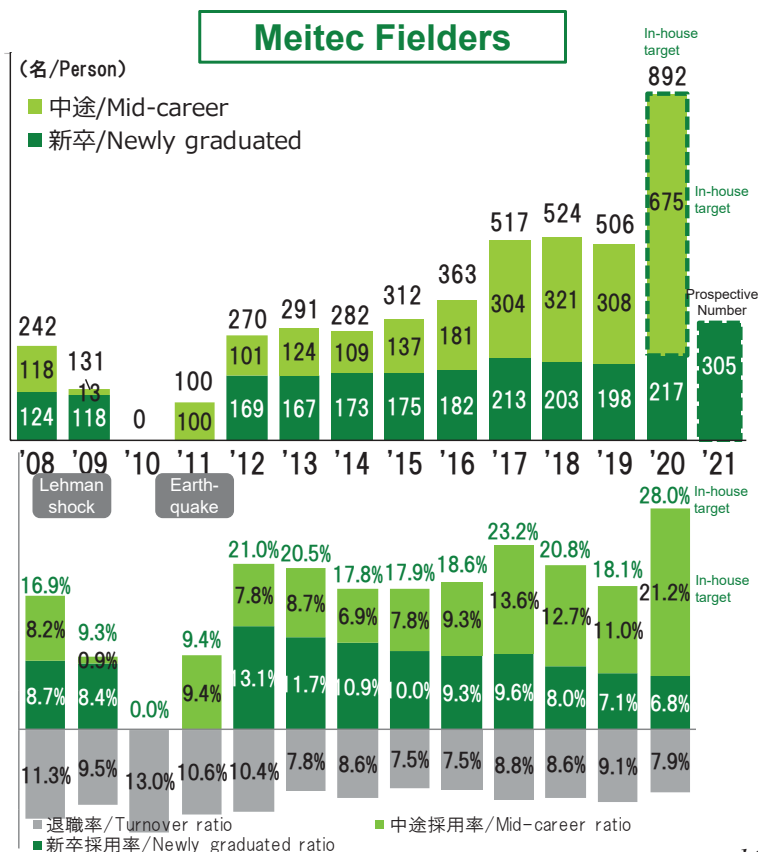
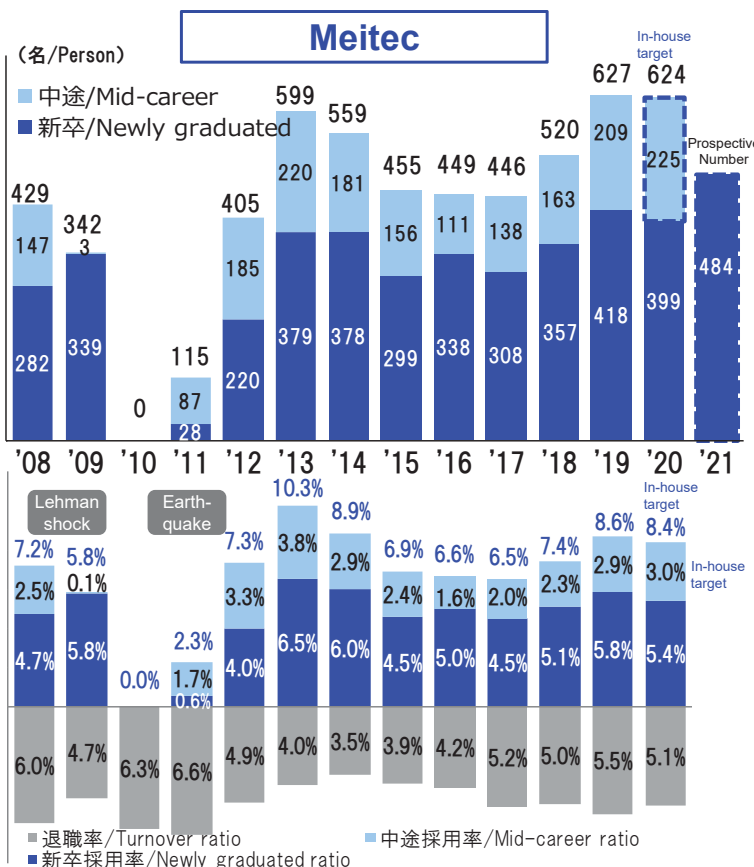
- Although companies' willingness to hire new graduates has weakened due to the COVID-19 crisis, the needs to hire science students have not diminished yet.
- ✓ The number of prospective employees as of October 1 exceeded the initial forecast.
- ✓ The main reason for this is that the switch to online 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		Total		New Graduates April 2021	
		In-house target	Comparison to Initial Forecast	In-house target	Comparison to Initial Forecast	<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			

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Recruitment and Turnover

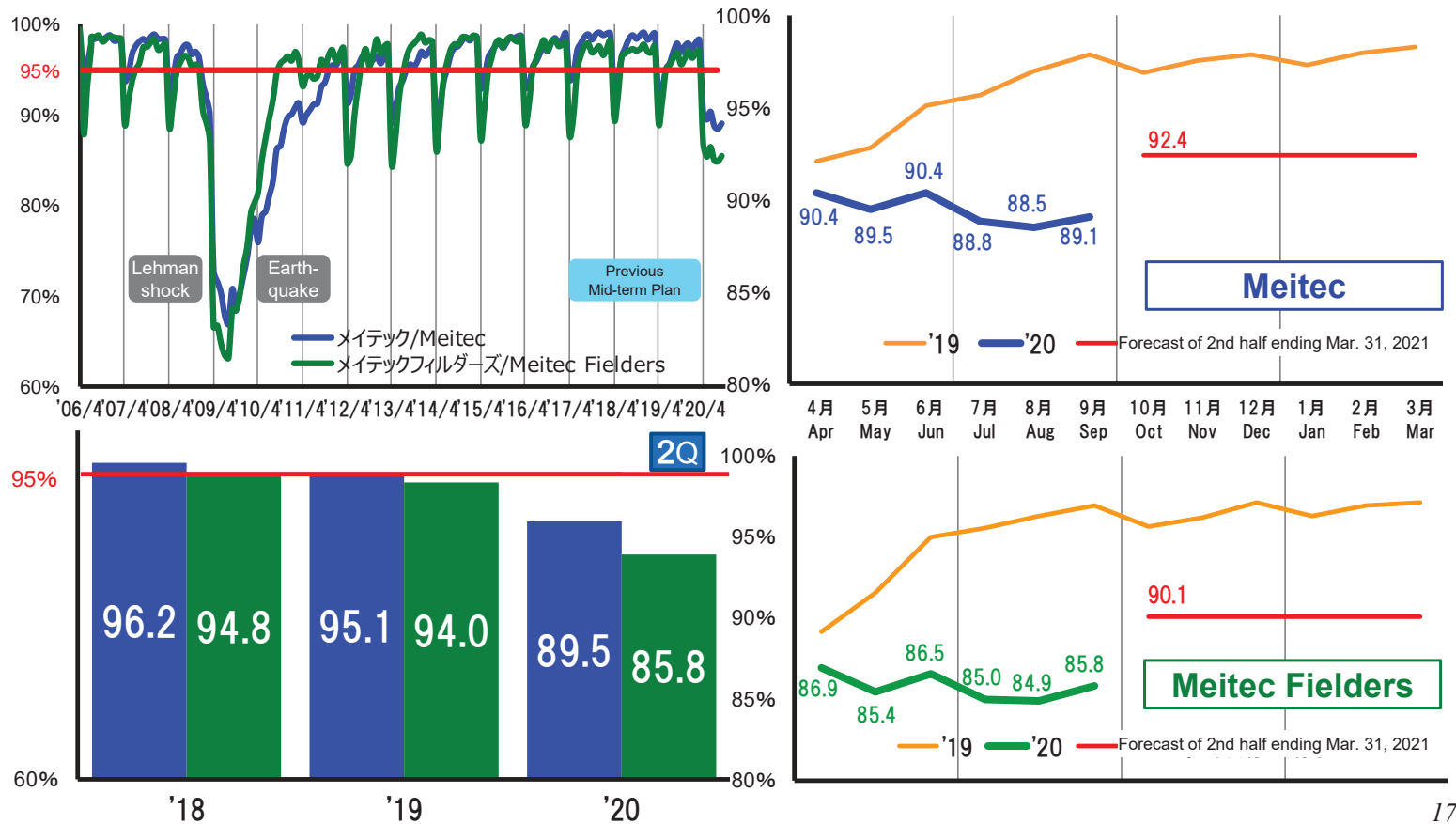
- ✓ Our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results are as follows. ※We plan to announce the actual recruitment and turnover ratios in May 2021.



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Utilization Ratio

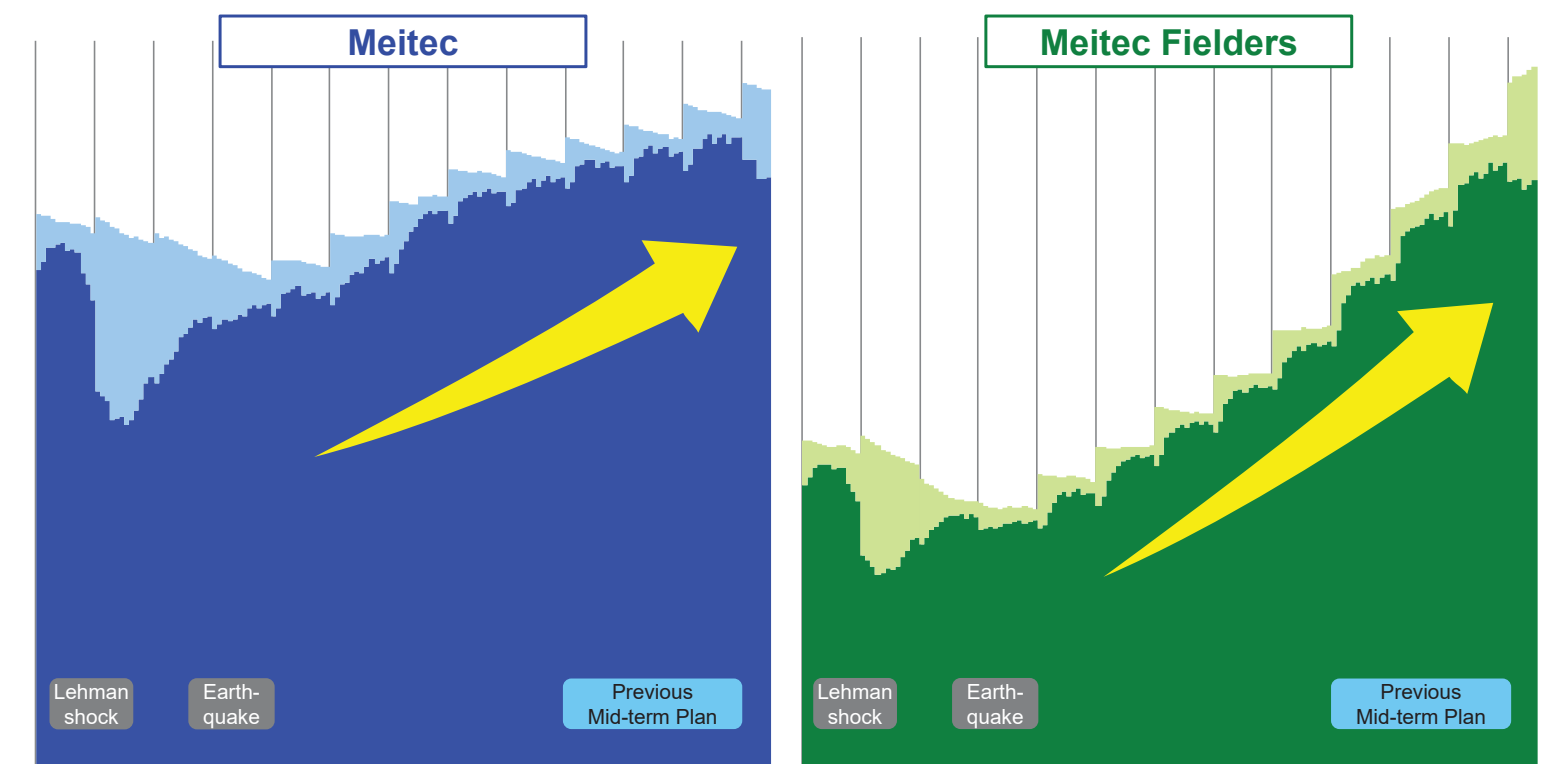
✓ Utilization ratio fell ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.



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Number of Engineers Assigned to the Clients (Key factor of Sales)

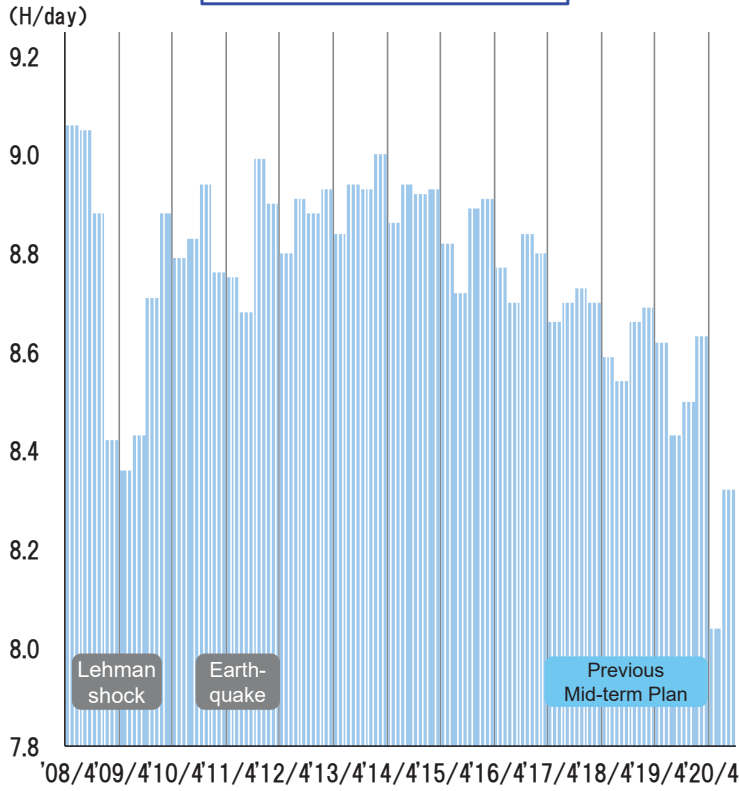
✓ Active hiring before the spread of infections led to an increase in the number of engineers and a drop in utilization ratio resulted in a lower number of engineers assigned to clients.



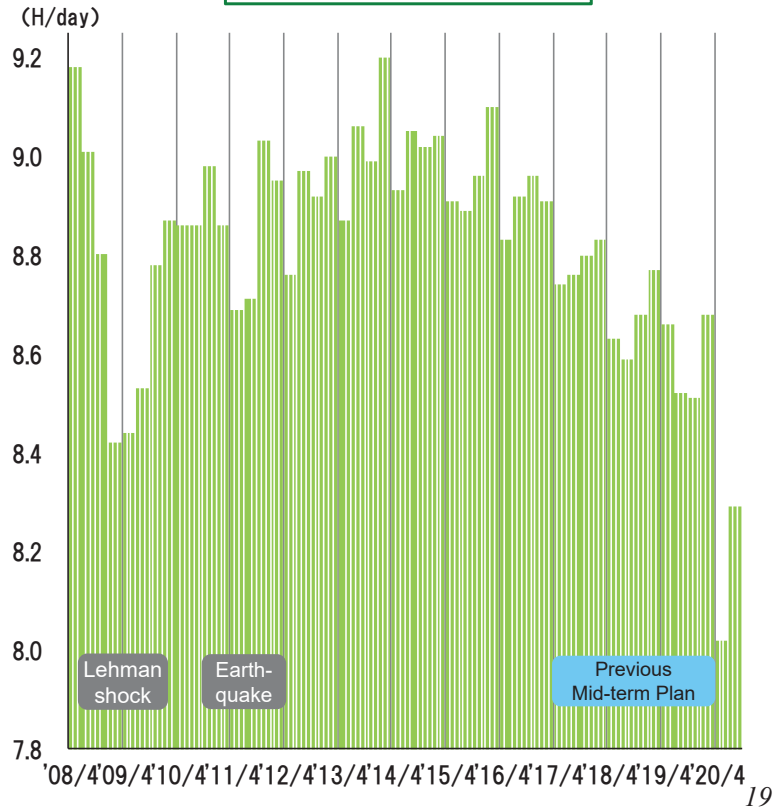
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- Working hours decreased ⇒ Due to the fact that with requests for refraining from going out at night in early spring, clients' reduction of overtime hours was enhanced, and the recovery after the event was weak.

Meitec

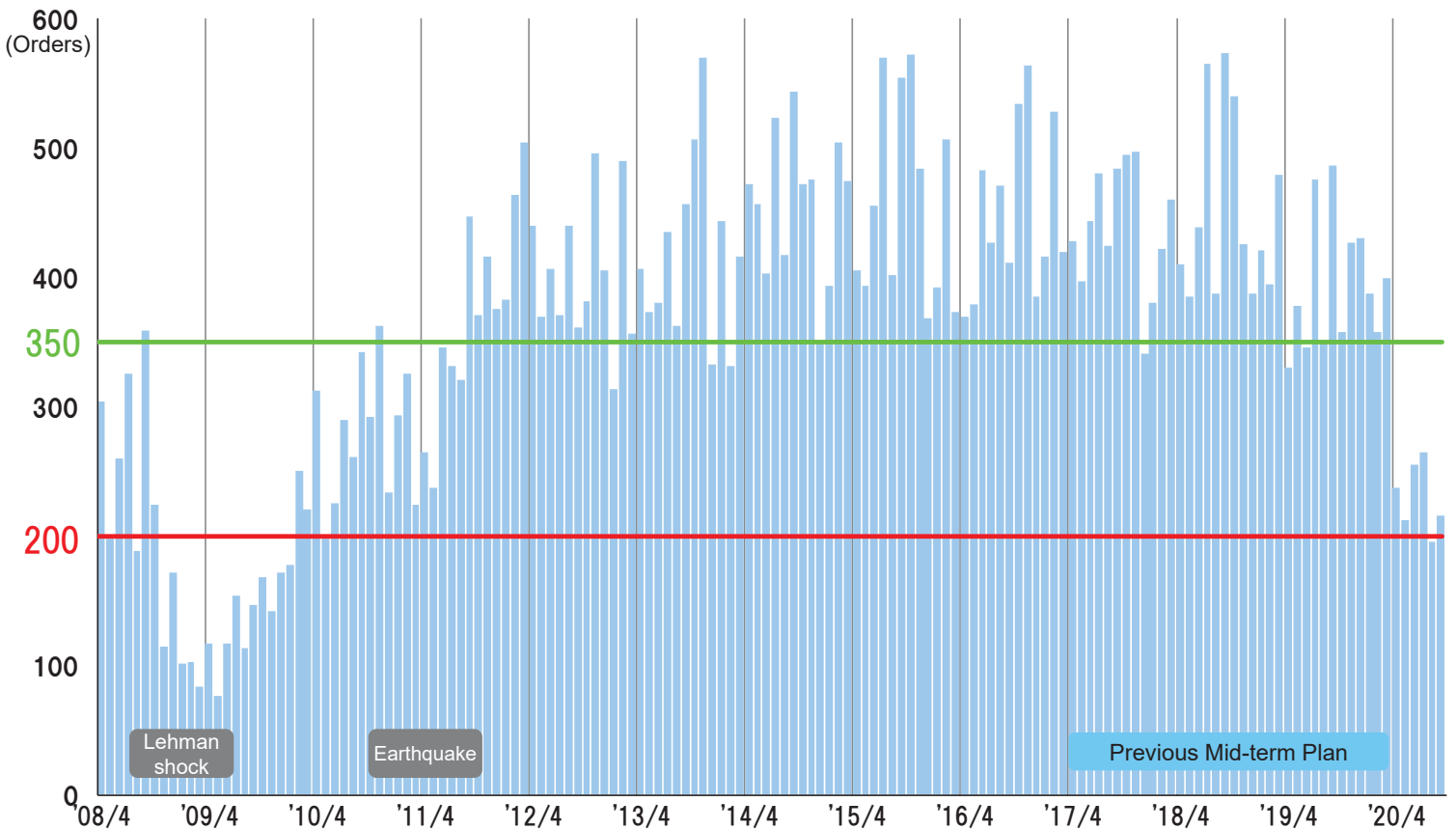


Meitec Fielders



Trend in New Orders by Month (Meitec)

- New orders at Meitec decreased as a result of deterioration of the economic climate due to the spread of the infection.



Top 10 Clients by Sales (Meitec)

✓ Due to confidentiality reasons we refrain from disclosing matters and specific figures related to clients (individual companies)

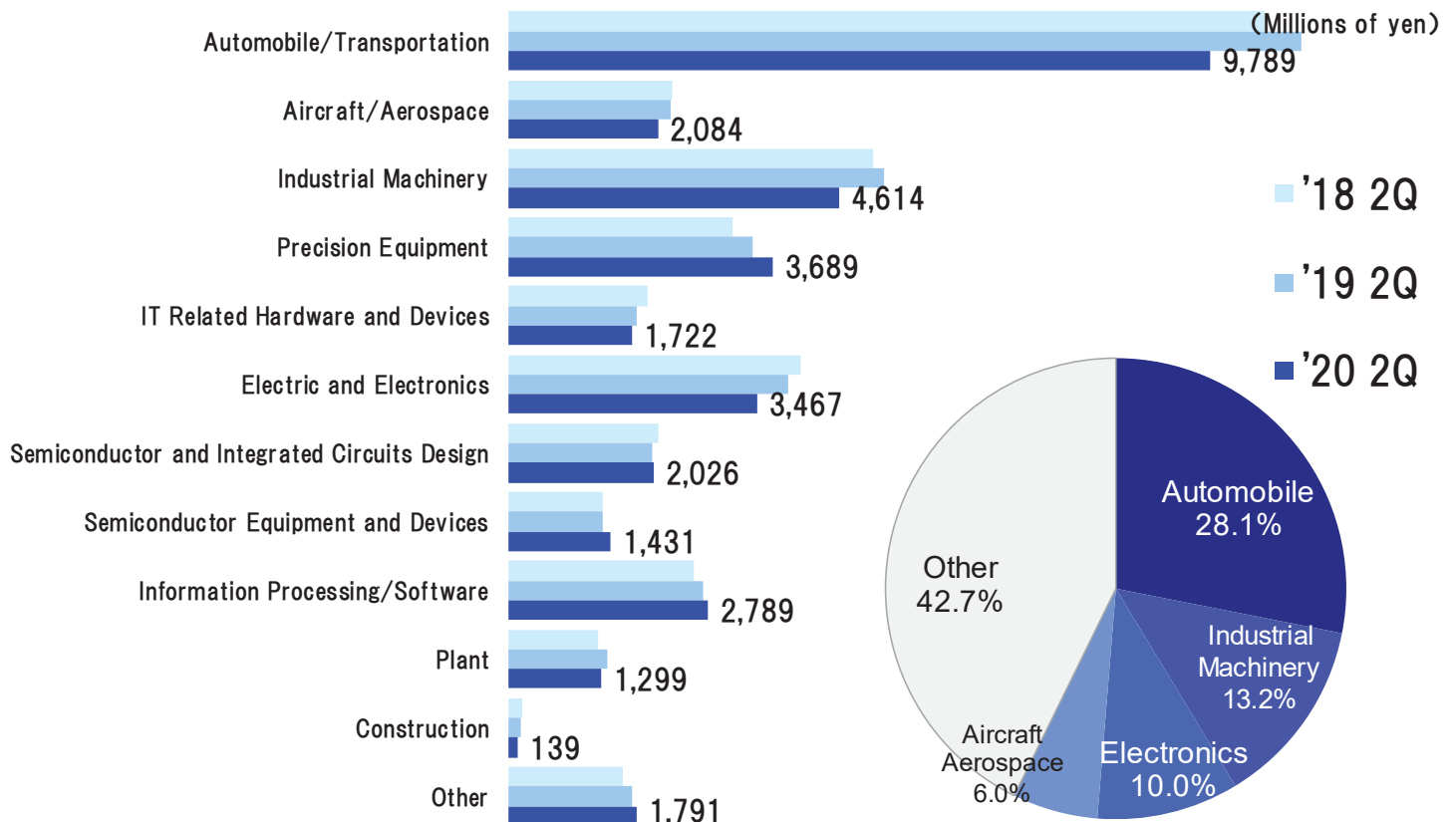
(Millions of yen)

2nd Q FY2015			2nd Q FY2019			2nd Q FY2020		
1	Canon		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Mitsubishi Heavy Industries		2	Denso		2	Denso	
3	Denso		3	Sony Semiconductor Solutions		3	Sony Semiconductor Solutions	
4	Panasonic		4	Panasonic		4	Panasonic	
5	Nikon		5	Toyota Motor		5	Nikon	
6	Kawasaki Heavy Industries		6	Nikon		6	Toyota Motor	
7	Omron		7	Canon		7	Denso Ten	
8	Sony		8	Denso Ten		8	Subaru	
9	Mitsubishi Aircraft		9	Nippon Steel		9	Hitachi High-Tech	
10	Toyota Motor		10	Olympus		10	Nippon Steel	
Top 10 Total	8,517	25.7%	Top 10 Total	8,649	23.4%	Top 10 Total	8,321	23.9%
Top 20 Total	11,854	35.8%	Top 20 Total	12,740	34.5%	Top 20 Total	11,939	34.3%
Others	21,276	64.2%	Others	24,236	65.5%	Others	22,907	65.7%
Total	33,130	100.0%	Total	36,976	100.0%	Total	34,846	100.0%

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Sales by the Industrial Segments (Meitec)

✓ Due to confidentiality reasons we refrain from disclosing the breakdown and outlook for specific clients (individual companies) (figures are stated in Reference Materials)



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2. Forecast for the Fiscal Year Ending March 31, 2021

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Engineering Firm at The Core

Forecasts for the Fiscal Year Ending March 31, 2021 (Group Consolidated) Comparison to the Previous Fiscal Year

人と技術で次代を拓く
MEITEC
Engineering Firm at The Core

- ✓ Net sales is expected to fall 3.5% year on year ⇒ Expect a decrease in utilization ratio and working hours YoY.
- ✓ Operating profit is expected to fall 23.4% YoY ⇒ Expect an increase in SG&A expenses, such as hiring costs in the second half of the year.
- ✓ However, operating profit margin is expected to remain at 10%, on a par with the first half.

	Forecast FY ending March 31, 2021	YoY Amount	% Change	2Q ended Sept. 30, 2020	Forecast 2nd Half	YoY Amount	% Change
(Fractions of one million yen are rounded down)							
Net sales	97,500	(3,495)	(3.5%)	47,091	50,408	(1,009)	(2.0%)
Cost of sales	72,700	(1,123)	(1.5%)	35,307	37,392	+29	+0.1%
SG&A Expenses	14,900	+654	+4.6%	6,905	7,994	+862	+12.1%
Operating profit	9,900	(3,026)	(23.4%)	4,878	5,021	(1,901)	(27.5%)
Operating profit margins	10.2%	(2.6%)		10.4%	10.0%	(3.5%)	
Ordinary profit	10,000	(2,975)	(22.9%)	4,907	5,092	(1,862)	(26.8%)
Profit attributable to owners of parent	6,600	(2,493)	(27.4%)	3,138	3,461	(1,661)	(32.4%)
Earnings per Share	239.13	(47.51)		113.73			

Forecasts for the Fiscal Year Ending March 31, 2021 (Meitec) Comparison to the Previous Fiscal Year

- ✓ Net sales is expected to fall 4.9% year on year ⇒ Utilization ratio and working hours are expected to increase from the first half, but expected to decrease YoY.
- ✓ Operating profit is expected to fall 22.0% YoY ⇒ SG&A expenses are expected to increase in the second half due to training-related expenses and a growth in sales positions.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2021	YoY Amount	% Change	2Q ended Sept. 30, 2020	Forecast 2nd Half	YoY Amount	% Change
Net sales	71,600	(3,697)	(4.9%)	34,846	36,753	(1,567)	(4.1%)
Cost of sales	53,500	(1,638)	(3.0%)	26,213	27,286	(544)	(2.0%)
Cost of sales to Net sales	74.7%	+ 1.5%		75.2%	74.2%	+ 1.6%	
SG&A Expenses	10,000	+ 223	+ 2.3%	4,676	5,323	+ 453	+ 9.3%
Operating profit	8,100	(2,282)	(22.0%)	3,956	4,143	(1,476)	(26.3%)
Operating profit margins	11.3%	(2.5%)		11.4%	11.3%	(3.4%)	
Ordinary profit	9,000	(2,290)	(20.3%)	4,899	4,100	(1,528)	(27.2%)
Profit	6,300	(1,812)	(22.3%)	3,429	2,870	(1,245)	(30.3%)
Utilization ratio (Company-wide)	91.0%	(5.4%)		89.5%	92.4%	(5.3%)	
Working Hours<h/day>	8.31	(0.23)		8.17	8.45	(0.11)	
Number of Recruitment	624	(3)		Expected New Graduates for April 2021		To Apr. 2020	
Newly graduated	399	(19)		484		85	
Mid-career	In-house target 225	+ 16					
Turnover Ratio	5.1%	(0.3%)					

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Forecasts for the Fiscal Year Ending March 31, 2021 (Meitec Fielders) Comparison to the Previous Fiscal Year

- ✓ Net sales is expected to rise 1.9% year on year ⇒ Expect a growth in the number of engineers due to a significant increase in the number of hires.
- ✓ Operating profit is expected to fall 31.6% YoY ⇒ Expect higher hiring costs due to a significant increase in the number of hires.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2021	YoY Amount	% Change	2Q ended Sept. 30, 2020	Forecast 2nd Half	YoY Amount	% Change
Net sales	21,800	+ 416	+ 1.9%	10,272	11,527	+ 583	+ 5.3%
Cost of sales	16,870	+ 393	+ 2.4%	8,007	8,862	+ 481	+ 5.7%
Cost of sales to Net sales	77.4%	+ 0.3%		77.9%	76.9%	+ 0.3%	
SG&A Expenses	3,600	+ 637	+ 21.5%	1,601	1,998	+ 450	+ 29.1%
Operating profit	1,330	(614)	(31.6%)	664	665	(348)	(34.4%)
Operating profit margins	6.1%	(3.0%)		6.5%	5.8%	(3.5%)	
Ordinary profit	1,330	(615)	(31.6%)	663	666	(348)	(34.3%)
Profit	880	(581)	(39.8%)	454	425	(391)	(48.0%)
Utilization ratio (Company-wide)	88.1%	(7.2%)		85.8%	90.1%	(6.4%)	
Working Hours<h/day>	8.27	(0.32)		8.16	8.36	(0.23)	
Number of Recruitment	892	+ 386		Expected New Graduates for April 2021		To Apr. 2020	
Newly graduated	217	+ 19		305		+ 88	
Mid-career	In-house target 675	+ 367					
Turnover Ratio	7.9%	(1.1%)					

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- ✓ Profit distribution of the New Medium-Term Management Plan follows the established policy based on adequacy of quality and quantity of capital and funds.

Revised Nov. 2018
Revised May 2017
Revised May 2011
Profit distribution policy

1. Enhance “quality and quantity” of the shareholders’ equity
2. Balance of funds exceeds the funds necessary for business operations* (*3 months consolidated net sales)

Total Return Ratio : Basically within 100%

Dividend related to performances : Equal or more than 50% of consolidated profit

Minimum Dividend : Consolidated Dividend on Equity ratio (DOE) 5%

Dividend

Acquire : Carry out as appropriate, taking the total return ratio and dividend payout ratio levels into consideration

Treasury shares acquisition, possession and retirement

Possess
Maximum of 5% of shares issued

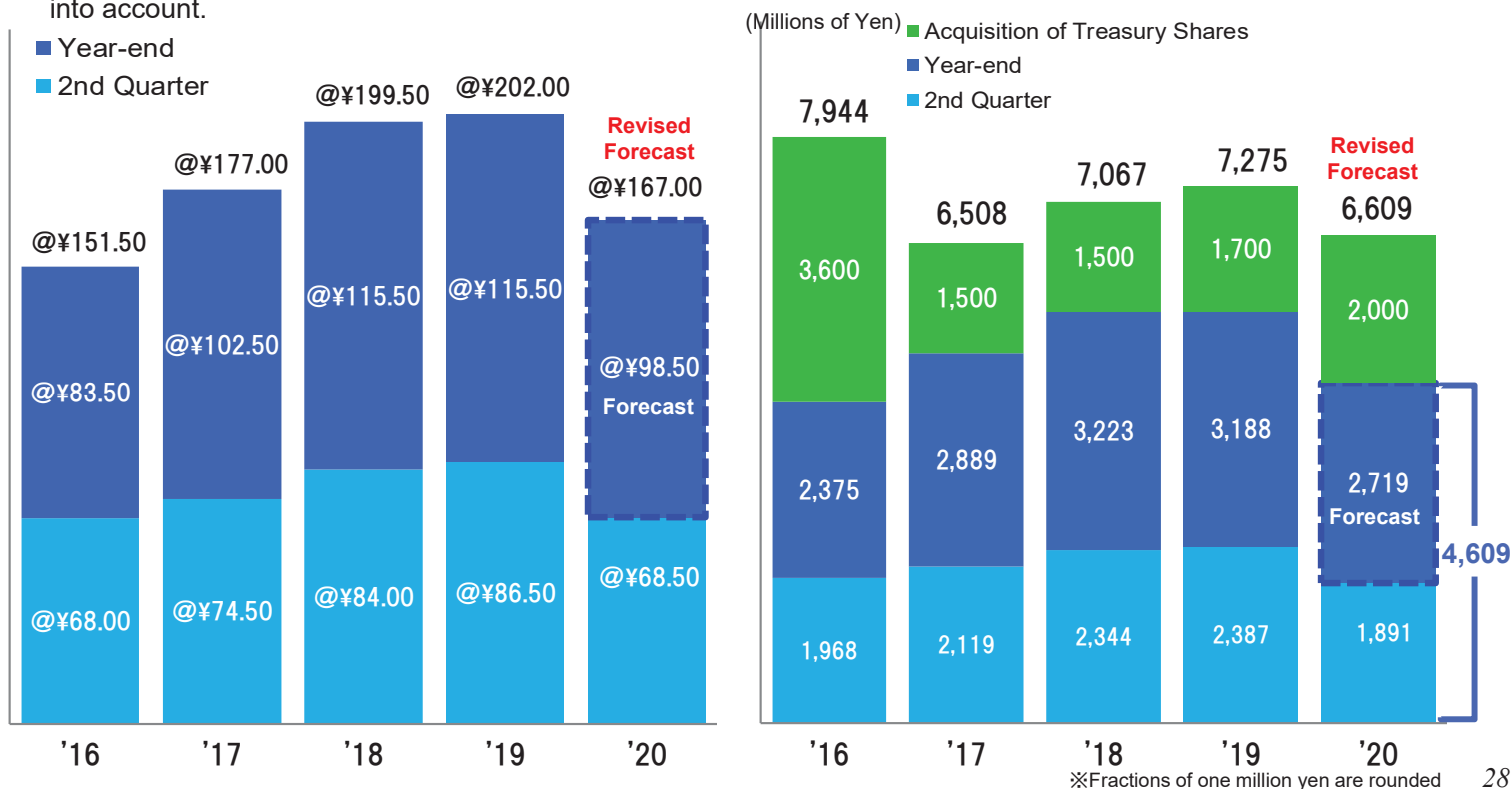
Retired
Excess above maxim to be retired by the end of the fiscal year

- ✓ To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

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Results and Forecast of Profit Distribution

- ✓ The annual total return ratio is 100%, up 20% year on year, as announced in May of this year.
- ✓ However, the previously announced breakdown of 6:4 (dividends and purchase of treasury shares) has been changed to 7:3 as a result of the following considerations:
 - Although the Company has not yet purchased treasury shares, there is a strong demand from investors; profit is expected to decrease by about 30% YoY; a reduction in the level of dividends linked to business performance is taken into account.



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3. Reference Materials

The Meitec Group aims to cater to as many corporate clients and engineers as possible to realize more inspiring and enjoyable job opportunities and placements.

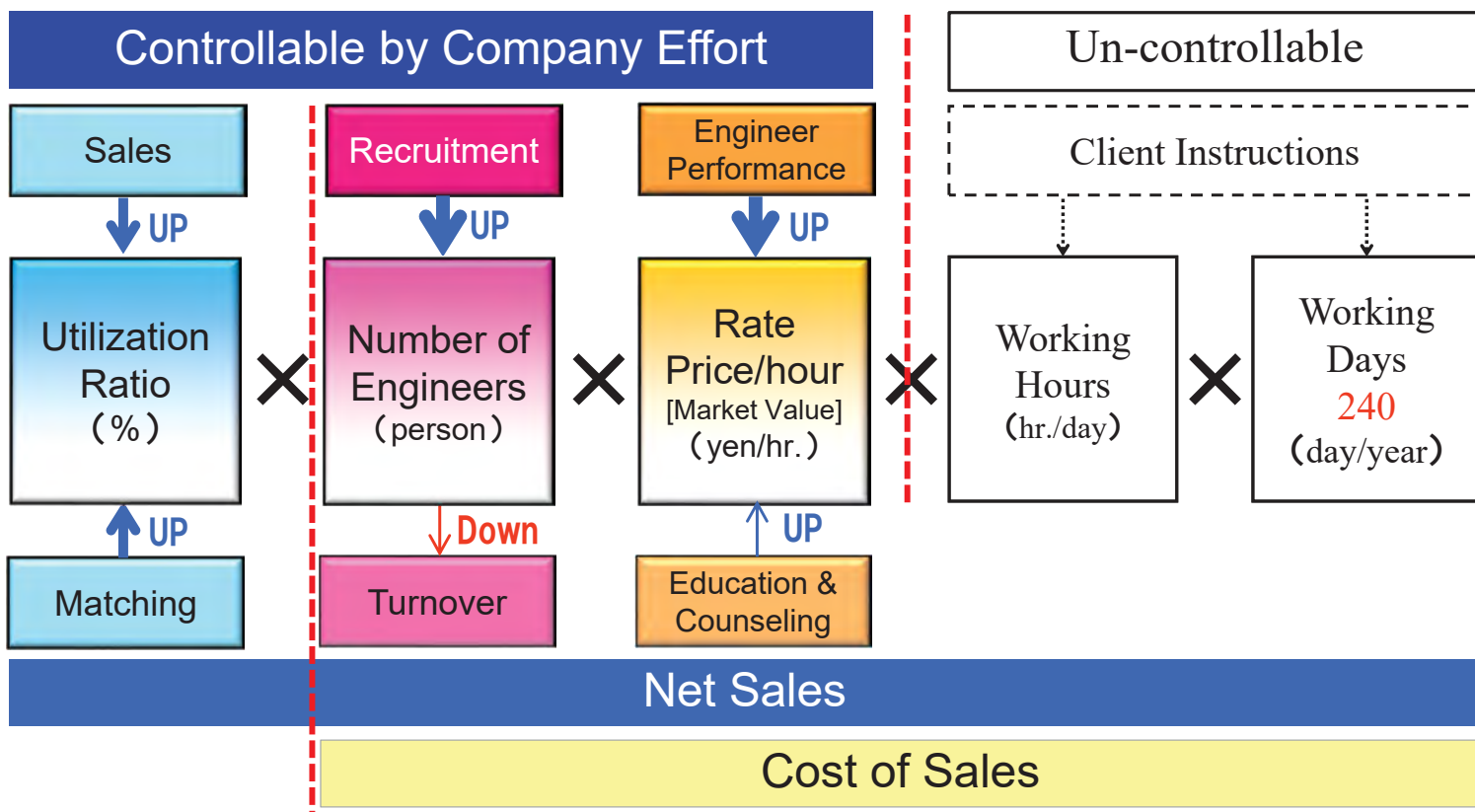
Hideyo Kokubun
President CEO,COO
MEITEC Group CEO

國分 秀世



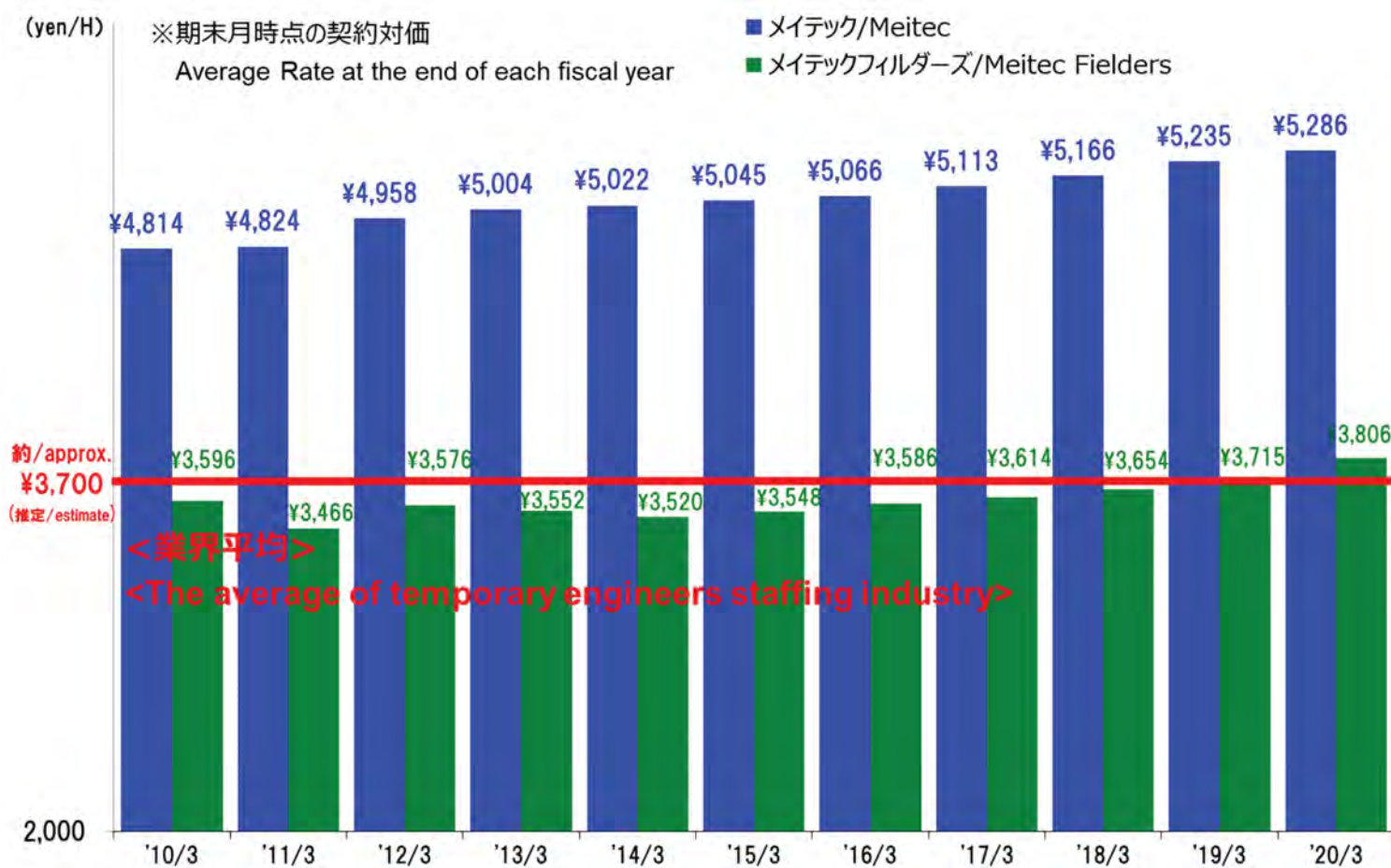
Sales and Cost (Dispatch-type)

- ✓ Increasing the number of engineers and sustaining and improving the high "utilization ratio and prices" are the key to a growth.



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Trend in Average Rate = (Market Value)



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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021 (Group Companies)

	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
(Fractions of one million yen are rounded down)					
Net sales	34,846	10,272	1,428	80	665
YoY Amount	(2,130)	(166)	+25	+26	(201)
% Change	(5.8%)	(1.6%)	+1.8%	+48.4%	(23.3%)
Operating profit	3,956	664	105	(10)	174
YoY Amount	(805)	(266)	+20	(1)	(62)
% Change	(16.9%)	(28.6%)	+24.6%	—	(26.3%)
Ordinary profit	4,899	663	112	(9)	174
Profit	3,429	454	76	(10)	119

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Forecast for the Fiscal Year Ending March 31, 2021 (Group Companies)

	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
(Fractions of one million yen are rounded down)					
Net sales	71,600	21,800	2,890	170	1,350
YoY Amount	(3,697)	+416	—	+42	(289)
% Change	(4.9%)	+1.9%	+0.0%	+33.7%	(17.6%)
Operating profit	8,100	1,330	210	0	320
YoY Amount	(2,282)	(614)	+23	+2	(114)
% Change	(22.0%)	(31.6%)	+12.8%	—	(26.3%)
Ordinary profit	9,000	1,330	220	0	320
Profit	6,300	880	140	0	220

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Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec (Fractions of one million yen are rounded down)	2Q FY2016	2Q FY2017	2Q FY2018	2Q FY2019	2Q FY2020			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	9,221	10,091	10,542	11,060	9,789	28.1%	(1,270)	(11.5%)
Aircraft/Aerospace	2,764	2,545	2,278	2,276	2,084	6.0%	(191)	(8.4%)
Industrial Machinery	5,083	5,070	5,094	5,232	4,614	13.2%	(617)	(11.8%)
Precision Equipment	2,553	2,831	3,123	3,400	3,689	10.6%	+288	+8.5%
IT Related Hardware and Devices	2,162	2,024	1,936	1,794	1,722	4.9%	(71)	(4.0%)
Electric and Electronics	4,045	4,229	4,080	3,896	3,467	10.0%	(428)	(11.0%)
Semiconductors and Integrated Circuits Design	1,965	2,012	2,095	2,002	2,026	5.8%	+24	+ 1.2%
Semiconductor Equipment and Devices	974	1,143	1,315	1,325	1,431	4.1%	+106	+ 8.0%
Information Processing/Software	2,400	2,603	2,587	2,719	2,789	8.0%	+69	+ 2.5%
Plant	1,238	1,284	1,259	1,374	1,299	3.7%	(75)	(5.5%)
Construction	199	194	198	167	139	0.4%	(28)	(17.0%)
Others	1,464	1,513	1,604	1,725	1,791	5.1%	+66	+3.8%
Total	34,073	35,544	36,116	36,976	34,846	100.0%	(2,130)	(5.8%)

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Sales by the Industrial Segments (Meitec Fielders)

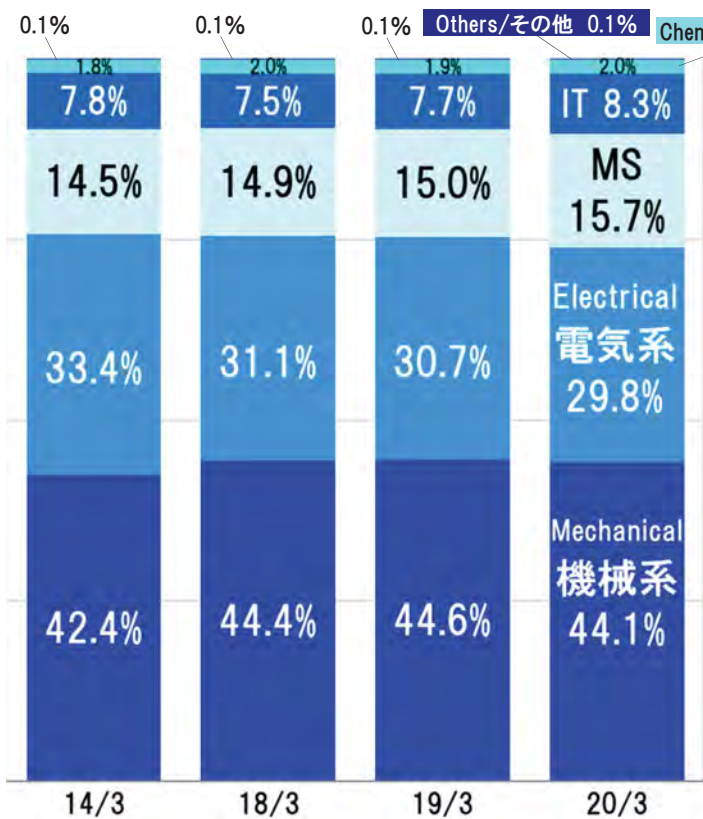
Millions of Yen

Meitec Fielders (Fractions of one million yen are rounded down)	2Q FY2016	2Q FY2017	2Q FY2018	2Q FY2019	2Q FY2020			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	2,682	2,861	3,101	3,418	3,015	29.4%	(402)	(11.8%)
Aircraft/Aerospace	173	193	174	182	195	1.9%	+12	+ 7.0%
Industrial Machinery	1,036	1,234	1,524	1,909	1,958	19.1%	+49	+ 2.6%
Precision Equipment	836	1,014	1,141	1,327	1,363	13.3%	+35	+ 2.7%
IT Related Hardware and Devices	263	314	331	371	341	3.3%	(30)	(8.2%)
Electric and Electronics	874	978	1,069	1,085	1,053	10.3%	(31)	(2.9%)
Semiconductors and Integrated Circuits Design	264	293	347	345	359	3.5%	+14	+ 4.2%
Semiconductor Equipment and Devices	341	399	654	688	568	5.5%	(119)	(17.4%)
Information Processing/Software	164	219	246	337	480	4.7%	+143	+ 42.5%
Plant	263	298	289	312	419	4.1%	+107	+ 34.3%
Construction	10	36	48	8	4	0.0%	(4)	(49.1%)
Others	307	318	384	453	512	5.0%	+58	+ 13.0%
Total	7,218	8,163	9,314	10,439	10,272	100.0%	(166)	(1.6%)

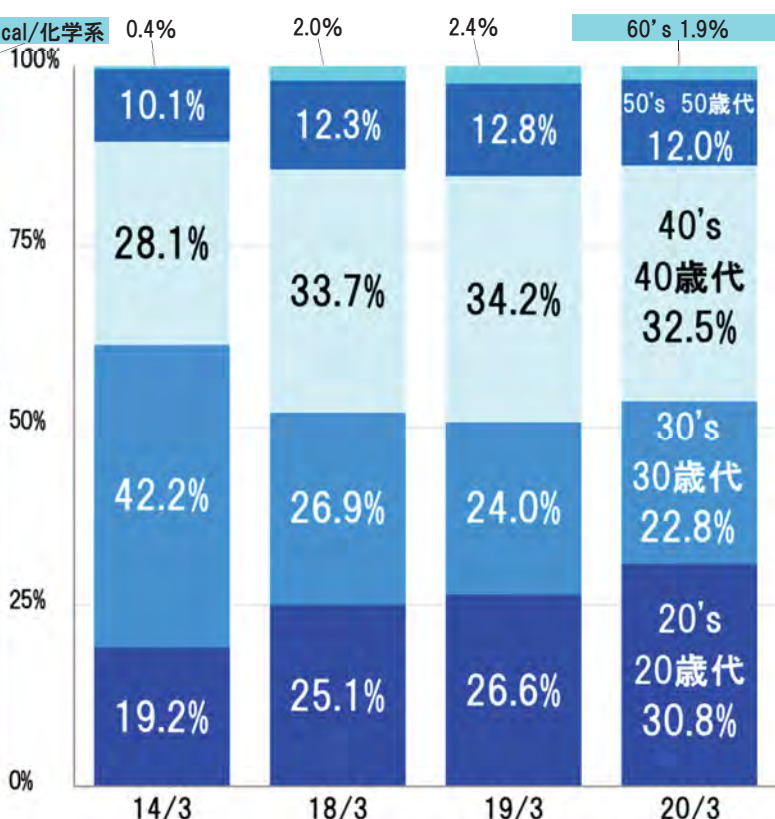
36

Distribution of Engineers by Technical Fields and Age (Meitec)

技術分野/Technical field



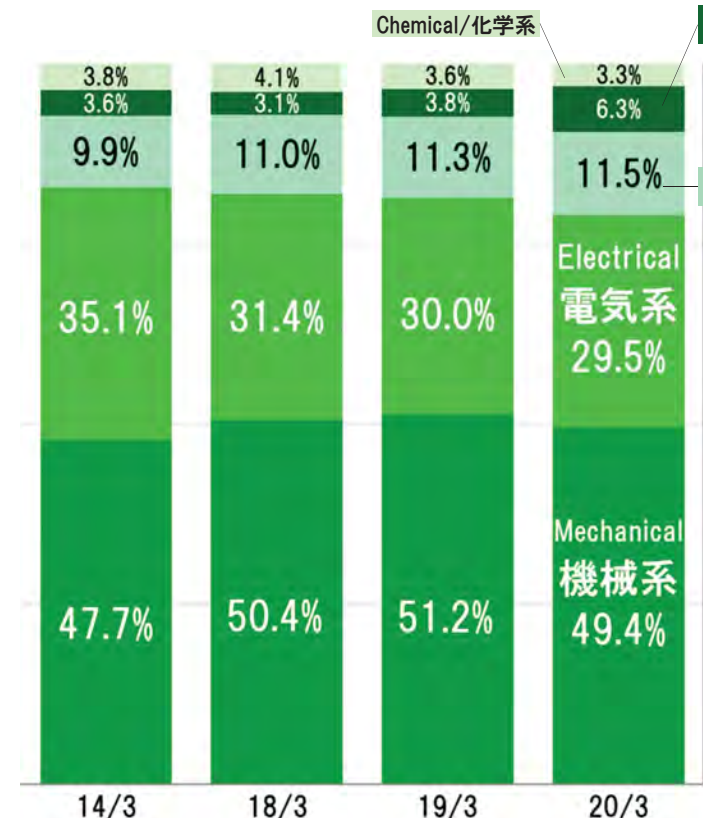
年齢/According to age



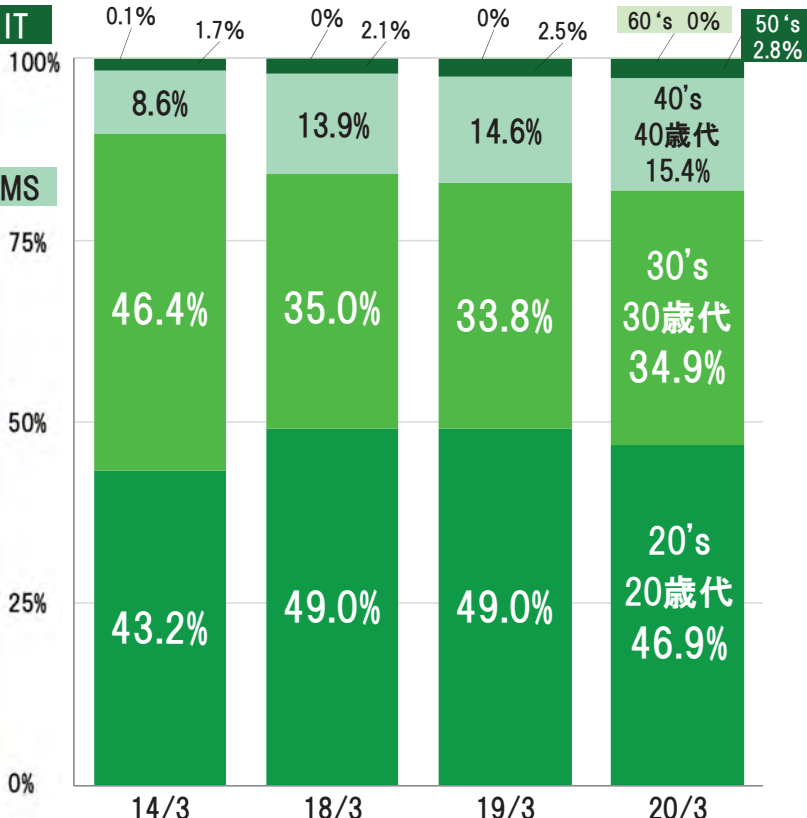
MS: Micro Computer System

Distribution of Engineers by Technical Fields and Age (Meitec Fielders)

技術分野/Technical field



年齢/According to age



MS: Micro Computer System

Trend of Performances (Consolidated)

(Millions of Yen)	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q
Net sales	26,203	29,357	31,937	34,130	35,754	39,300	42,143	44,111	45,867	47,621	49,577	47,091
Cost of sales	23,478	23,628	24,052	25,119	26,607	29,366	31,321	32,861	34,049	35,288	36,461	35,307
Cost of sales to Net sales	89.6%	80.5%	75.3%	73.6%	74.4%	74.7%	74.3%	74.5%	74.2%	74.1%	73.5%	75.0%
Gross profit	2,724	5,728	7,885	9,010	9,146	9,934	10,822	11,249	11,817	12,332	13,116	11,783
Selling, general and administrative expenses	5,973	5,065	5,556	6,119	6,239	5,941	6,077	6,178	6,375	6,505	7,113	6,905
SG&A expenses to Net sales	22.8%	17.3%	17.4%	17.9%	17.4%	15.1%	14.4%	14.0%	13.9%	13.7%	14.3%	14.7%
Operating profit	(3,248)	662	2,328	2,891	2,907	3,992	4,744	5,071	5,442	5,827	6,003	4,878
Operating profit margins	(12.4%)	2.3%	7.3%	8.5%	8.1%	10.2%	11.3%	11.5%	11.9%	12.2%	12.1%	10.4%
Non-operating profit	2,456	1,468	46	74	33	24	14	11	9	7	22	31
Non-operating expenses	58	43	24	20	9	3	35	7	5	5	4	1
Ordinary profit	(850)	2,087	2,350	2,945	2,931	4,012	4,723	5,074	5,447	5,830	6,020	4,907
Ordinary profit margins	(3.2%)	7.1%	7.4%	8.6%	8.2%	10.2%	11.2%	11.5%	11.9%	12.2%	12.1%	10.4%
Extraordinary income	26	297	—	47	—	7	1,084	2	—	11	—	—
Extraordinary loss	26	83	2	206	18	3,464	30	3	60	1	2	4
Profit before income taxes	(850)	2,302	2,347	2,786	2,913	555	5,777	5,073	5,386	5,840	6,018	4,903
Total income taxes	364	686	1,051	1,094	1,207	361	1,979	1,607	1,860	1,954	2,047	1,764
Profit attributable to owners of parent	(1,214)	1,615	1,295	1,692	1,706	194	3,798	3,466	3,526	3,885	3,970	3,138
Profit margins	(4.6%)	5.5%	4.1%	5.0%	4.8%	0.5%	9.0%	7.9%	7.7%	8.2%	8.0%	6.7%

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Trend of Performances (Meitec)

(Millions of Yen)	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q
Net sales	20,097	22,698	25,256	27,125	28,150	30,682	33,131	34,073	35,544	36,116	36,976	34,846
Cost of sales	18,015	18,629	19,180	20,081	21,094	23,091	24,758	25,545	26,601	26,969	27,307	26,213
Cost of sales to Net sales	89.6%	82.1%	75.9%	74.0%	74.9%	75.3%	74.7%	75.0%	74.8%	74.7%	73.8%	75.2%
Gross profit	2,082	4,069	6,075	7,043	7,056	7,590	8,372	8,527	8,942	9,146	9,669	8,633
Selling, general and administrative expenses	4,013	3,829	4,131	4,583	4,664	4,325	4,444	4,426	4,512	4,502	4,907	4,676
SG&A expenses to Net sales	20.0%	16.9%	16.4%	16.9%	16.6%	14.1%	13.4%	13.0%	12.7%	12.5%	13.3%	13.4%
Operating profit	(1,931)	239	1,944	2,460	2,392	3,265	3,927	4,100	4,430	4,644	4,762	3,956
Operating profit margins	(9.6%)	1.1%	7.7%	9.1%	8.5%	10.6%	11.9%	12.0%	12.5%	12.9%	12.9%	11.4%
Non-operating profit	2,070	1,350	337	291	403	435	497	585	751	749	902	943
Non-operating expenses	28	16	19	11	4	3	30	6	2	4	3	1
Ordinary profit	109	1,573	2,262	2,739	2,791	3,697	4,395	4,679	5,179	5,388	5,661	4,899
Ordinary profit margins	0.5%	6.9%	9.0%	10.1%	9.9%	12.0%	13.3%	13.7%	14.6%	14.9%	15.3%	14.1%
Extraordinary income	1	1	—	—	—	8	1,084	15	30	11	—	—
Extraordinary loss	15	73	2	210	43	3,463	43	3	60	1	2	4
Profit before income taxes	95	1,501	2,260	2,528	2,748	242	5,437	4,691	5,149	5,398	5,658	4,894
Total income taxes	64	600	904	935	1,003	69	1,687	1,411	1,541	1,589	1,661	1,464
Profit	31	900	1,356	1,593	1,745	172	3,749	3,279	3,608	3,808	3,997	3,429
Profit margins	0.2%	4.0%	5.4%	5.9%	6.2%	0.6%	11.3%	9.6%	10.2%	10.5%	10.8%	9.8%

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Trend of Performances (Meitec Fielders)

(Millions of Yen)	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q
Net sales	3,402	3,942	4,113	4,513	5,037	5,753	6,386	7,218	8,163	9,314	10,439	10,272
Cost of sales	3,372	3,138	3,134	3,436	3,879	4,453	4,965	5,637	6,357	7,245	8,095	8,007
Cost of sales to Net sales	99.1%	79.6%	76.2%	76.1%	77.0%	77.4%	77.7%	78.1%	77.9%	77.8%	77.5%	77.9%
Gross profit	30	804	978	1,076	1,157	1,300	1,421	1,580	1,806	2,069	2,344	2,265
Selling, general and administrative expenses	990	549	738	807	806	813	873	939	1,129	1,256	1,413	1,601
SG&A expenses to Net sales	29.1%	13.9%	17.9%	17.9%	16.0%	14.1%	13.7%	13.0%	13.8%	13.5%	13.5%	15.6%
Operating profit	(960)	254	240	269	351	486	547	641	677	812	930	664
Operating profit margins	(28.2%)	6.4%	5.8%	6.0%	7.0%	8.5%	8.6%	8.9%	8.3%	8.7%	8.9%	6.5%
Non-operating profit	455	136	2	1	1	—	—	—	—	—	—	—
Non-operating expenses	1	—	—	—	—	—	—	1	2	—	—	1
Ordinary profit	(506)	389	242	270	352	486	548	639	674	812	930	663
Ordinary profit margins	(14.9%)	9.9%	5.9%	6.0%	7.0%	8.5%	8.6%	8.9%	8.3%	8.7%	8.9%	6.5%
Extraordinary income	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	1	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	(507)	389	242	270	352	486	548	639	674	812	930	663
Total income taxes	277	15	96	102	133	189	198	116	211	250	286	208
Profit	(785)	373	145	167	218	297	349	523	462	561	644	454
Profit margins	(23.1%)	9.5%	3.5%	3.7%	4.3%	5.2%	5.5%	7.3%	5.7%	6.0%	6.2%	4.4%

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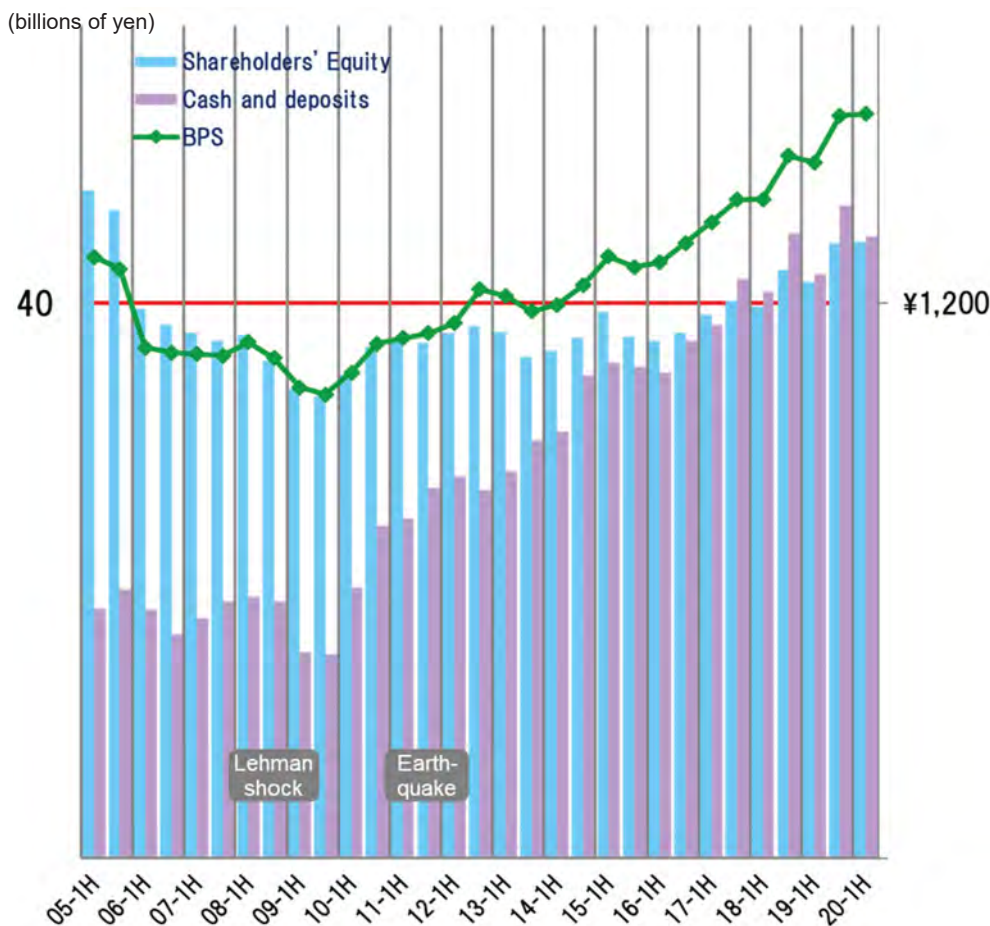
Trend of Performances (Meitec Next)

(Millions of Yen)	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q
Net sales	173	215	283	368	447	536	639	758	818	894	867	665
Cost of sales												
Cost of sales to Net sales												
Gross profit	173	215	283	368	447	536	639	758	818	894	867	665
Selling, general and administrative expenses	180	162	203	246	278	355	435	475	539	602	629	490
SG&A expenses to Net sales	104.0%	75.1%	71.7%	67.0%	62.2%	66.3%	68.0%	62.6%	65.9%	67.4%	72.6%	73.7%
Operating profit	(6)	53	80	121	169	180	204	283	279	291	237	174
Operating profit margins	(4.0%)	24.9%	28.3%	33.0%	37.8%	33.7%	32.0%	37.4%	34.1%	32.6%	27.4%	26.3%
Non-operating profit	—	1	—	—	—	—	—	—	—	—	—	—
Non-operating expenses	—	—	—	—	—	—	—	—	—	—	1	—
Ordinary profit	(6)	55	80	121	169	180	204	283	279	291	235	174
Ordinary profit margins	(3.9%)	25.5%	28.4%	33.0%	37.9%	33.7%	32.0%	37.4%	34.1%	32.6%	27.2%	26.3%
Extraordinary income	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	(6)	54	80	121	169	180	204	283	278	291	235	174
Total income taxes	—	—	—	9	55	64	67	90	87	89	72	54
Profit	(7)	54	80	112	114	116	136	193	191	202	163	119
Profit margins	(4.1%)	25.1%	28.4%	30.5%	25.5%	21.6%	21.4%	25.5%	23.4%	22.6%	18.8%	18.0%

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(Millions of Yen)	2009/9/30	2010/9/30	2011/9/30	2012/9/30	2013/9/30	2014/9/30	2015/9/30	2016/9/30	2017/9/30	2018/9/30	2019/9/30	2020/9/30
Cash and deposits	14,851	19,548	24,504	27,506	27,866	30,719	35,716	34,954	38,425	40,838	42,131	44,838
Notes and accounts receivable - trade	8,016	9,389	9,391	10,036	10,070	11,680	12,048	12,695	13,354	13,100	13,709	13,043
Total current assets	27,391	32,210	37,128	40,935	42,090	46,427	52,071	52,568	55,645	55,348	57,148	59,437
Property, plant and equipment	12,390	11,986	11,465	10,920	10,785	7,333	5,980	5,632	5,498	5,296	5,364	5,199
Total non-current assets	19,823	18,600	17,494	16,215	15,799	12,393	12,271	11,183	11,743	14,168	14,408	14,525
Total assets	47,214	50,811	54,623	57,150	57,890	58,821	64,343	63,752	67,389	69,516	71,556	73,962
Total current liabilities	5,762	7,488	8,409	9,760	9,642	11,351	12,850	12,923	14,119	14,929	14,468	13,533
Total non-current liabilities	7,423	8,271	8,890	9,496	10,256	10,857	12,046	13,555	14,133	14,826	15,540	16,021
Total liabilities	13,185	15,760	17,299	19,257	19,898	22,209	24,897	26,478	28,252	29,755	30,009	29,555
Total shareholders' equity	34,604	35,716	38,146	38,744	38,816	38,401	41,387	39,570	41,118	41,575	43,219	45,900
Other net assets	(575)	(666)	(822)	(851)	(824)	(1,789)	(1,941)	(2,296)	(1,981)	(1,813)	(1,672)	(1,492)
Total net assets	34,028	35,050	37,324	37,893	37,991	36,612	39,445	37,273	39,136	39,761	41,547	44,407

Shareholders' Equity and Cash and Deposit



- Protecting employment of engineers under economic crisis is essential for sustainable growth for indefinite employment engineer staffing business.
→ Engineers can continue to concentrate on brushing up their own career under assumption of stable employment.
- With consideration of remaining fund, prioritize the “improvement of “quality and quantity” of shareholders’ equity” which would lead to the safeness of finance.

Trend of Profit Distributions and Forecast

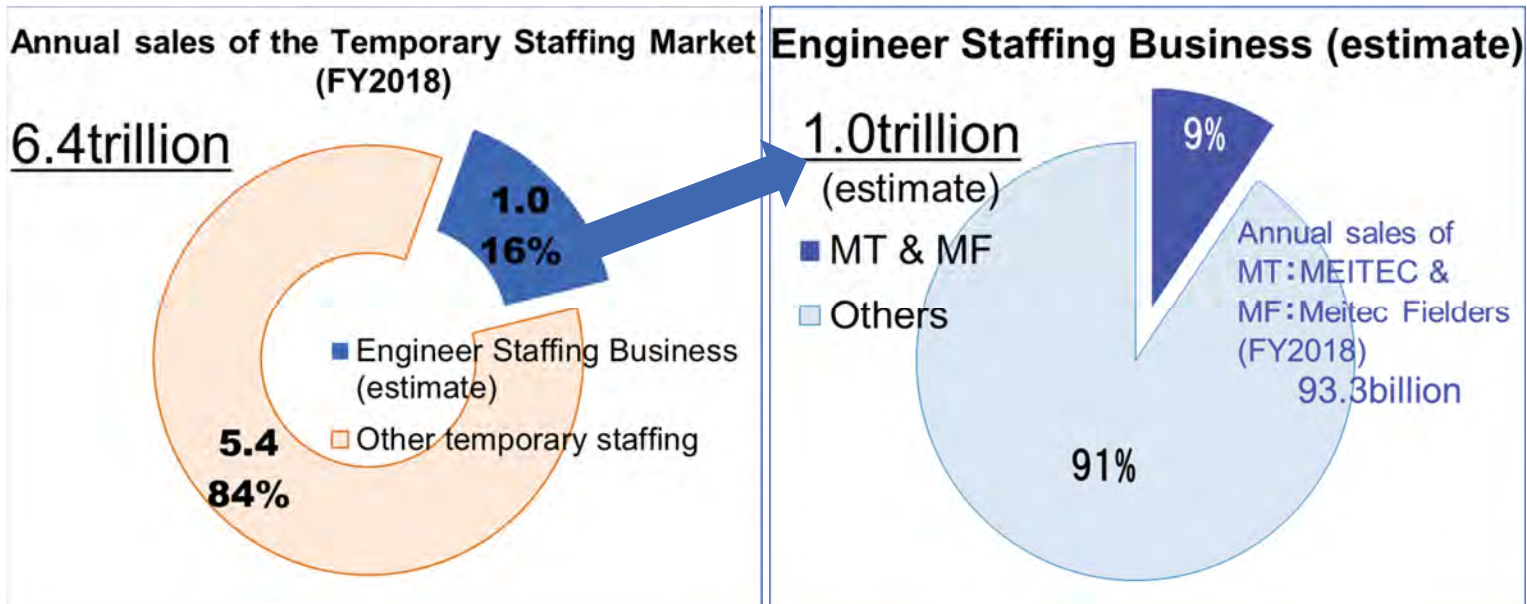
(Fractions of one million yen are rounded)											Actual	Forecast	
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	
Total Return Ratio	—	24.7%	92.9%	99.0%	101.2%	116.8%	100.0%	100.1%	80.0%	80.0%	80.0%	100.1%	
Dividend Payout ratio	—	24.7%	68.5%	53.2%	56.1%	92.4%	53.5%	55.2%	61.8%	63.3%	61.5%	69.8%	
Dividend on Equity	2.4%	2.6%	5.2%	8.4%	6.0%	9.2%	11.4%	11.6%	12.9%	13.6%	12.9%		
Annual Dividends	Per Share	@¥24.50	@¥27.50	@¥58.50	@¥99.00	@¥72.00	@¥111.00	@¥144.00	@¥151.50	@¥177.00	@¥199.50	@¥202.00	@¥167.00
	Millions of Yen	812	911	1,925	3,134	2,220	3,373	4,286	4,344	5,008	5,567	5,575	4,609
2nd Quarter	Per Share	@¥24.50		@¥29.00	@¥30.00	@¥31.50	@¥44.00	@¥63.00	@¥68.00	@¥74.50	@¥84.00	@¥86.50	@¥68.50
	Millions of Yen	812		961	981	983	1,344	1,908	1,968	2,119	2,344	2,387	1,891
Year-end	Per Share		@¥27.50	@¥29.50	@¥69.00	@¥40.50	@¥67.00	@¥81.00	@¥83.50	@¥102.50	@¥115.50	@¥115.50	@¥98.50
	Millions of Yen		911	965	2,153	1,237	2,029	2,378	2,375	2,889	3,223	3,188	2,719
Acquisition of Treasury Shares	Thousands of shares			421	1,506	641	269	921	915	257	280	303	
	Millions of Yen			700	2,800	1,800	899	3,799	3,600	1,500	1,500	1,700	2,000
Total Shareholders	Millions of Yen	812	911	2,625	5,934	4,020	4,273	8,086	7,944	6,508	7,067	7,275	6,609
Retirement of Treasury Stock	Thousands of shares			400	1,700	500	300	900	1,300		700	300	
Stock Price TSE#9744	As of April 1	¥1,242	¥1,893	¥1,621	¥1,681	¥2,193	¥2,857	¥3,965	¥3,865	¥4,505	¥5,960	¥5,130	¥4,065
	As of March 31	¥1,831	¥1,664	¥1,669	¥2,343	¥2,930	¥4,025	¥3,935	¥4,520	¥5,890	¥5,030	¥4,300	
Earnings per Share		@¥(27.30)	@¥111.33	@¥85.45	@¥186.08	@¥128.30	@¥120.12	@¥269.24	@¥274.32	@¥286.64	@¥315.43	@¥328.36	@¥239.13
Net Assets per Share		@¥1,002.58	@¥1,112.69	@¥1,135.10	@¥1,229.62	@¥1,182.85	@¥1,238.78	@¥1,278.59	@¥1,330.57	@¥1,424.01	@¥1,518.42	@¥1,606.03	

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Shareholders by Business Segments

Shareholder Segment	As of September 30, 2020			
	Shareholders	%	Shares Held	%
Banks	8	0.2%	140,100	0.5%
Trust Banks	18	0.4%	8,654,400	29.8%
Life and nonlife insurance companies	33	0.7%	3,677,283	12.7%
Securities financing and other financial companies	6	0.1%	24,660	0.1%
Securities companies	28	0.6%	303,966	1.1%
Business concerns and other companies	70	1.5%	159,145	0.6%
Overseas companies and investors	250	5.2%	11,952,361	41.2%
Individuals and others	4,380	91.4%	4,088,085	14.1%
Total	4,793	100.0%	29,000,000	100.0%

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March-2020		Engineer Staffing (estimate)
Meitec	Meitec Fielders	
¥5,286	¥3,806	approx.¥3,700

Source: MHLW statistics . We calculated the estimate originally. * We assume no responsibility for our estimation.

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Corporate Governance

I. Organization of the Company

1. Type of organization

Corporation with audit & supervisory board

2.The Company established following two distinctive committee chaired by an outside director.

i . Corporate Governance Committee
Chairman: Outside Director; Members: All Directors

- Evaluation and analysis of effectiveness of Board of Directors
- Discussion of basic matters of governance and other issues

ii . Officer Appointment Advisory Committee
Chairman: Outside Director;
Members: CEO and Outside Directors

Evaluating appropriateness of processes

- Appointment/dismissal of Representative Director & CEO
- Performance evaluation of inside executive directors
- Nomination of directors and audit & supervisory board member candidates
- Remuneration of inside executive directors

CEO Candidates Screening Council

II. Executives(As of September 30, 2020)

	Directors	Audit & Supervisory Board Members	Total	
Number	9	4	13	
of which Independent & Outside	4	4	8	Policy of composition
ratio	44%	100%	62%	> One-third or more of attendees

III. Calculation Method of Executive Remuneration

Remuneration Amounts to Individual Executives

¥1K=JPY1,000-	Revised March 2019	
CEO, MEITEC Group President and CEO, COO	Yearly payment	¥28,800K (Monthly ¥2,400K)
Senior Vice President and Director	Yearly payment	¥24,000K (Monthly ¥2,000K)
Director	Yearly payment	¥19,200K (Monthly ¥1,600K)
Outside Director	Yearly payment	¥9,000K (Monthly ¥750K)
Standing audit & supervisory board member	Yearly payment	¥24,000K (Monthly ¥2,000K)
Audit & supervisory board member	Yearly payment	¥7,800K (Monthly ¥650K)

Performance-linked remuneration etc.

	Revised: April 1, 2016
Consolidated profit (not including performance-linked directors' remuneration)	x 2.5% Upper limit: 250 million yen annually
Of which Outside Directors	Not eligible for allocation
Of which the equivalent to 20% of post-tax value	Allocated for purchase of treasury shares (Directors shareholding association method)

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Engineering Firm at The Core

We are a group of engineers that plays a core role in manufacturing through its “People and Technology.”

We would like to be a group that creates affluent “Career Style of Engineer” to engineers, reaching the stage where our clients call us their truly, indispensable “Best Partner.”

We have developed a new era by people and technology up until now. Taking pride in that achievement, we will remain a group that plays a core role in both the engineer recruiting market, labor market and the market of design and development operations.



Engineering Firm

“Engineering Firm” in our description means that all the members of the Meitec Group belong to a group of engineering professionals who improve each other and keep growing with the spirit of “independence and mutual support.”

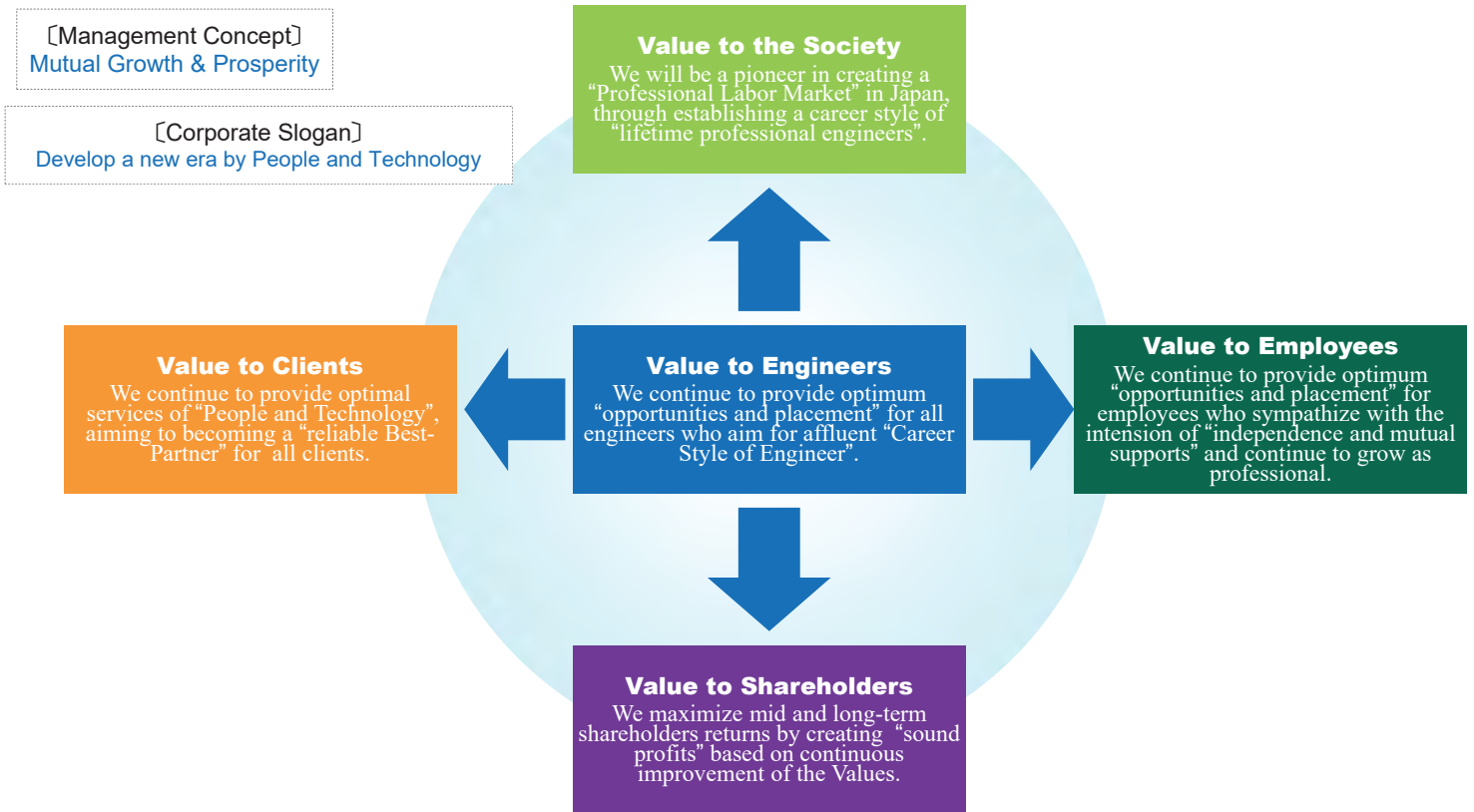
The Core

The Core in how we see ourselves means that we are a group of companies that produces “important and indispensable” value for the technological innovation of manufacturers.

The Core in how we see ourselves also means that we are a group of companies that is able to offer an “important and indispensable” way of working, as engineers who consider their profession as the core of society.

“Ideal State of the Meitec Group”

We, the Meitec Group, with cooperation of all the employees, shall improve the five values continuously from the "Value to Engineers" as a starting point.



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Commitment for solving social issues (SDGs)

Engineering Firm at The Core

We are a group of engineers that plays a core role in manufacturing through its "People and Technology."

Environment	Social	Governance
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <ul style="list-style-type: none"> Contribute to solving environmental, energy, etc. issues by promoting technological innovation Contribute to the industry and economic growth by promoting technological innovation and innovation 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Contribute to sustainable economic growth through creating a Professional Labor Market</p>	<p>4 QUALITY EDUCATION</p> <p>Promote higher technical education and lifelong learning</p>
		<p>5 GENDER EQUALITY</p> <p>Provide fair "opportunities and placement" regardless of nationality, gender or age</p>
		<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Ensure full compliance with the Employee Code of Conduct in the Group's Basic Policy Regarding Corporate Governance</p>

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Transform the business model by pursuing high added value as a unified group

Basic Policy	Sales Expansion			Improving Profit Margin
	Profit Enhancement			
Priority measures	✓ Providing the Prime engineering solutions Directly under the control of top management the Prime engineering solutions of *Create a group of engineers *Build a technical sales team	✓ Greatly increase digitization of design and development *Accelerate Quantitative expansion and digitization and transition to growth areas *Innovate systems and standards to make swift decisions	✓ Transfer authority to region (area/block)	✓ Improve efficiency by promoting standerzation of operations *Redefine operational requirements *Promoting digitization

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Performance Targets for the Fiscal Year Ending March 31, 2022

FY2022 Mid-term Management Plan	Group Consolidated	billion yen		
		Engineering Solutions Business		Recruiting&Placement Business for Engineers
		Meitec	Meitec Fielders	
Net Sales	135.0	90.0	40.0	2.5
Operating Profit	18.0	13.5	3.6	0.8
Margin	13%	15%	9%	32%
Profit	12.0	Disclaimer regarding the description of the medium-term management plan The quantitative goals and other information in this document merely show medium- to long-term strategies based on the strong will of the management team.		
ROE	25% or more			

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Tokyo Headquarters	Taito-ku, Tokyo
Nagoya Headquarters	Nishi-ku, Nagoya
Stock listings	Tokyo Stock Exchange, 1st Section (No. 9744)
Incorporated	July 17, 1974
C l i e n t s	Approximately 1,200 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange
B r a n c h e s	41 Sales offices, including Tokyo, Nagoya, Osaka, and other major Japanese cities
Group Companies	<p>[Engineering Solutions Business]</p> <ul style="list-style-type: none"> ■ MEITEC FIELDERS INC. ■ MEITEC CAST INC. ■ MEITEC EX CORPORATION ■ MEITEC BUSINESS SERVICE CORPORATION <p>[Recruiting & Placement Business for engineers]</p> <ul style="list-style-type: none"> ■ MEITEC NEXT CORPORATION

人と技術で次代を拓く

MEITEC

Engineering Firm at The Core