

# Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023

October 27, 2022

**MEITEC CORPORATION**

President and CEO, COO

MEITEC Group CEO

Hideyo Kokubun

- 1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023**
- 2. Forecast for the Fiscal Year Ending March 31, 2023**
- 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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- I will now discuss the results for the second quarter and first half of the fiscal year ending March 31, 2023, and the forecast for the full year.
- Please see the Reference Materials later.

## 1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023



- I will begin by discussing results for the second quarter of the fiscal year ending March 31, 2023.

## Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 (Group Consolidated)

- ✓ Net sales rose 14.0% year on year ⇒ Achieved an increase in number of engineers assigned to clients as a result of improvement in the pace of assignments of new employees
- ✓ Operating profit rose 42.1% year on year ⇒ Due to the increase in net sales absorbing 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)	2Q ended Sep. 30, 2021	2Q ended Sep. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	Progress toward the FY forecast
Net sales	50,915	58,029	+7,114	+14.0%	57,300	+729
Cost of sales	38,074	42,357	+4,282	+11.2%	42,000	+357
Cost of sales to Net sales	74.8%	73.0%	(1.8%)			
SG&A Expenses	7,503	8,088	+584	+7.8%	8,500	(412)
Operating profit	5,336	7,584	+2,247	+42.1%	6,800	+784
Operating profit margins	10.5%	13.1%	+2.6%		11.9%	+1.2%
Ordinary profit	5,405	7,635	+2,229	+41.2%	6,800	+835
Extraordinary income & loss	(4)	0	+4			
Profit before income taxes	5,401	7,635	+2,233	+41.4%		
Profit attributable to owners of parent	3,549	5,107	+1,557	+43.9%	4,500	+607
Profit margins	7.0%	8.8%	+1.8%			

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- This shows the Group's consolidated results.
- During the second quarter of the fiscal year ending March 31, 2023, restrictions on economic activities due to the impact of the novel coronavirus disease (COVID-19) were eased, and the shift towards a new stage of coexistence with COVID-19 brought about a moderate recovery in business conditions. That said, the economic outlook remained uncertain due to a tense international situation, soaring resource prices, the impact from depreciation of the yen, and other factors.
- Meanwhile, major manufacturing firms that are our main clients continued to invest in technological development, leading to a favorable environment for our orders.
- As a result, net sales rose 14% year on year to ¥58,029 million, operating profit rose 42.1% to ¥7,584 million and profit attributable to owners of parent rose 43.9% to ¥5,107 million.

**Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023  
(Business Domains)**

- ✓ Both sales and profit increased 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, 2021	2Q ended Sep. 30, 2022	YoY Amount	% Change
Sales of Engineering Solutions Business	50,233	57,160	+6,927	+13.8%
Component ratio	98.7%	98.5%	(0.2%)	
Operating profit	5,122	7,257	+2,134	+41.7%
Sales of Recruiting & Placement Business for Engineers	732	912	+179	+24.6%
Component ratio	1.4%	1.6%	+0.1%	
Operating profit	214	327	+113	+52.8%

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- This shows results for the Meitec Group by business domains.
- In the Engineering Solutions Business and Recruiting & Placement Business for Engineers, both sales and profit increased year on year.

## Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 (Meitec)

- ✓ Year on year, net sales rose 11.0% while operating profit rose 36.9% and the number of engineers increased 3.3%
- ✓ Utilization ratio improved 4.6 points year on year ⇒ Due to pace of assignments improved for new employees compared to the previous fiscal year

(Fractions of one million yen are rounded down)	2Q ended Sep. 30, 2021	2Q ended Sep. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	Progress toward the FY forecast
Net sales	36,841	40,899	+4,057	+11.0%	40,000	+899
Cost of sales	27,476	29,634	+2,157	+7.9%	29,200	+434
Cost of sales to Net sales	74.6%	72.5%	(2.1%)		73.0%	(0.5%)
SG&A Expenses	4,917	5,176	+259	+5.3%	5,500	(324)
Operating profit	4,447	6,088	+1,640	+36.9%	5,300	+788
Operating profit margins	12.1%	14.9%	+2.8%		13.3%	+1.6%
Ordinary profit	5,027	6,986	+1,958	+38.9%	6,200	+786
Extraordinary income & loss	(4)	0	+4			
Profit before income taxes	5,023	6,986	+1,962	+39.1%		
Profit	3,470	4,937	+1,467	+42.3%	4,300	+637
Utilization ratio (Company-wide)	91.0%	95.6%	+4.6%		94.2%	+1.4%
Working Hours<h/day>	8.36	8.34	(0.02)	(0.2%)	8.36	(0.02)
Number of Engineers	7,564	7,815	+251	+3.3%		

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- This shows results for Meitec.
- Net sales increased 11.0% year on year to ¥40,899 million. Operating profit increased 36.9% to ¥6,088 million, and profit increased 42.3% to ¥4,937 million.
- Of note, utilization ratio improved 4.6 points year on year to 95.6%, due to an improvement in the pace of assignments for new employees compared to the previous fiscal year.
- The utilization ratio also topped our initial forecast.
- On the other hand, working hours slightly fell below both the year-earlier level and our initial forecast.

## Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 (Meitec Fielders)

- ✓ Year on year, net sales rose 22.5% while operating profit rose 72.7% and the number of engineers increased 14.7%
- ✓ Utilization ratio improved 6.3 points year on year ⇒ Due to pace of assignments improved for new employees compared to the previous fiscal year

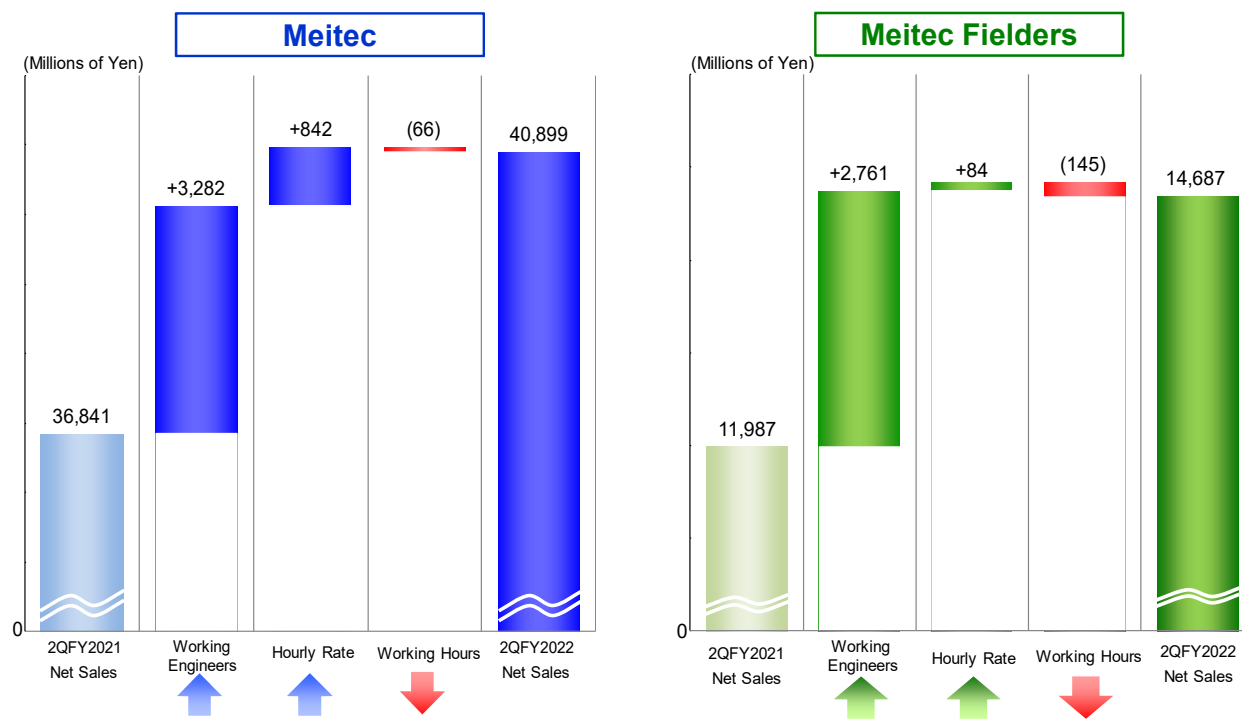
(Fractions of one million yen are rounded down)	2Q ended Sep. 30, 2021	2Q ended Sep. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	Progress toward the FY forecast
Net sales	11,987	14,687	+ 2,699	+ 22.5%	14,600	+ 87
Cost of sales	9,425	11,414	+ 1,988	+ 21.1%	11,450	(36)
Cost of sales to Net sales	78.6%	77.7%	(0.9%)		78.4%	(0.7%)
SG&A Expenses	1,924	2,171	+ 247	+ 12.9%	2,200	(29)
Operating profit	638	1,101	+ 463	+ 72.7%	950	+ 151
Operating profit margins	5.3%	7.5%	+ 2.2%		6.5%	+ 1.0%
Ordinary profit	639	1,102	+ 462	+ 72.4%	950	+ 152
Extraordinary income & loss	—	—	—			
Profit before income taxes	639	1,102	+ 462	+ 72.4%		
Profit	438	757	+ 319	+ 73.0%	650	+ 107
Utilization ratio (Company-wide)	83.9%	90.2%	+ 6.3%		90.2%	—
Working Hours<h/day>	8.34	8.23	(0.11)	(1.3%)	8.34	(0.11)
Number of Engineers	3,711	4,258	+ 547	+ 14.7%		

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- This shows results for Meitec Fielders.
- Net sales increased 22.5% year on year to ¥14,687 million, operating profit increased 72.7% to ¥1,101 million, and profit increased 73.0% to ¥757 million.
- As with Meitec, utilization ratio improved 6.3 points year on year to 90.2%, due to an improvement in the pace of assignments for new employees compared to the previous fiscal year.
- Of note, working hours fell below both the year-earlier level and our initial forecast.

# Comparison of Net Sales

✓ For both Meitec and Meitec Fielders, net sales increased due to the “increase in the number of engineers assigned to clients” and “increase in hourly rate”.

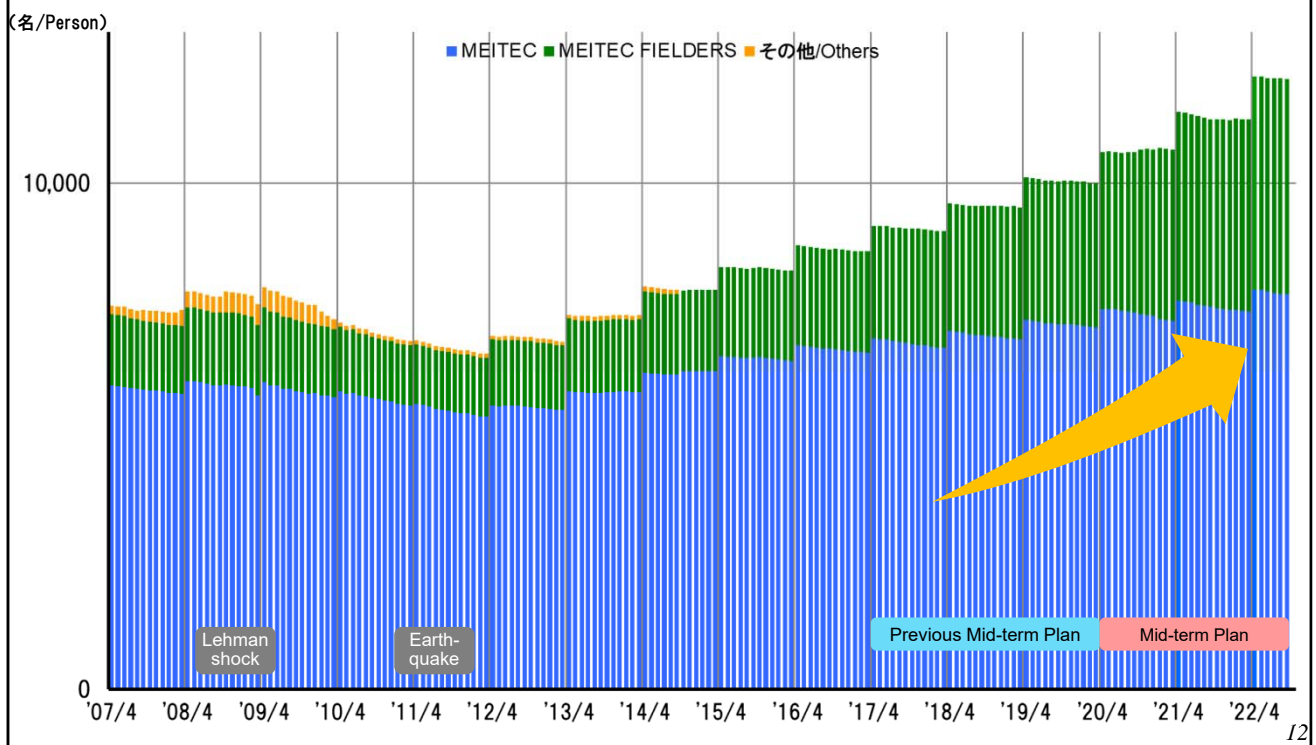


- This is a breakdown of factors affecting changes in net sales year on year at Meitec and Meitec Fielders.
- For both companies, the “increase in the number of engineers assigned to clients” and the “increase in hourly rate” contributed significantly to the increase in net sales.



## Number of Engineers (Group Consolidated)

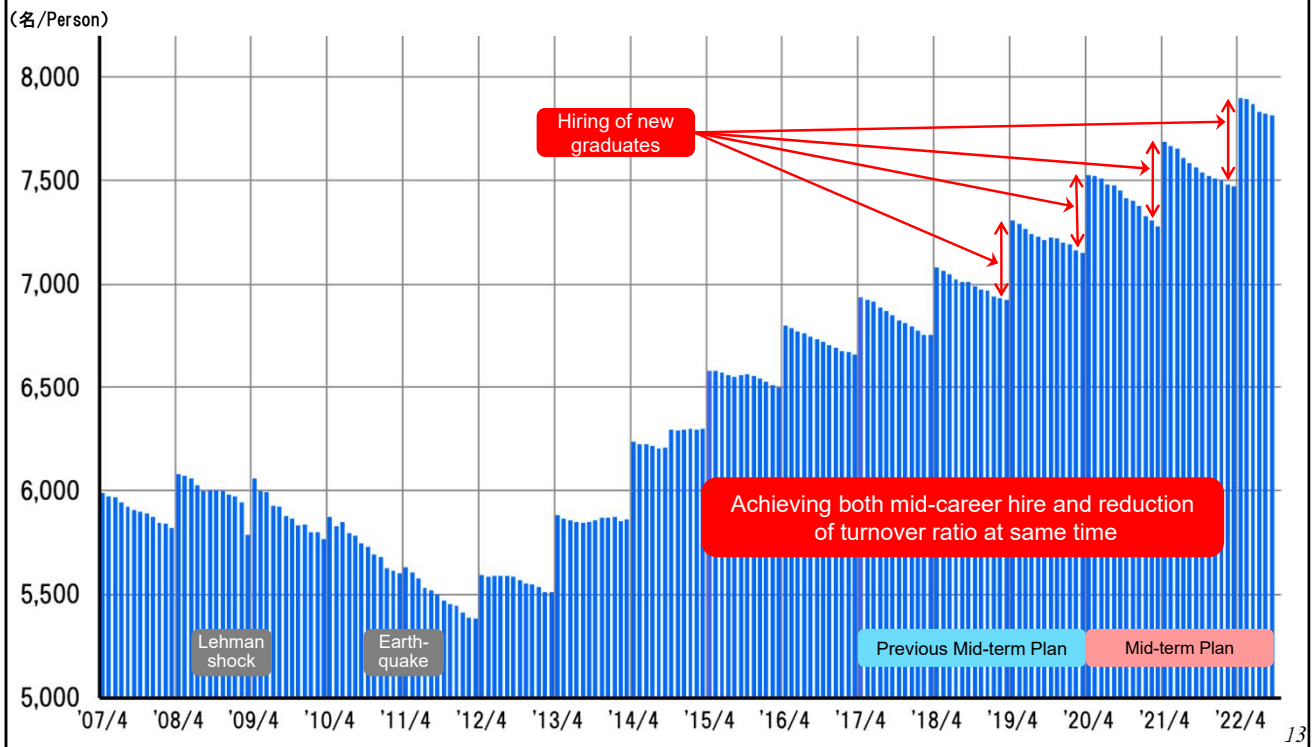
✓ The number of engineers as of September 30, 2022 was 12,073, an increase of 798 engineers, or 7.1%, compared to September 30, 2021.



- This shows the trend in the number of engineers across the Group.
- As of September 30, 2022, the number of engineers was 12,073, increased 798, or 7.1%, compared to September 30, 2021.
- The number of engineers at both Meitec and Meitec Fielders is steadily increasing.

# Number of Engineers (Meitec)

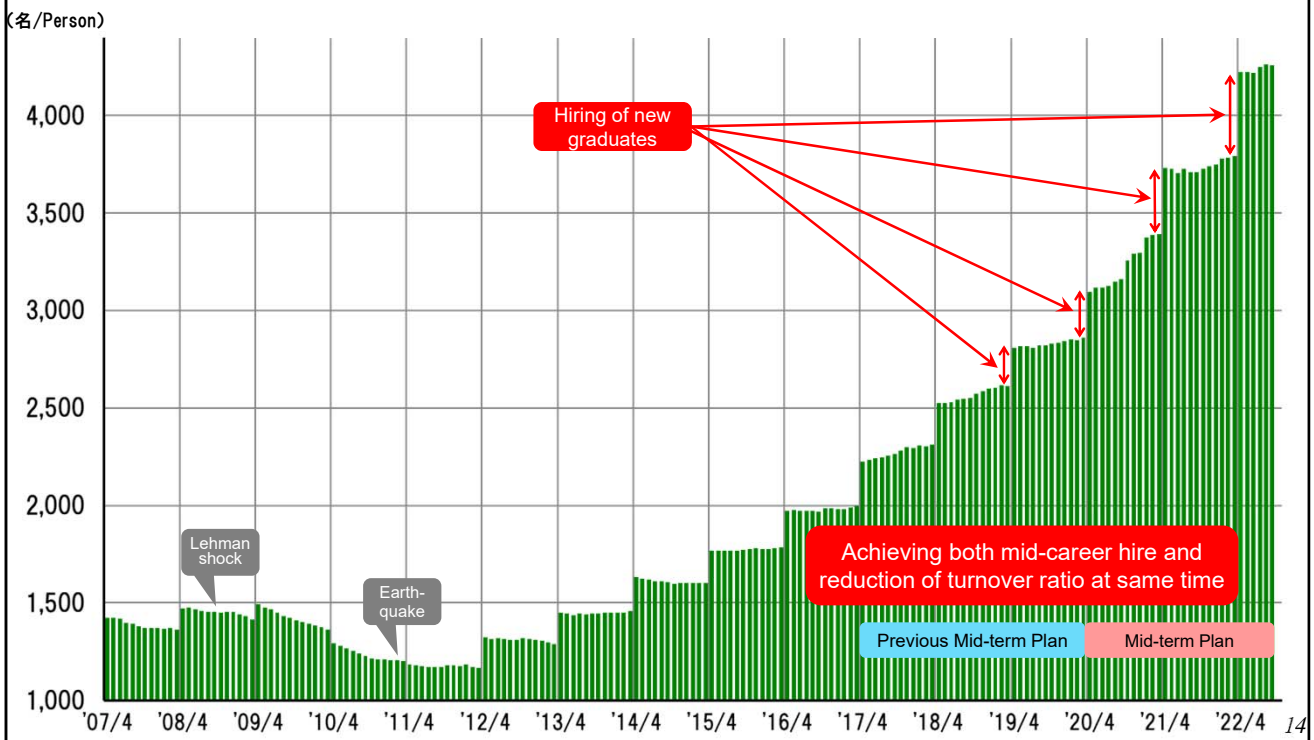
✓ The number of engineers as of September 30, 2022 was 7,815, an increase of 251 engineers, or 3.3%, compared to September 30, 2021.



- Moving on, this shows the trend in the number of engineers at Meitec.
- As of September 30, 2022, the number of engineers was 7,815, increased 251, or 3.3%, compared to September 30, 2021.

# Number of Engineers (Meitec Fielders)

✓ The number of engineers as of September 30, 2022 was 4,258, an increase of 547 engineers, or 14.7%, compared to September 30, 2021.



- This shows the trend in the number of engineers at Meitec Fielders.
- As of September 30, 2022, the number of engineers was 4,258, increased 547, or 14.7%, compared to September 30, 2021.

# Hiring Target for the Fiscal Year Ending March 31, 2023

## Mid-career hires (FY 2023/3)

- The need for engineers continues to intensify and overheating, making the hiring environment extremely competitive
- ✓ While maintaining its hiring standards, aim to achieve the target number of recruits by expanding recruiting channels
- ⇒ Continuing to disseminate the “lifetime professional engineer” career style and our approach to career advancement

## New Graduates (Joining April 2023)

- Corporate appetite for hiring new graduates remains at high levels, and competition is intensifying more than last year
- ✓ We strived to create contact points with many students, while maintaining our hiring standards and taking measures to prevent infection, keeping in mind the increasingly diverse inclinations of students
- ✓ However, due to robust hiring demand from manufacturers throughout the country and student preference for local jobs is strengthening, we are struggling to secure the required number of hires

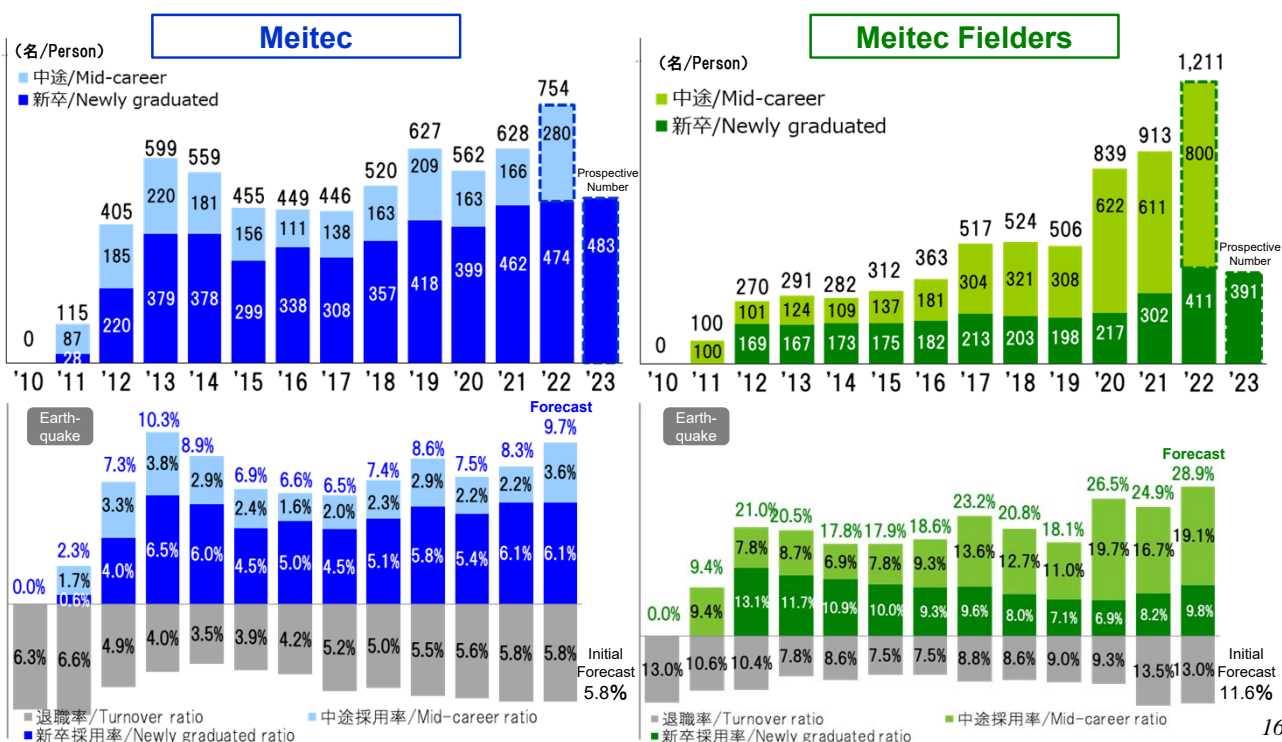
(person)	Fiscal Year Ending March 31, 2023					Fiscal Year Ending March 31, 2024	
	New Graduates April 2022 (Actual)	Mid-career		Total		New Graduates April 2023	
		<Target>	Comparison to Initial Forecast	<Target>	Comparison to Initial Forecast	<Prospective Number as of Oct. 2022>	Comparison to Initial Forecast
Meitec	474	280	—	754	—	483	(17)
Meitec Fielders	411	800	—	1,211	—	391	(59)
Total	885	1,080	—	1,965	—	874	(76)
Comparison to previous year	+ 121	+ 303		+ 424			

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- This shows the recruitment trends for the Group.
- First, looking at mid-career hires, the job openings-to-applicants ratio remained elevated for engineers, with competition overheating. As such, we faced an extremely competitive hiring environment.
- At the Group, we will aim to achieve the target number of recruits by expanding recruiting channels and continuing to disseminate the “lifetime professional engineer” career style and our approach to career advancement, while maintaining our hiring standards.
- This shows the state of newly graduated engineers who will join the Group in April 2023. Corporate appetite for hiring new graduates remains at high levels, and competition is intensifying more than last year.
- We strived to create contact points with many students, while maintaining our hiring standards and taking measures to prevent infection, keeping in mind the increasingly diverse inclinations of students. However, due to robust hiring demand from manufacturers throughout the country and stronger preference among students for jobs in their hometown, we are struggling to secure the required number of hires. As such, the prospective number as of October 1 did not reach our initial forecast.
- According to newspaper reports, the number of recruitment placed the Meitec Group in the eighth for hiring, which includes liberal arts, and the third specifically for science and engineering hiring among Japanese companies.
- We will continue to further strengthen the Meitec Group’s hiring brand while publicly promoting a style of career that emphasizes the engineering profession.

# Recruitment and Turnover

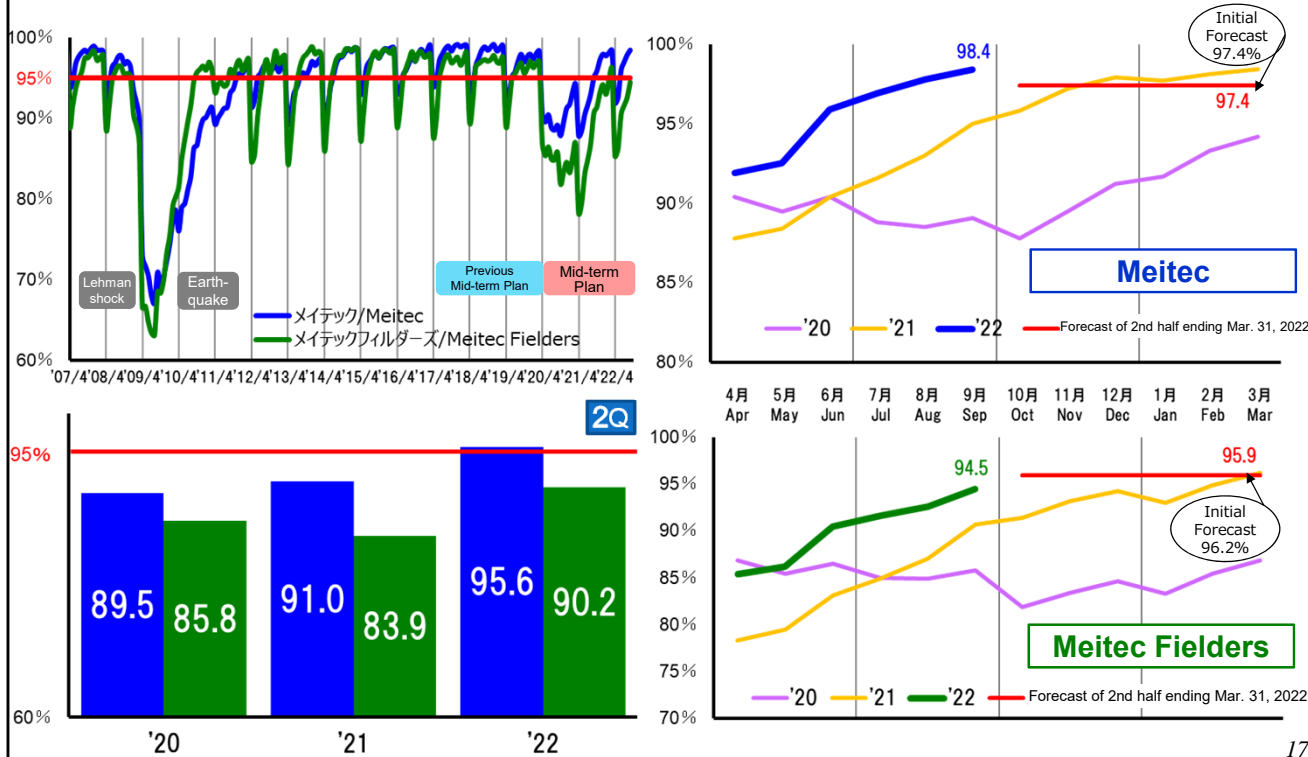
✓ Our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results are as follows. ※We plan to announce the actual recruitment and turnover ratios in May 2023.



- This shows our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results.
- Furthermore, based on the performance trend of the first half of the current fiscal year, the turnover ratio at Meitec Fielders, shown here as the gray portion in the graph on the bottom right, has been revised from 11.6% to 13.0%.

# Utilization Ratio

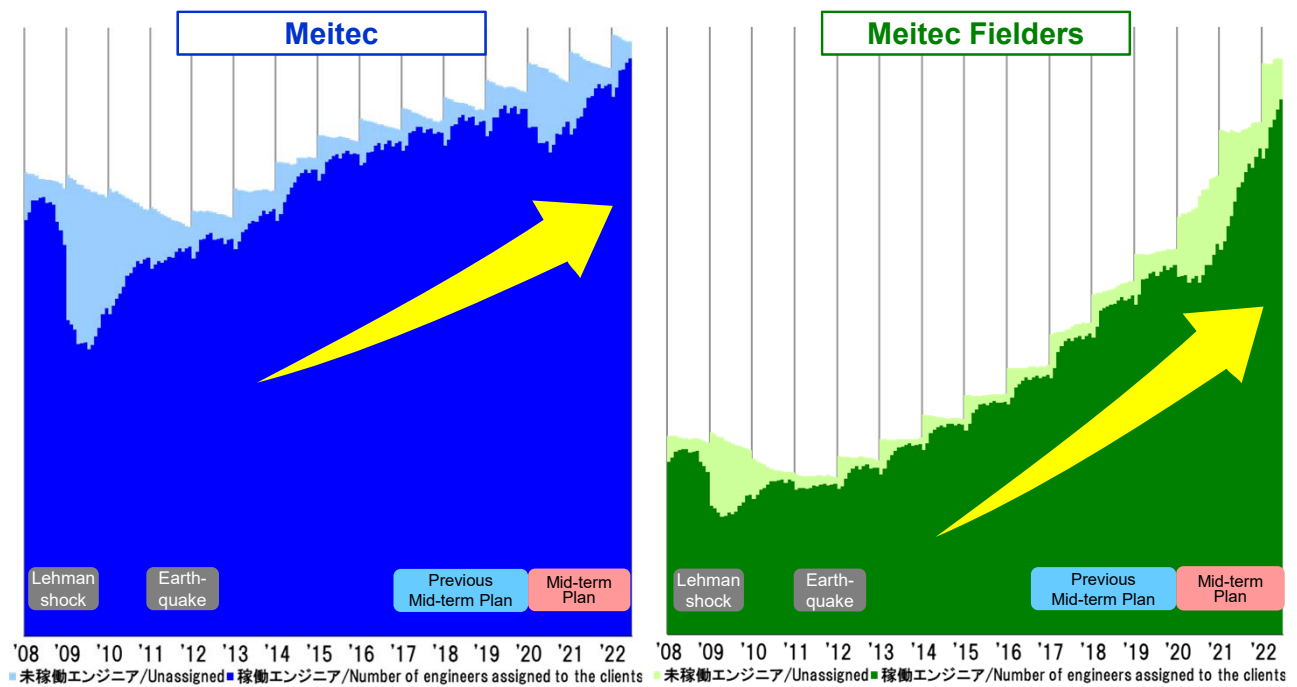
✓ Utilization ratios increased ⇒ Pace of assignments of new employees improved year on year



- This shows the status in utilization ratios.
- There are two major factors behind the increase in utilization ratios. At both Meitec and Meitec Fielders, we have made headway with assignments against the backdrop of the recovering trend since the second half of the previous fiscal year. As such, utilization ratios for the current fiscal year were already higher than the year-earlier levels at the beginning of the fiscal year. Moreover, the pace of assignments of new employees, who joined us this April, improved year on year.
- So that you can compare easily, data for FY2020, when the pace of assignments of new employees slowed down significantly due to the impact of COVID-19, is shown in purple, with that for FY2021 in yellow and for the current fiscal year in thicker blue and green lines.  
I think you will see the differences in the state of assignments of new employees this year and the starting level at the beginning of the fiscal year.

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

- ✓ Due to proactive recruitment the number of engineers rose, and we proceeded with assignments in response to orders, resulting also in an increase in the number of engineers assigned to clients

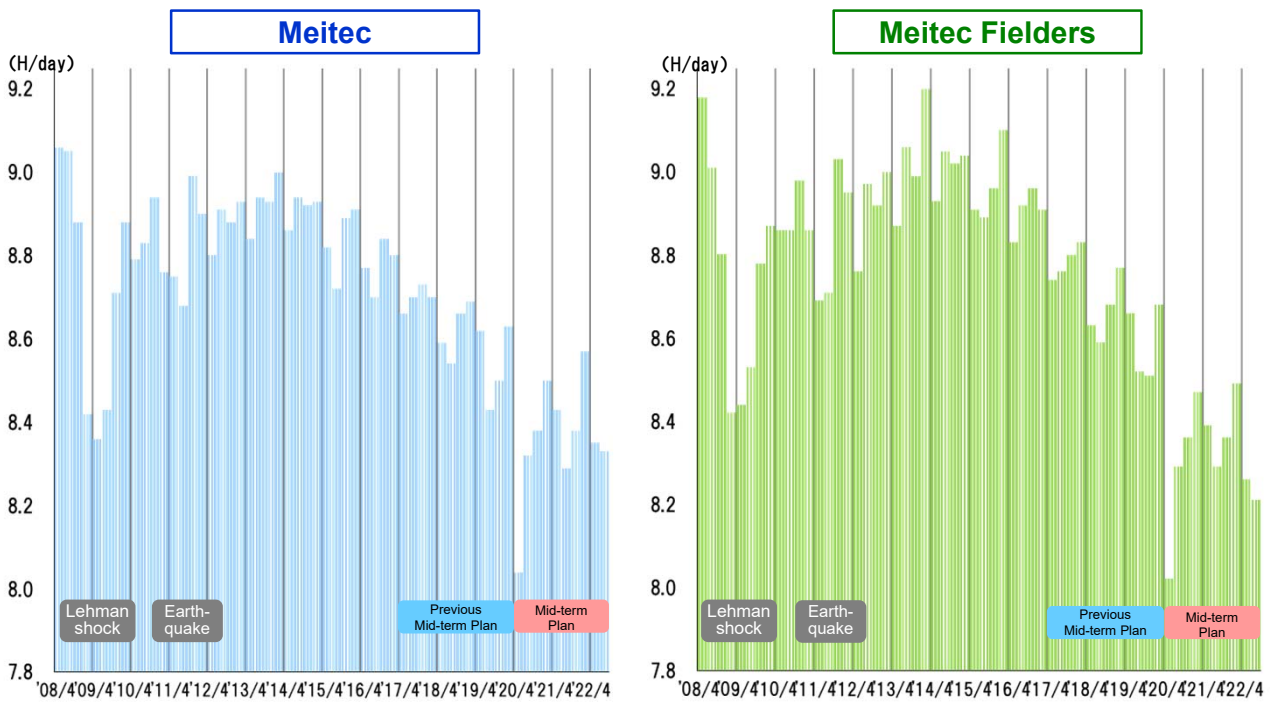


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- This shows the trend in number of engineers assigned to clients.
- Due to proactive recruitment, the increase in the number of engineers has continued, and we proceeded with assignments in response to orders. As a result, the number of engineers assigned to clients is growing steadily at both Meitec and Meitec Fielders.

# Working Hours

✓ Working hours fell slightly year on year due mainly to a decrease in overtime work



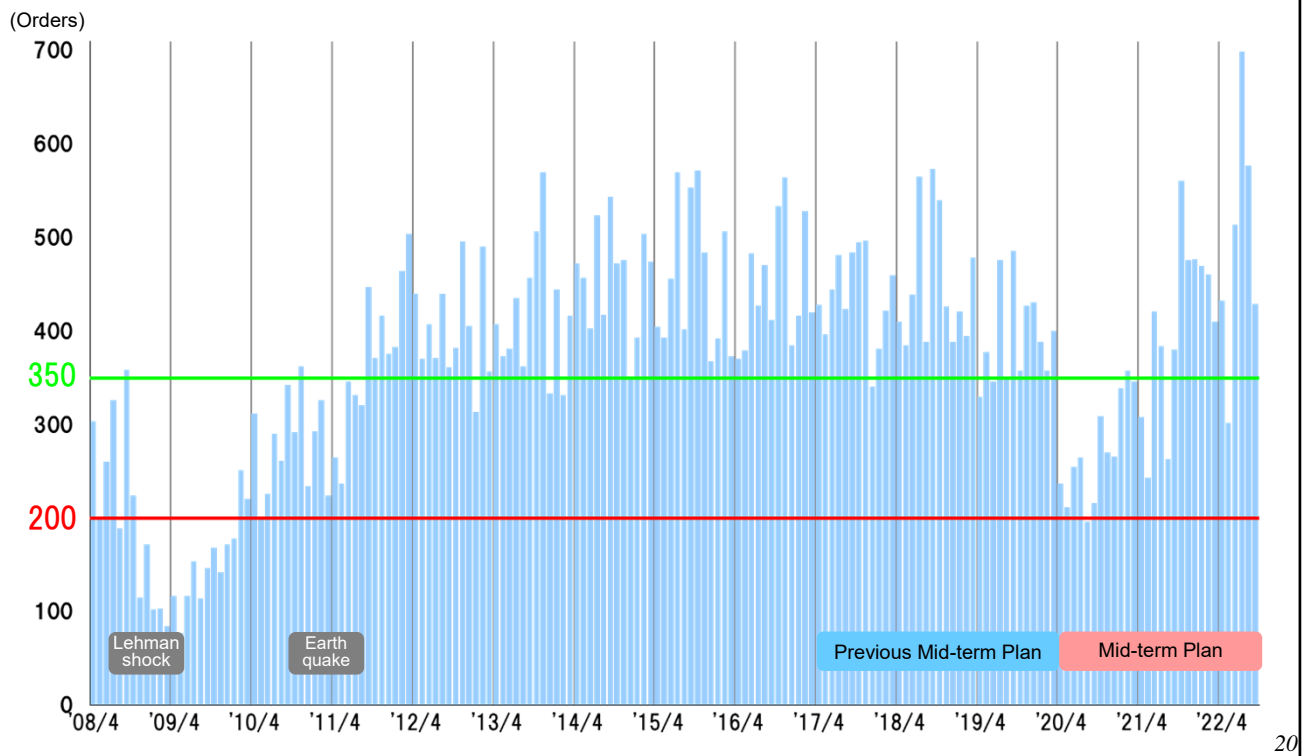
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- This shows the trend in working hours.
- A decrease in overtime work is a trend seen not only at clients but in the overall society.  
Working hours fell slightly year on year due to this decrease in overtime work.
- The number of working hours is determined by our clients, and is not something we can control. As a fluctuation in working hours of 0.1 hours equates to a fluctuation of approximately 1% of total net sales, we will continue to focus attention on this indicator considering that it is one of indicators that have a significant impact on earnings.



## Trend in New Orders by Month (Meitec)

✓ New monthly orders for Meitec (non-consolidated) were strong



- This shows the trend in new monthly orders for the first half of the current fiscal year.
- The economic outlook remains uncertain, but our clients have continued to invest in technological development with a long-term perspective. Also coupled with our proactive sales efforts, new monthly orders were strong at over 350 orders.
- We will remain on the offensive in our sales approach, while taking steps to capture new orders and promote assignments, with a view to providing our clients with high value-added services they will recognize.

## 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)

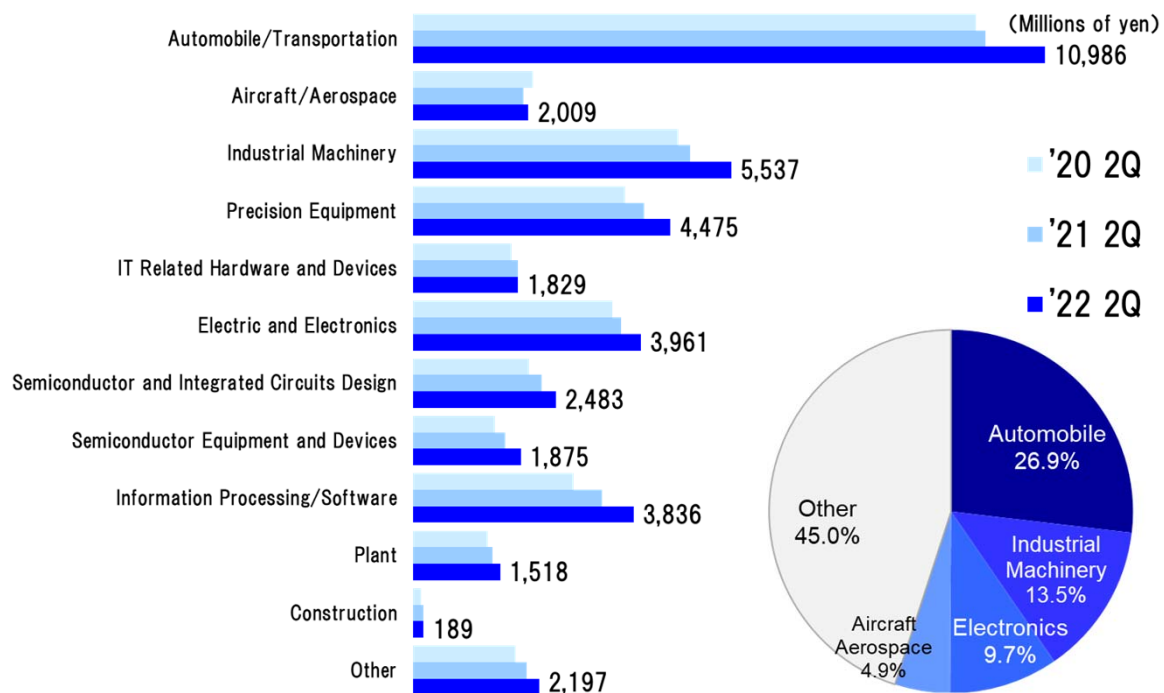
2nd Q FY2017			2nd Q FY2021			2nd Q FY2022		
1	Mitsubishi Heavy Industries		1	Denso		1	Denso	
2	Denso		2	Mitsubishi Heavy Industries		2	Sony Semiconductor Solutions	
3	Canon		3	Sony Semiconductor Solutions		3	Mitsubishi Heavy Industries	
4	Panasonic		4	Panasonic		4	Nikon	
5	Sony Semiconductor Solutions		5	Nikon		5	Hitachi High-Tech	
6	Nikon		6	Hitachi High-Tech		6	Denso Ten	
7	Toyota Motor		7	Toyota Motor		7	Toyota Motor	
8	Kawasaki Heavy Industries		8	Subaru		8	Subaru	
9	Autoliv		9	Denso Ten		9	Panasonic	
10	Omron		10	Terumo		10	Yamaha Motor	
Top 10 Total	8,501	23.9%	Top 10 Total	9,009	24.5%	Top 10 Total	9,391	23.0%
Top 20 Total	12,263	34.5%	Top 20 Total	13,000	35.3%	Top 20 Total	13,680	33.4%
Others	23,281	65.5%	Others	23,842	64.7%	Others	27,219	66.6%
Total	35,544	100.0%	Total	36,841	100.0%	Total	40,899	100.0%

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- This shows Meitec's top 10 clients by sales.
- On the surface, there seem to be no major changes in the clients appearing within the top 10 clients by sales. However, there are significant changes in each client's business activities compared with five years ago and with last year. Indeed, they are actively working to make the change.
- Amid the accelerating pace of technological innovation, our clients are working on projects and technological development that incorporates new technology.
- By deliberately rotating our engineers constantly to new technology domains, we will refine their engineering prowess and continue striving to increase the added value for our clients.
- One of the strengths of Meitec is that it offers a wide range of services without depending on certain clients and industries, and this strength will continue to be used going forward.

## 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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- This shows sales trends by industrial segment.
- The automobile/transportation segment makes up a very high percentage of sales and is also showing strong growth.
- At the same time, we are making proactive sales efforts in fields including industrial machinery, precision equipment, electric and electronics, and information processing and software, fully in line with the broader trends in technological development. The chart here shows the fruit of our efforts.
- Our clients are making contributions in shaping the future with a view to creating a sustainable society, tackling environmental and other issues on an ongoing basis.
- Amid such operating environment, we will strive to provide even higher value-added services than before, in order to help our clients bring about technological innovation.
- This concludes my discussion of the results for the second quarter of the fiscal year ending March 31, 2023.

## 2. Forecast for the Fiscal Year Ending March 31, 2023



- The consolidated forecasts for the fiscal year ending March 31, 2023 have been revised in light of our operating performance of late. I will now discuss a summary of our forecasts.

## Forecast • Progress on Mid-term Management Plan ~the third year of the Mid-term Management Plan~

The Transformation

(Billion Yen)		FY2020	FY2021	FY2022	Mid-Term Management Plan
		Actual	Actual	Forecast	Target
Group Consolidated	Net Sales	96.6	107.1	119.5	135.0
	Operating Profit	10.2	12.8	15.8	18.0
	Margin	10.6%	12.0%	13.2%	13%
	Profit	7.0	9.2	10.9	12.0
	ROE	15.8%	20.6%	24.1%	25% or more
Meitec	Net Sales	71.5	77.0	83.5	90.0
	Operating Profit	8.6	10.5	12.7	13.5
	Margin	12.0%	13.7%	15.2%	15%
Meitec Fielders	Net Sales	21.3	25.8	31.0	40.0
	Operating Profit	1.2	1.7	2.4	3.6
	Margin	5.5%	6.7%	7.7%	9%

**Disclaimer regarding the description of the medium-term management plan**

1. The quantitative goals in this document, which disclose the medium-term management plan, differ from the performance forecasts. The impact of COVID-19 (Novel Coronavirus) expansion and long-term concerns on business performance is not reflected.
2. 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. The company is not obligated to update such information.
3. Please see the disclosures in the Consolidated Financial Results for the official earnings forecast, based on the rules of Stock Exchange, Inc.

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- First, this slide shows the actual progress on the medium-term management plan, which covers up to the current fiscal year, and corresponding forecasts.
- We announced this plan in April 2020, with the period under its scope beginning amid the COVID-19 pandemic. Accordingly, due in part to revisions to the implementation periods and methods of certain measures, our forecasts are short of the targets under the plan.
- I will explain our progress on priority measures in a short while.

**Forecasts for the Fiscal Year Ending March 31, 2023 (Group Consolidated)  
Comparison to the Initial Forecasts at the beginning of the Fiscal Year**

- ✓ Net sales +¥500mn vs. initial forecast = [1H + ¥700mn] + [2H -¥200mn]
- ✓ Operating profit +¥400mn vs. initial forecast = [1H + ¥800mn] + [2H -¥400mn]  
Moreover, SG&A expenses -¥400mn vs. initial forecast = [1H -¥400mn] + [2H about ±¥0mn]
- ✓ Net profit +¥400mn vs. initial forecast = [1H + ¥600mn] + [2H -¥200mn]

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	119,500	+ 500	+ 0.4%	58,029	61,471	(229)	(0.4%)
Cost of sales	86,700	+ 500	+ 0.6%	42,357	44,343	+ 143	+ 0.3%
SG&A Expenses	17,000	(400)	(2.3%)	8,088	8,912	+ 12	+ 0.1%
Operating profit	15,800	+ 400	+ 2.6%	7,584	8,216	(384)	(4.5%)
Operating profit margins	13.2%	+ 0.3%	/	13.1%	13.0%	(0.9%)	/
Ordinary profit	15,900	+ 400	+ 2.6%	7,635	8,265	(435)	(5.0%)
Profit attributable to owners of parent	10,900	+ 400	+ 3.8%	5,107	5,793	(207)	(3.5%)
Earnings per Share	136.04	+ 5.00	/	63.74			

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- This shows a comparison between our new consolidated forecasts for the fiscal year ending March 31, 2023 and our initial forecasts at the beginning of the fiscal year.
- We revised our projections for consolidated net sales to ¥119.5 billion, up ¥0.5 billion from the initial forecast, and for operating profit to ¥15.8 billion, up ¥0.4 billion from the initial forecast.  
This is because we expect a decrease in SG&A expenses.
- We revised our forecast for profit attributable to owners of parent to ¥10.9 billion, up ¥0.4 billion from the initial forecast.

## Forecasts for the Fiscal Year Ending March 31, 2023 (Group Consolidated) Comparison to the Previous Fiscal Year

- ✓ Net sales forecast to rise 11.5% year on year ⇒ Expecting growth in the number of engineers assigned to clients due to proactive recruitment and the increase in the utilization ratio
- ✓ Operating profit forecast to rise 23.3% year on year ⇒ Expecting increasing hiring-related expenses and other SG&A expenses to be absorbed by the increase in net sales

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	YoY Amount	% Change
Net sales	119,500	+12,359	+11.5%	58,029	61,471	+5,245	+9.3%
Cost of sales	86,700	+7,782	+9.9%	42,357	44,343	+3,500	+8.6%
SG&A Expenses	17,000	+1,594	+10.3%	8,088	8,912	+1,010	+12.8%
Operating profit	15,800	+2,982	+23.3%	7,584	8,216	+735	+9.8%
Operating profit margins	13.2%	+1.2%		13.1%	13.0%	(0.3%)	
Ordinary profit	15,900	+2,951	+22.8%	7,635	8,265	+722	+9.6%
Profit attributable to owners of parent	10,900	+1,659	+18.0%	5,107	5,793	+101	+1.8%
Earnings per Share	136.04	+22.19		63.74			

\*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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- Next, this shows a comparison with our previous fiscal year results.
- We forecast net sales of ¥119.5 billion, up ¥12.3 billion, or 11.5% year on year, operating profit of ¥15.8 billion, up ¥2,982 million, or 23.3% year on year, and profit attributable to owners of parent of ¥10.9 billion, up ¥1,659 million, or 18.0% year on year.

## Forecasts for the Fiscal Year Ending March 31, 2023 (Meitec) Comparison to the Initial Forecasts at the beginning of the Fiscal Year

- ✓ Compared to initial forecasts, net sales and operating profit are seen rising ¥500 million and ¥400 million respectively ⇒ Reflecting the trends in financial results in 1H

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	83,500	+ 500	+ 0.6%	40,899	42,601	(399)	(0.9%)
Cost of sales	60,000	+ 300	+ 0.5%	29,634	30,366	(134)	(0.4%)
Cost of sales to Net sales	71.9%	(0.0%)		72.5%	71.3%	+ 0.4%	
SG&A Expenses	10,800	(200)	(1.8%)	5,176	5,624	+ 124	+ 2.3%
Operating profit	12,700	+ 400	+ 3.3%	6,088	6,612	(388)	(5.5%)
Operating profit margins	15.2%	+ 0.4%		14.9%	15.5%	(0.8%)	
Ordinary profit	13,600	+ 400	+ 3.0%	6,986	6,614	(386)	(5.5%)
Profit	9,600	+ 400	+ 4.3%	4,937	4,663	(237)	(4.8%)
Utilization ratio (Company-wide)	96.5%	+ 0.7%	Comparison to Initial Forecast <b>+1.4%</b>	95.6%	97.4%	—	
Working Hours (h/day)	8.41	(0.01)		8.34	8.47	—	
Number of Recruitment	754	—		Expected New Graduates for April 2023		Comparison to Initial Forecast	
Newly graduated	474	—		483		(17)	
Mid-career	280	—					
Turnover Ratio	5.8%	—					

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- This shows a comparison between our new forecasts and our initial forecasts for Meitec.
- Reflecting the trends in financial results in the first half, we revised our projections for net sales to ¥83.5 billion, up ¥0.5 billion from the initial forecast, and for operating profit to ¥12.7 billion, up ¥0.4 billion from the initial forecast.
- We also raised our estimate for profit compared with our initial forecast.



## Forecasts for the Fiscal Year Ending March 31, 2023(Meitec) Comparison to the Previous Fiscal Year

- ✓ Net sales and operating profit forecast to rise 8.4% and 20.4% year on year respectively  
⇒ Expecting growth in the number of engineers assigned to clients due to proactive recruitment and the increase in the utilization ratio

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	YoY Amount	% Change
Net sales	83,500	+6,489	+8.4%	40,899	42,601	+2,432	+6.1%
Cost of sales	60,000	+3,496	+6.2%	29,634	30,366	+1,339	+4.6%
Cost of sales to Net sales	71.9%	(1.5%)		72.5%	71.3%	(1.0%)	
SG&A Expenses	10,800	+839	+8.4%	5,176	5,624	+580	+11.5%
Operating profit	12,700	+2,153	+20.4%	6,088	6,612	+513	+8.4%
Operating profit margins	15.2%	+1.5%		14.9%	15.5%	+0.3%	
Ordinary profit	13,600	+2,474	+22.2%	6,986	6,614	+516	+8.5%
Profit	9,600	+1,548	+19.2%	4,937	4,663	+81	+1.8%
Utilization ratio (Company-wide)	96.5%	2.2%		95.6%	97.4%	(0.1%)	
Working Hours(h/day)	8.41	(0.01)		8.34	8.47	—	
Number of Recruitment	754	+126					
Newly graduated	474	+12					
Mid-career	280	+114					
Turnover Ratio	5.8%	—					
				Expected New Graduates for April 2023	To Apr. 2022		
				483	+9		

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- Next, this shows a comparison with our previous fiscal year results for Meitec.
- We expect growth in the number of engineers assigned to clients due to an increase in the number of hiring following proactive recruitment and the increase in the utilization ratio associated with the accelerated pace of assignments. Therefore, we forecast net sales to rise 8.4%, or ¥6,489 million, year on year, operating profit to jump 20.4%, or ¥2,153 million, year on year, and profit to grow 19.2%, or ¥1,548 million, year on year.

## Forecasts for the Fiscal Year Ending March 31, 2023 (Meitec Fielders) Comparison to the Initial Forecasts at the beginning of the Fiscal Year

- ✓ Compared to the initial forecast, net sales are projected to be flat ⇒ Expecting utilization ratio to be roughly in line with initial forecast
- ✓ Operating profit forecast +¥150mn ⇒ Expecting SG&A expenses to be lower than initially forecast mainly due to hiring-related expenses

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	31,000	—	—	14,687	16,313	(87)	(0.5%)
Cost of sales	23,950	—	—	11,414	12,536	+36	+0.3%
Cost of sales to Net sales	77.3%	—	—	77.7%	76.8%	+0.6%	—
SG&A Expenses	4,650	(150)	(3.1%)	2,171	2,479	(121)	(4.7%)
Operating profit	2,400	+150	+6.7%	1,101	1,299	(1)	(0.1%)
Operating profit margins	7.7%	+0.4%	—	7.5%	8.0%	+0.0%	—
Ordinary profit	2,400	+150	+6.7%	1,102	1,298	(2)	(0.2%)
Profit	1,650	+100	+6.5%	757	893	(7)	(0.8%)
Utilization ratio (Company-wide)	93.1%	(0.2%)	—	90.2%	95.9%	(0.3%)	—
Working Hours<h/day>	8.34	(0.05)	—	8.23	8.43	—	—
Number of Recruitment	1,211	—	—	Expected New Graduates for April 2023		Comparison to Initial Forecast	—
Newly graduated	411	—	—	391		(59)	—
Mid-career	800	—	—				—
Turnover Ratio	13.0%	+1.4%	—				—

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- This shows a comparison between our new forecasts and our initial forecasts for Meitec Fielders.
- Given that the results in the first half checked in roughly in line with initial forecast, we kept our net sales projection unchanged from the initial forecast at ¥31.0 billion. For operating profit, we upgraded the initial forecast by ¥150 million to ¥2.4 billion, expecting a decrease in SG&A expenses.

## Forecasts for the Fiscal Year Ending March 31, 2023 (Meitec Fielders) Comparison to the Previous Fiscal Year

- ✓ Net sales and operating profit forecast to rise 20.1% and 38.6% year on year, respectively  
⇒ Expecting growth in the number of engineers assigned to clients due to proactive recruitment, and increase in the utilization ratio

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount	% Change	2Q ended Sept. 30, 2022	Forecast 2nd Half	YoY Amount	% Change
Net sales	31,000	+5,185	+20.1%	14,687	16,313	+2,486	+18.0%
Cost of sales	23,950	+3,934	+19.7%	11,414	12,536	+1,946	+18.4%
Cost of sales to Net sales	77.3%	(0.2%)	/	77.7%	76.8%	+0.2%	/
SG&A Expenses	4,650	+582	+14.3%	2,171	2,479	+335	+15.7%
Operating profit	2,400	+668	+38.6%	1,101	1,299	+205	+18.8%
Operating profit margins	7.7%	+1.0%	/	7.5%	8.0%	+0.1%	/
Ordinary profit	2,400	+667	+38.5%	1,102	1,298	+204	+18.7%
Profit	1,650	+312	+23.4%	757	893	(6)	(0.7%)
Utilization ratio (Company-wide)	93.1%	+4.1%		90.2%	95.9%	+2.1%	
Working Hours (h/day)	8.34	(0.05)		8.23	8.43	—	
Number of Recruitment	1,211	+298					
Newly graduated	411	+109					
Mid-career	800	+189					
Turnover Ratio	13.0%	(0.5%)					
				Expected New Graduates for April 2023	To Apr. 2022		
				391	(20)		

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- Next, this shows a comparison with our previous fiscal year results for Meitec Fielders.
- As with Meitec, we expect growth in the number of engineers assigned to clients due to an increase in the number of hiring following proactive recruitment and the increase in the utilization ratio associated with the accelerated pace of assignments. Therefore, we forecast net sales to rise 20.1%, or ¥5,185 million, year on year, and operating profit to jump 38.6%, or ¥668 million, year on year. The 14.3% increase year on year in SG&A expenses is mainly attributable to an increase in hiring-related expenses.
- We forecast profit of ¥1,650 million, up 23.4% year on year.

# Basic Policy Regarding Profit Distribution

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

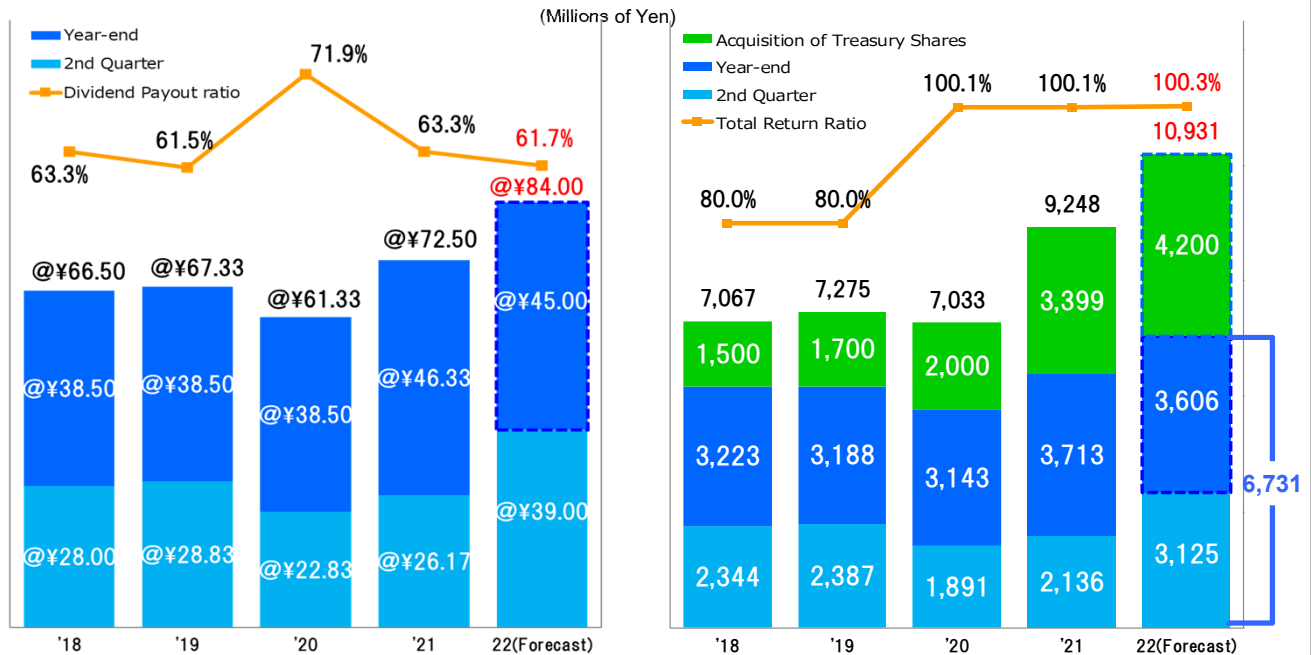
Revised Nov. 2018 Revised May 2017 Revised May 2014 <b>Profit distribution policy</b>	1. Enhance “quality and quantity” of the shareholders’ equity 2. Balance of funds exceeds the funds necessary for business operations* (*3 months consolidated net sales)	
	<b>Total Return Ratio : Basically within 100%</b>	
<b>Dividend</b>	Dividend related to performances : Equal or more than 50% of consolidated profit	
	Minimum Dividend : Consolidated Dividend on Equity ratio (DOE) 5%	
<b>Treasury shares acquisition, possession and retirement</b>	<b>Acquire : Carry out as appropriate, taking the total return ratio and dividend payout ratio levels into consideration</b>	
	<b>Possess</b> <b>Maximum of 5% of shares issued</b>	<b>Retired</b> 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.

- Our “Basic Policy Regarding Profit Distribution” remains unchanged.

# Results and Forecast of Profit Distribution

- ✓ The year-end dividend for FY2022 will be ¥45 per share, which together with the interim dividend of ¥39 per share will result in an annual dividend of ¥84 per share.
- ✓ Year-end dividend is forecast to be ±¥0 of the expected value announced at the beginning of the fiscal year, and the total return ratio 100.3% with a projected dividend payout ratio of 61.7%
- ✓ Total return ratio 100% = (ordinary dividends 6.7 billion yen + acquisition of treasury shares 4.2 billion yen) ÷ forecast profit 10.9 billion yen.



\*A stock split was implemented with an effective date of July 1, 2022 at a ratio of 3 shares per 1 share of common shares. Dividends per share have been adjusted retroactively to reflect the effect of the stock split

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- Next, I will discuss our results and forecast of profit distribution.
  - The interim dividend has been revised in accordance with our initially announced dividend payout ratio of 60% to reflect the fact that profit exceeded the initially announced forecast. Therefore, the interim dividend has been set at ¥39.00 per share.
  - This is up ¥5 per share from the initial forecast and effectively up ¥12.83 per share from the previous fiscal year results, after taking into account the stock split.
  - The year-end dividend has been set at ¥45.00 per share, in line with the initial forecast.
  - As a result, the annual dividend is expected to be a total amount of approximately ¥6.7 billion, or ¥84.00 per share.
  - We also decided to conduct a treasury share acquisition of ¥4.2 billion.
- As we have announced today in the press release, the purchase will commence tomorrow.

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

<p><b>Providing the Prime engineering solutions</b></p>	<ul style="list-style-type: none"> <li>• Fell short of internal targets despite stronger interest from customers</li> <li>• Enhanced proposal-based sales, but at halfway point qualitatively</li> </ul>
<p><b>Greatly increase digitization of design and development</b></p>	<ul style="list-style-type: none"> <li>• Expanding training in digital technology for engineers</li> <li>• Some obstacles encountered with customers' technological development work for solely digital technology and currently developing important "hybridization of existing and digital technology"</li> </ul>
<p><b>Transfer authority to region (area/block)</b></p>	<ul style="list-style-type: none"> <li>• Increasing number of customers undergoing business restructuring, etc. → Reorganizing Group structure with Sales + 3 Functions to avoid falling behind</li> </ul>
<p><b>Improve efficiency by promoting standardization of operations</b></p>	<ul style="list-style-type: none"> <li>• To both improve operational quality and enhance productivity and cost effectiveness, we are developing initiatives to actively work on ICT, which is evolving tremendously</li> </ul>

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- This slide shows our progress on priority measures under the medium-term management plan.
- As mentioned before, we still have some remaining issues, due in part to revisions to the implementation periods and methods of certain measures in response to the COVID-19 pandemic. All of these measures are essential to our medium- to long-term growth, so we will continue working on them.

We will start to consider transitioning the Company to a holding company structure and a company with audit and supervisory committee in October 2023.

## Purpose of transition

- Achieve strong leadership capable of carrying out bold management decisions
  - Establish an environment capable of risk-taking and improve effectiveness of oversight of management resource allocation
  - Reform mindset and conduct of the Group's executives and employees
- ✓ The holding company is planned to be a company with audit and supervisory committee with independent outside directors forming a majority of the committee members

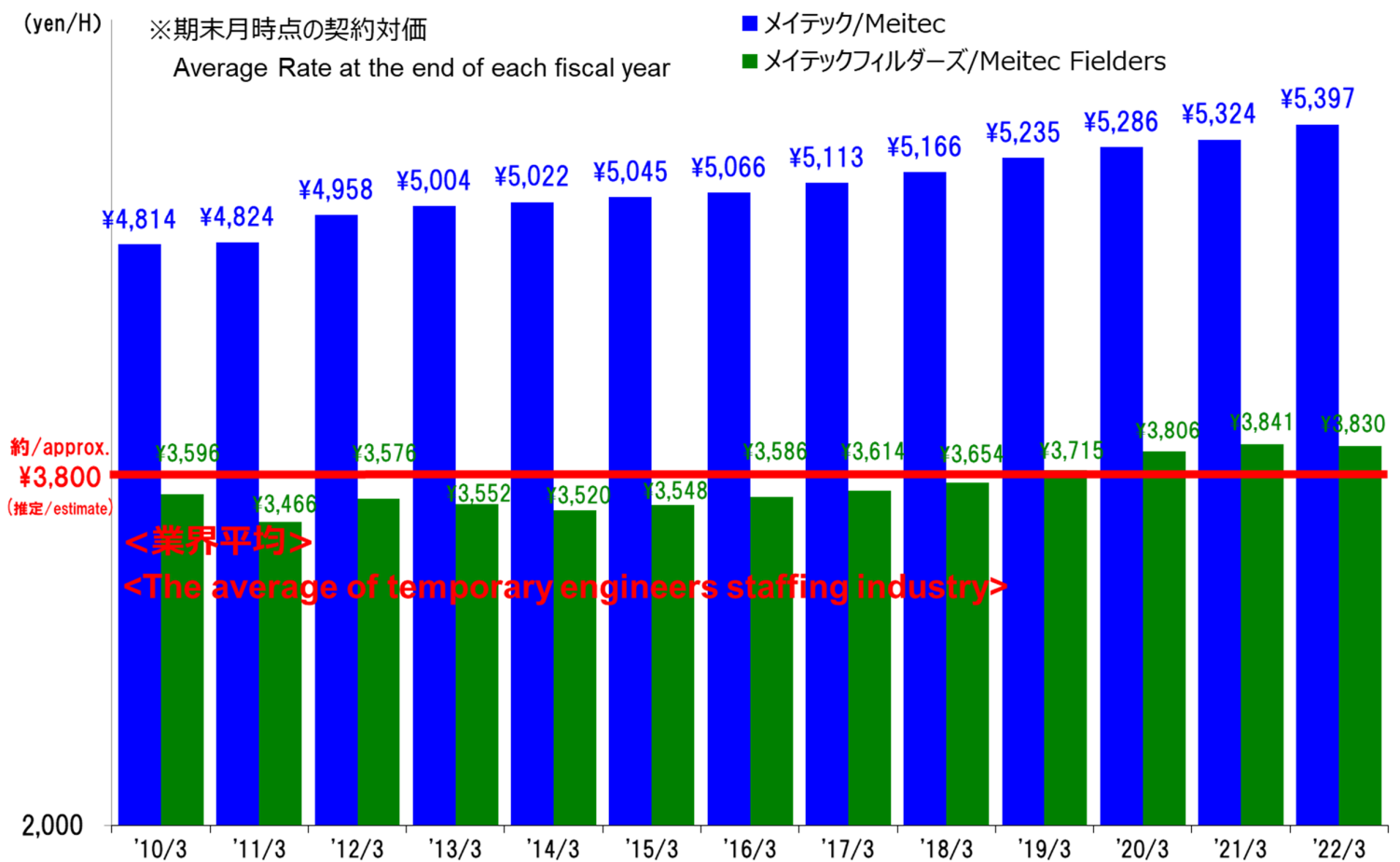
More specific details will be provided when decisions are finalized.

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- Lastly, I would like to explain that we have started to consider an organizational transition.
- We strive to achieve sustainable growth and to increase our corporate value, while working to improve the five values continuously and to enhance our corporate governance.
- As design and development work becomes more diverse and complex with progress in technological innovation, we are working to provide our clients with added value in our engineering solutions business.
- Amid the current operating environment, in which our clients are tackling a variety of issues, such as environmental issues, energy, and safety and security, with a view to creating a sustainable society, we aspire to continue conducting management proactively and boldly, and to actively pursue ways to offer high value-added services.
- We have three purposes for transition.  
We aim to carry out bold management decisions, to establish an environment capable of risk-taking and improve effectiveness of oversight of management resource allocation, and to reform mindset and conduct of the Group's employees.
- We will start to consider transitioning in October 2023.
- That ends my presentation today.  
We will work to meet your expectations going forward.  
We appreciate your continuing support and understanding.  
Thank you for listening.

### 3. Reference Materials

### Trend in Average Rate = (Market Value)





## Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 (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	40,899	14,687	1,633	164	912
YoY Amount	+4,057	+2,699	+163	+19	+179
% Change	+11.0%	+22.5%	+11.1%	+13.7%	+24.6%
Operating profit	6,088	1,101	108	(2)	327
YoY Amount	+1,640	+463	+13	(2)	+113
% Change	+36.9%	+72.7%	+14.3%	—	+52.8%
Ordinary profit	6,986	1,102	108	(2)	327
Profit	4,937	757	74	(2)	226

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## Forecast for the Fiscal Year Ending March 31, 2023 (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	83,500	31,000	3,400	340	1,730
YoY Amount	+6,489	+5,185	+401	+20	+199
% Change	+8.4%	+20.1%	+13.4%	+6.3%	+13.1%
Operating profit	12,700	2,400	240	0	530
YoY Amount	+2,153	+668	+50	+4	+55
% Change	+20.4%	+38.6%	+26.5%	—	+11.7%
Ordinary profit	13,600	2,400	240	0	530
Profit	9,600	1,650	150	0	360

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# Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec (Fractions of one million yen are rounded down)	2Q FY2018	2Q FY2019	2Q FY2020	2Q FY2021	2Q FY2022			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	10,542	11,060	9,789	9,953	10,986	26.9%	+1,032	+ 10.4%
Aircraft/Aerospace	2,278	2,276	2,084	1,920	2,009	4.9%	+89	+ 4.7%
Industrial Machinery	5,094	5,232	4,614	4,822	5,537	13.5%	+715	+ 14.8%
Precision Equipment	3,123	3,400	3,689	4,014	4,475	10.9%	+461	+11.5%
IT Related Hardware and Devices	1,936	1,794	1,722	1,825	1,829	4.5%	+3	+ 0.2%
Electric and Electronics	4,080	3,896	3,467	3,613	3,961	9.7%	+347	+ 9.6%
Semiconductors and Integrated Circuits Design	2,095	2,002	2,026	2,243	2,483	6.1%	+239	+ 10.7%
Semiconductor Equipment and Devices	1,315	1,325	1,431	1,610	1,875	4.6%	+264	+ 16.4%
Information Processing/Software	2,587	2,719	2,789	3,290	3,836	9.4%	+546	+ 16.6%
Plant	1,259	1,374	1,299	1,381	1,518	3.7%	+136	+ 9.9%
Construction	198	167	139	183	189	0.5%	+5	+ 2.8%
Others	1,603	1,725	1,791	1,981	2,197	5.4%	+215	+10.9%
Total	36,116	36,976	34,846	36,841	40,899	100.0%	+4,057	+ 11.0%

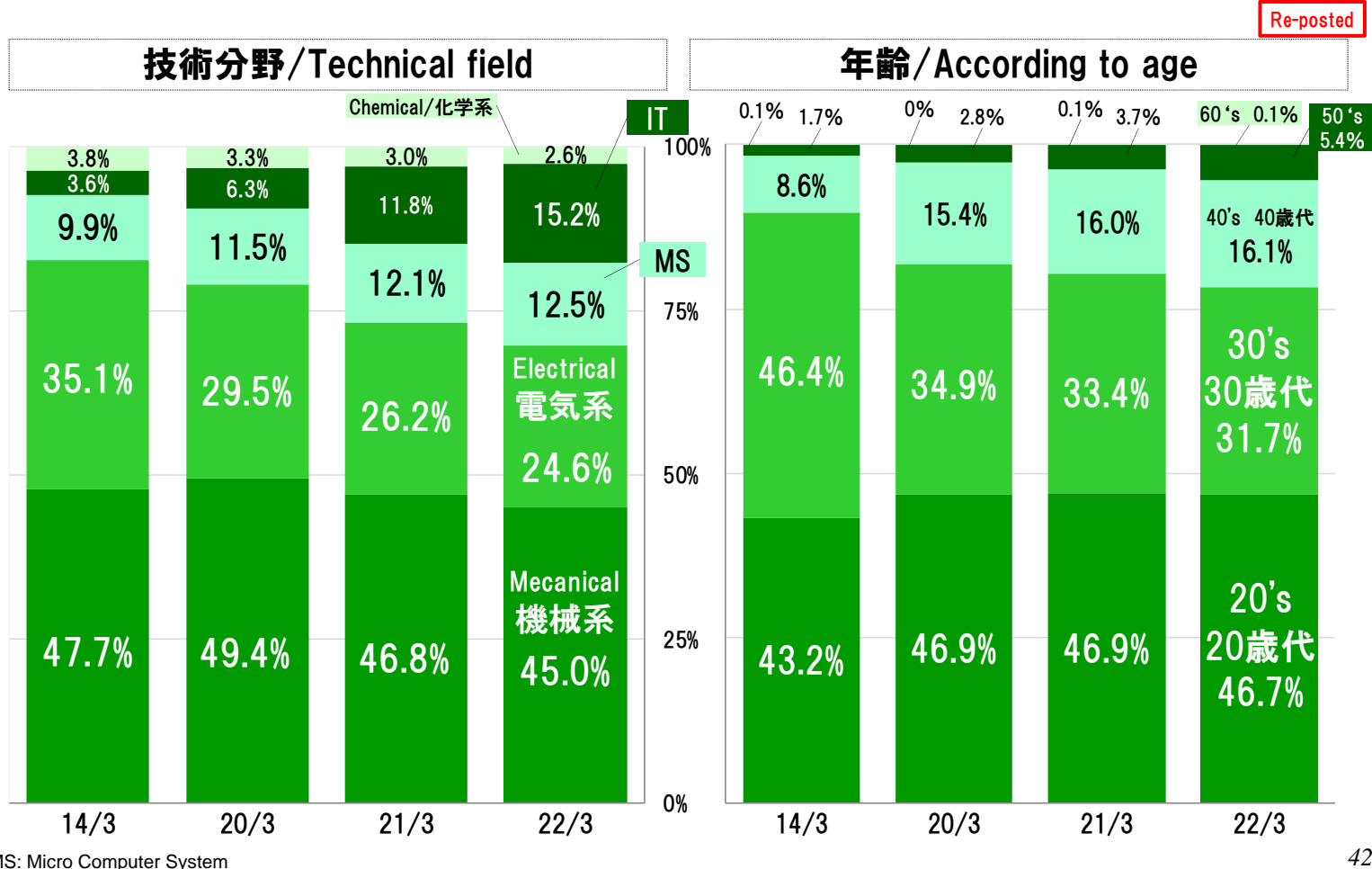
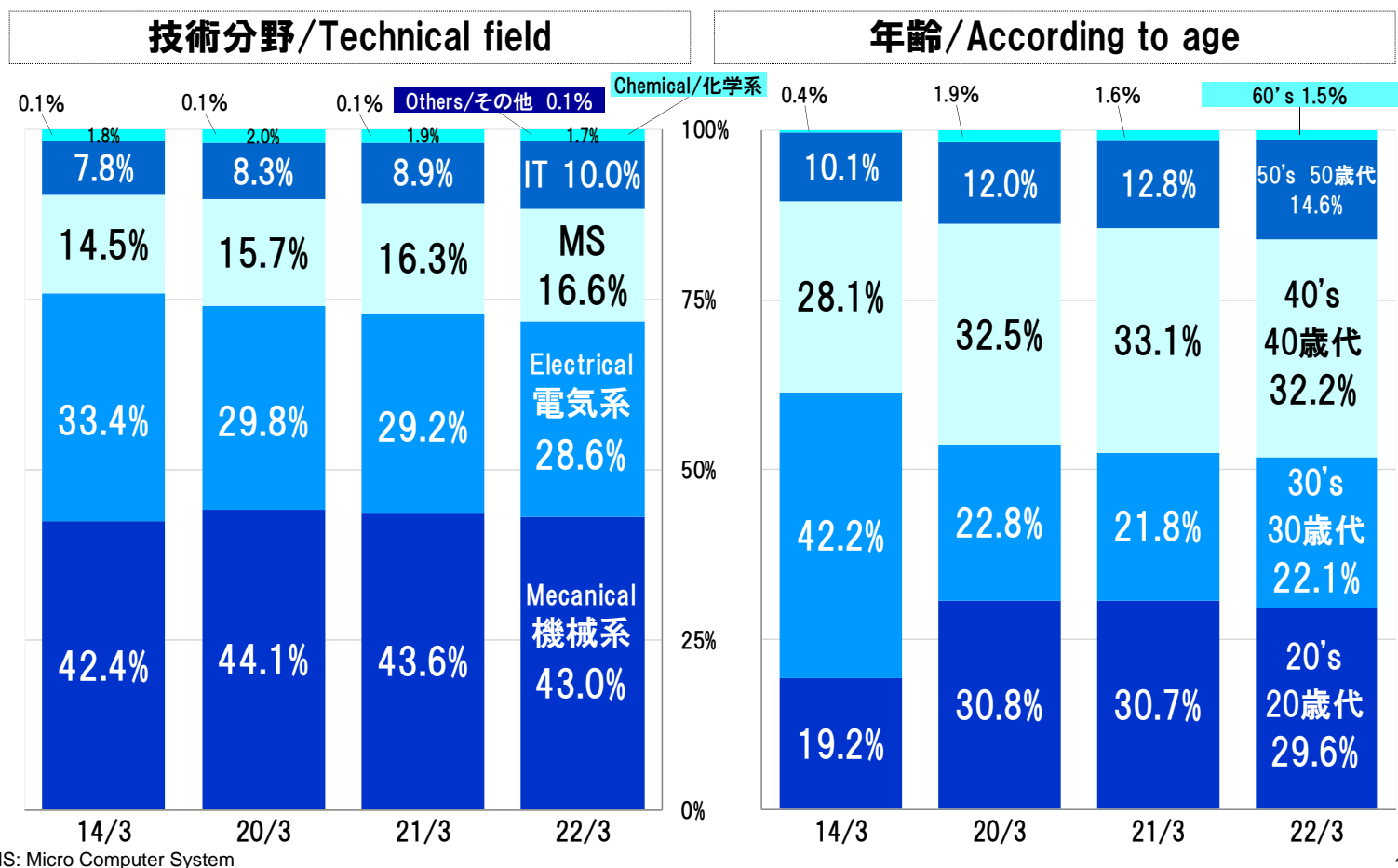
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# Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

Meitec Fielders (Fractions of one million yen are rounded down)	2Q FY2018	2Q FY2019	2Q FY2020	2Q FY2021	2Q FY2022			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	3,101	3,418	3,015	3,277	3,771	25.7%	+494	+ 15.1%
Aircraft/Aerospace	174	182	195	203	181	1.2%	(22)	(10.9%)
Industrial Machinery	1,524	1,909	1,958	2,213	2,774	18.9%	+561	+ 25.4%
Precision Equipment	1,141	1,327	1,363	1,604	1,805	12.3%	+201	+ 12.6%
IT Related Hardware and Devices	331	371	341	308	316	2.2%	+8	+ 2.7%
Electric and Electronics	1,069	1,085	1,053	1,208	1,511	10.3%	+303	+ 25.1%
Semiconductors and Integrated Circuits Design	347	345	359	413	518	3.5%	+104	+ 25.2%
Semiconductor Equipment and Devices	654	688	568	644	881	6.0%	+237	+ 36.8%
Information Processing/Software	246	337	480	820	1,248	8.5%	+427	+ 52.1%
Plant	289	312	419	519	554	3.8%	+34	+ 6.7%
Construction	48	8	4	10	28	0.2%	+17	+ 176.2%
Others	383	453	512	764	1,094	7.5%	+329	+ 43.2%
Total	9,314	10,439	10,272	11,987	14,687	100.0%	+2,699	+ 22.5%

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# Trend of Performances (Consolidated)

(Millions of Yen)	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q	2021-2Q	2022-2Q
Net sales	31,937	34,130	35,754	39,300	42,143	44,111	45,867	47,621	49,577	47,091	50,915	58,029
Cost of sales	24,052	25,119	26,607	29,366	31,321	32,861	34,049	35,288	36,461	35,307	38,074	42,357
Cost of sales to Net sales	75.3%	73.6%	74.4%	74.7%	74.3%	74.5%	74.2%	74.1%	73.5%	75.0%	74.8%	73.0%
Gross profit	7,885	9,010	9,146	9,934	10,821	11,249	11,817	12,332	13,116	11,783	12,840	15,672
Selling, general and administrative expenses	5,556	6,119	6,239	5,941	6,077	6,178	6,375	6,505	7,113	6,905	7,503	8,088
SG&A expenses to Net sales	17.4%	17.9%	17.4%	15.1%	14.4%	14.0%	13.9%	13.7%	14.3%	14.7%	14.7%	13.9%
Operating profit	2,328	2,891	2,907	3,992	4,744	5,071	5,442	5,827	6,003	4,878	5,336	7,584
Operating profit margins	7.3%	8.5%	8.1%	10.2%	11.3%	11.5%	11.9%	12.2%	12.1%	10.4%	10.5%	13.1%
Non-operating profit	46	74	33	24	14	11	9	7	22	31	70	52
Non-operating expenses	24	20	9	3	35	7	5	5	4	1	1	1
Ordinary profit	2,350	2,945	2,931	4,012	4,723	5,074	5,447	5,830	6,020	4,907	5,405	7,635
Ordinary profit margins	7.4%	8.6%	8.2%	10.2%	11.2%	11.5%	11.9%	12.2%	12.1%	10.4%	10.6%	13.2%
Extraordinary income	—	47	—	7	1,084	2	—	11	—	—	—	—
Extraordinary loss	2	206	18	3,464	30	3	60	1	2	4	4	0
Profit before income taxes	2,347	2,786	2,913	555	5,777	5,073	5,386	5,840	6,018	4,903	5,401	7,635
Total income taxes	1,051	1,094	1,207	361	1,979	1,607	1,860	1,954	2,047	1,764	1,852	2,527
Profit attributable to owners of parent	1,295	1,692	1,706	194	3,798	3,466	3,526	3,885	3,970	3,138	3,549	5,107
Profit margins	4.1%	5.0%	4.8%	0.5%	9.0%	7.9%	7.7%	8.2%	8.0%	6.7%	7.0%	8.8%

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# Trend of Performances (Meitec)

(Millions of Yen)	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q	2021-2Q	2022-2Q
Net sales	25,256	27,125	28,150	30,682	33,131	34,073	35,544	36,116	36,976	34,846	36,841	40,899
Cost of sales	19,180	20,081	21,094	23,091	24,758	25,545	26,601	26,969	27,307	26,213	27,476	29,634
Cost of sales to Net sales	75.9%	74.0%	74.9%	75.3%	74.7%	75.0%	74.8%	74.7%	73.8%	75.2%	74.6%	72.5%
Gross profit	6,075	7,043	7,056	7,590	8,372	8,527	8,942	9,146	9,669	8,633	9,365	11,264
Selling, general and administrative expenses	4,131	4,583	4,664	4,325	4,444	4,426	4,512	4,502	4,907	4,676	4,917	5,176
SG&A expenses to Net sales	16.4%	16.9%	16.6%	14.1%	13.4%	13.0%	12.7%	12.5%	13.3%	13.4%	13.3%	12.7%
Operating profit	1,944	2,460	2,392	3,265	3,927	4,100	4,430	4,644	4,762	3,956	4,447	6,088
Operating profit margins	7.7%	9.1%	8.5%	10.6%	11.9%	12.0%	12.5%	12.9%	12.9%	11.4%	12.1%	14.9%
Non-operating profit	337	291	403	435	497	585	751	749	902	943	581	899
Non-operating expenses	19	11	4	3	30	6	2	4	3	1	1	1
Ordinary profit	2,262	2,739	2,791	3,697	4,395	4,679	5,179	5,388	5,661	4,899	5,027	6,986
Ordinary profit margins	9.0%	10.1%	9.9%	12.0%	13.3%	13.7%	14.6%	14.9%	15.3%	14.1%	13.6%	17.1%
Extraordinary income	—	—	—	8	1,084	15	30	11	—	—	—	—
Extraordinary loss	2	210	43	3,463	43	3	60	1	2	4	4	0
Profit before income taxes	2,260	2,528	2,748	242	5,437	4,691	5,149	5,398	5,658	4,894	5,023	6,986
Total income taxes	904	935	1,003	69	1,687	1,411	1,541	1,589	1,661	1,464	1,553	2,048
Profit	1,356	1,593	1,745	172	3,749	3,279	3,608	3,808	3,997	3,429	3,470	4,937
Profit margins	5.4%	5.9%	6.2%	0.6%	11.3%	9.6%	10.2%	10.5%	10.8%	9.8%	9.4%	12.1%

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# Trend of Performances (Meitec Fielders)

(Millions of Yen)	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q	2021-2Q	2022-2Q
Net sales	4,113	4,513	5,037	5,753	6,386	7,218	8,163	9,314	10,439	10,272	11,987	14,687
Cost of sales	3,134	3,436	3,879	4,453	4,965	5,637	6,357	7,245	8,095	8,007	9,425	11,414
Cost of sales to Net sales	76.2%	76.1%	77.0%	77.4%	77.7%	78.1%	77.9%	77.8%	77.5%	77.9%	78.6%	77.7%
Gross profit	978	1,076	1,157	1,300	1,421	1,580	1,806	2,069	2,344	2,265	2,562	3,273
Selling, general and administrative expenses	738	807	806	813	873	939	1,129	1,256	1,413	1,601	1,924	2,171
SG&A expenses to Net sales	17.9%	17.9%	16.0%	14.1%	13.7%	13.0%	13.8%	13.5%	13.5%	15.6%	16.1%	14.8%
Operating profit	240	269	351	486	547	641	677	812	930	664	638	1,101
Operating profit margins	5.8%	6.0%	7.0%	8.5%	8.6%	8.9%	8.3%	8.7%	8.9%	6.5%	5.3%	7.5%
Non-operating profit	2	1	1	—	—	—	—	—	—	—	1	0
Non-operating expenses	—	—	—	—	—	1	2	—	—	1	0	0
Ordinary profit	242	270	352	486	548	639	674	812	930	663	639	1,102
Ordinary profit margins	5.9%	6.0%	7.0%	8.5%	8.6%	8.9%	8.3%	8.7%	8.9%	6.5%	5.3%	7.5%
Extraordinary income	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	242	270	352	486	548	639	674	812	930	663	639	1,102
Total income taxes	96	102	133	189	198	116	211	250	286	208	201	344
Profit	145	167	218	297	349	523	462	561	644	454	438	757
Profit margins	3.5%	3.7%	4.3%	5.2%	5.5%	7.3%	5.7%	6.0%	6.2%	4.4%	3.7%	5.2%

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# Trend of Performances (Meitec Next)

(Millions of Yen)	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q	2017-2Q	2018-2Q	2019-2Q	2020-2Q	2021-2Q	2022-2Q
Net sales	283	368	447	536	639	758	818	894	867	665	732	912
Cost of sales												
Cost of sales to Net sales												
Gross profit	283	368	447	536	639	758	818	894	867	665	732	912
Selling, general and administrative expenses	203	246	278	355	435	475	539	602	629	490	518	585
SG&A expenses to Net sales	71.7%	67.0%	62.2%	66.3%	68.0%	62.6%	65.9%	67.4%	72.6%	73.7%	70.8%	64.1%
Operating profit	80	121	169	180	204	283	279	291	237	174	214	327
Operating profit margins	28.3%	33.0%	37.8%	33.7%	32.0%	37.4%	34.1%	32.6%	27.4%	26.3%	29.2%	35.9%
Non-operating profit	—	—	—	—	—	—	—	—	—	—	0	0
Non-operating expenses	—	—	—	—	—	—	—	—	1	—	0	—
Ordinary profit	80	121	169	180	204	283	279	291	235	174	214	327
Ordinary profit margins	28.4%	33.0%	37.9%	33.7%	32.0%	37.4%	34.1%	32.6%	27.2%	26.3%	29.2%	35.9%
Extraordinary income	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	80	121	169	180	204	283	278	291	235	174	214	327
Total income taxes	—	9	55	64	67	90	87	89	72	54	67	100
Profit	80	112	114	116	136	193	191	202	163	119	146	226
Profit margins	28.4%	30.5%	25.5%	21.6%	21.4%	25.5%	23.4%	22.6%	18.8%	18.0%	20.1%	24.8%

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# Trend of Balance Sheets (Consolidated)

(Millions of Yen)	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	2021/9/30	2022/9/30
Cash and deposits	24,504	27,506	27,866	30,719	35,716	34,954	38,425	40,838	42,131	44,838	46,250	49,128
Notes and accounts receivable - trade	9,391	10,036	10,070	11,680	12,048	12,695	13,354	13,100	13,709	13,043	14,518	16,425
Total current assets	37,128	40,935	42,090	46,427	52,071	52,568	55,645	55,348	57,148	59,437	62,260	67,233
Property, plant and equipment	11,465	10,920	10,785	7,333	5,980	5,632	5,498	5,296	5,364	5,199	5,046	4,895
Total non-current assets	17,494	16,215	15,799	12,393	12,271	11,183	11,743	14,168	14,408	14,525	13,897	14,513
Total assets	54,623	57,150	57,890	58,821	64,343	63,752	67,389	69,516	71,556	73,962	76,158	81,747
Total current liabilities	8,409	9,760	9,642	11,351	12,850	12,923	14,119	14,929	14,468	13,533	14,702	18,090
Total non-current liabilities	8,890	9,496	10,256	10,857	12,046	13,555	14,133	14,826	15,540	16,021	16,447	16,895
Total liabilities	17,299	19,257	19,898	22,209	24,897	26,478	28,252	29,755	30,009	29,555	31,150	34,986
Total shareholders' equity	38,146	38,744	38,816	38,401	41,387	39,570	41,118	41,575	43,219	45,900	46,303	47,850
Other net assets	(822)	(851)	(824)	(1,789)	(1,941)	(2,296)	(1,981)	(1,813)	(1,672)	(1,492)	(1,295)	(1,089)
Total net assets	37,324	37,893	37,991	36,612	39,445	37,273	39,136	39,761	41,547	44,407	45,008	46,761

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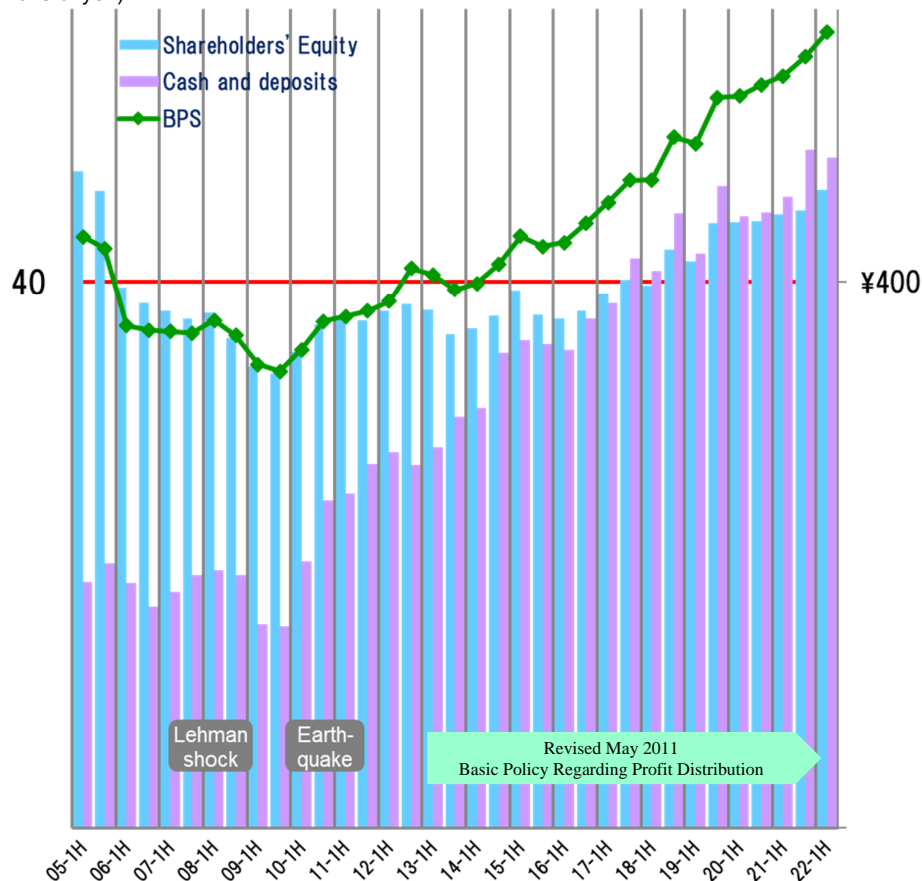
# Trend of Profit Distributions and Forecast

(Fractions of one million yen are rounded)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Actual FY2021	Forecast FY2022
Total Return Ratio	92.9%	99.0%	101.2%	116.8%	100.0%	100.1%	80.0%	80.0%	80.0%	100.1%	100.1%	100.3%
Dividend Payout ratio	68.5%	53.2%	56.1%	92.4%	53.5%	55.2%	61.8%	63.3%	61.5%	71.9%	63.3%	61.7%
Dividend on Equity	5.2%	8.4%	6.0%	9.2%	11.4%	11.6%	12.9%	13.6%	12.9%	11.4%	13.1%	
Annual Dividends	Per Share	@¥19.50	@¥33.00	@¥24.00	@¥37.00	@¥48.00	@¥50.50	@¥59.00	@¥66.50	@¥67.33	@¥72.50	@¥84.00
	Millions of Yen	1,925	3,134	2,220	3,373	4,286	4,344	5,008	5,567	5,575	5,033	5,848
2nd Quarter	Per Share	@¥9.67	@¥10.00	@¥10.50	@¥14.67	@¥21.00	@¥22.67	@¥24.83	@¥28.00	@¥28.83	@¥22.83	@¥26.17
	Millions of Yen	961	981	983	1,344	1,908	1,968	2,119	2,344	2,387	1,891	2,136
Year-end	Per Share	@¥9.83	@¥23.00	@¥13.50	@¥22.33	@¥27.00	@¥27.83	@¥34.17	@¥38.50	@¥38.50	@¥38.50	@¥46.33
	Millions of Yen	965	2,153	1,237	2,029	2,378	2,375	2,889	3,223	3,188	3,143	3,713
Acquisition of Treasury Shares	Thousands of shares	421	1,506	641	269	921	915	257	280	303	390	500
	Millions of Yen	700	2,800	1,800	899	3,799	3,600	1,500	1,500	1,700	2,000	3,399
Total Shareholders Return	Millions of Yen	2,625	5,934	4,020	4,273	8,086	7,944	6,508	7,067	7,275	7,033	9,248
Retirement of Treasury Stock	Thousands of shares	400	1,700	500	300	900	1,300		700	300	400	500
Stock Price TSE#9744	As of April 1	¥1,621	¥1,681	¥2,193	¥2,857	¥3,965	¥3,865	¥4,505	¥5,960	¥5,130	¥4,065	¥6,040
	As of March 31	¥1,669	¥2,343	¥2,930	¥4,025	¥3,935	¥4,520	¥5,890	¥5,030	¥4,300	¥6,110	¥6,650
Earnings per Share		@¥28.48	@¥62.03	@¥42.77	@¥40.04	@¥89.75	@¥91.44	@¥95.55	@¥105.14	@¥109.45	@¥85.26	@¥113.85
Net Assets per Share		@¥378.37	@¥409.87	@¥394.28	@¥412.93	@¥426.20	@¥443.52	@¥474.67	@¥506.14	@¥535.34	@¥544.81	@¥565.21

\*1 Per share index calculated based on the number of shares after the stock split (3 shares per share) effective July 1, 2022.

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(billions of yen)

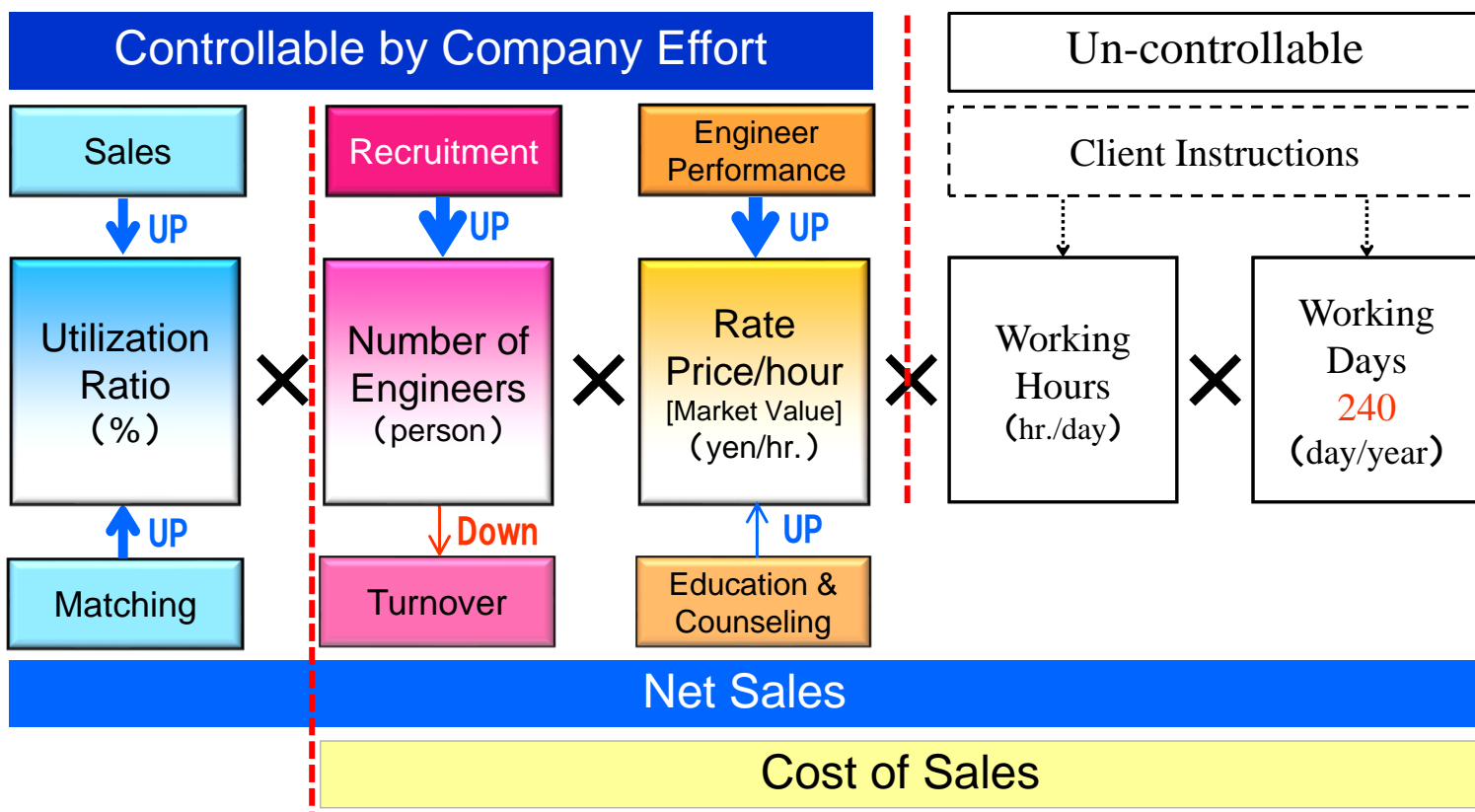


- Protecting employment of engineers under economic crisis is essential for sustainable growth for indefinite employment engineer staffing business.  
→ Engineers can continue to concentrate on brushing up their own career under assumption of stable employment.
- With consideration of remaining fund,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

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## Sales and Cost (Dispatch-type)

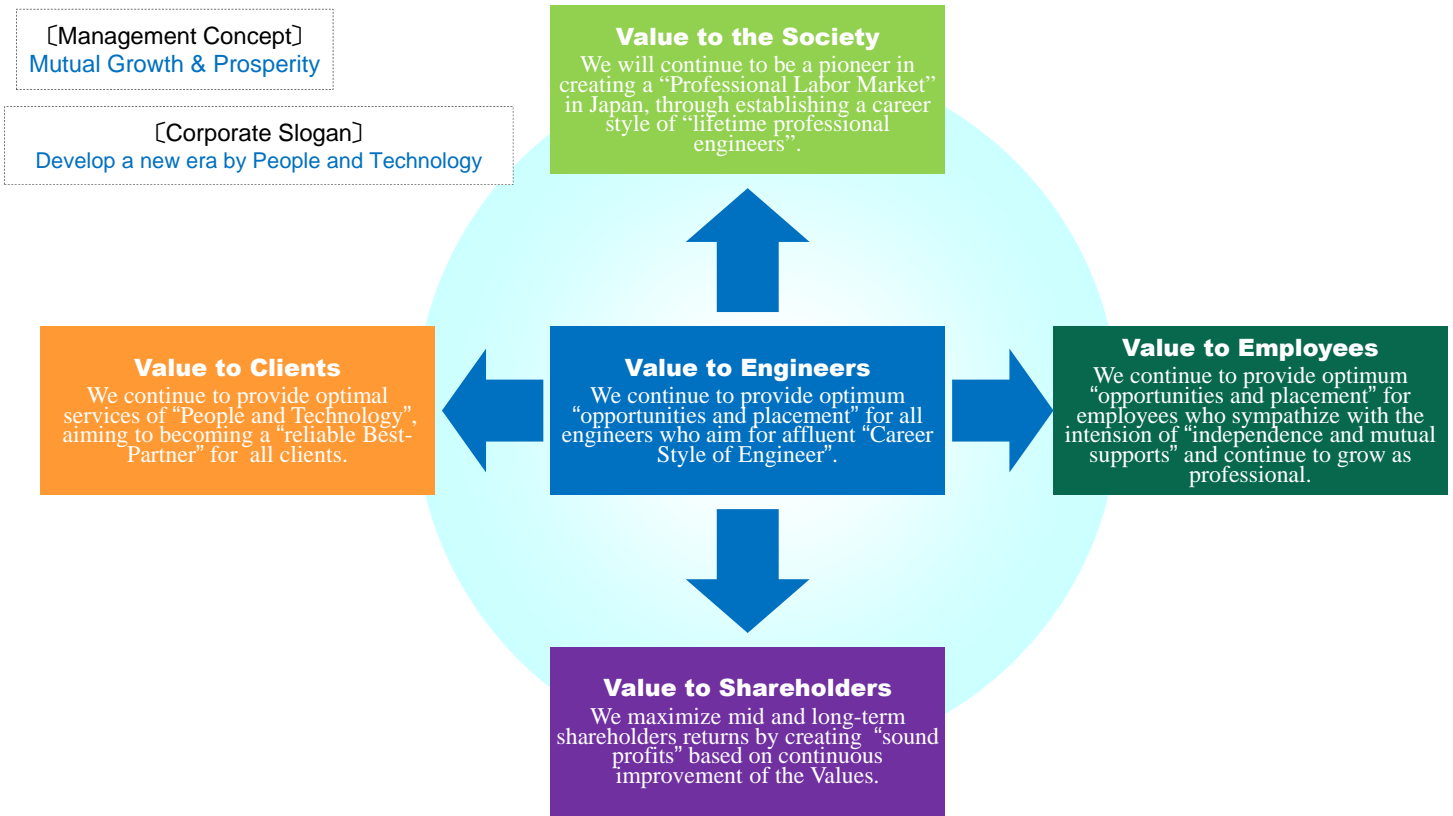
- ✓ Increasing the number of engineers and sustaining and improving the high "utilization ratio and prices" are the key to a growth.



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# “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.



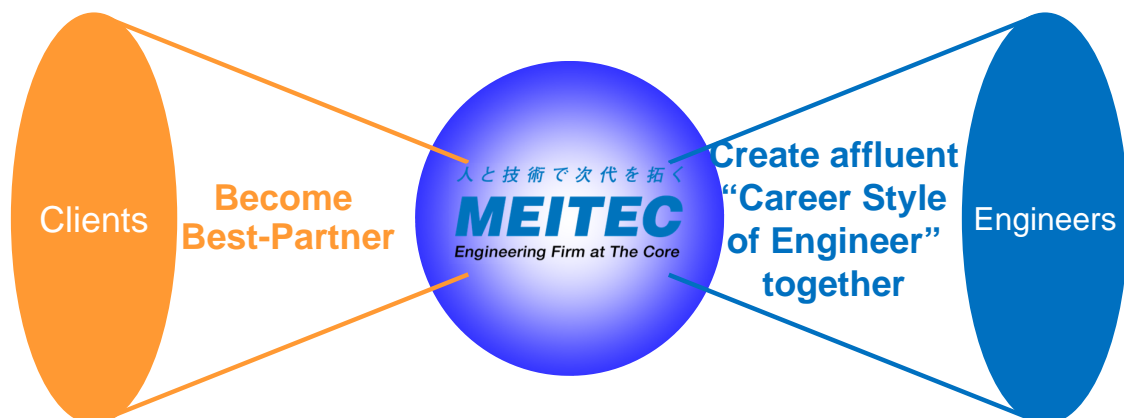
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## Purpose to pursued

The Transformation

# Further “increase the level of satisfaction” of clients and engineers

“increase the level of satisfaction”



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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.

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

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## *Engineering Firm*

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“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*

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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.

## 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
 <ul style="list-style-type: none"> <li>Contribute to solving environmental, energy, etc. issues by promoting technological innovation</li> <li>Contribute to the industry and economic growth by promoting technological innovation and innovation</li> </ul>	 <p>Contribute to sustainable economic growth through creating a Professional Labor Market</p>	 <p>Promote higher technical education and lifelong learning</p>  <p>Provide fair “opportunities and placement” regardless of nationality, gender or age</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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## Commitment for solving social issues (SDGs) [supplementary explanation]



人と技術で次代を拓く

# MEITEC

Engineering Firm at The Core

[Management Concept]  
Mutual Growth & Prosperity



We, a group of engineers, work with clients to solve social problems through their development work.

Materiality common to many clients

**3** GOOD HEALTH AND WELL-BEING



**7** AFFORDABLE AND CLEAN ENERGY



**11** SUSTAINABLE CITIES AND COMMUNITIES



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**13** CLIMATE ACTION



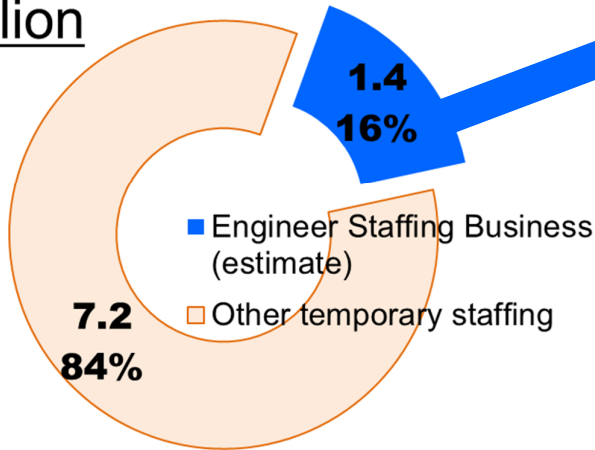
**17** PARTNERSHIPS FOR THE GOALS



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## Annual sales of the Temporary Staffing Market (FY2020)

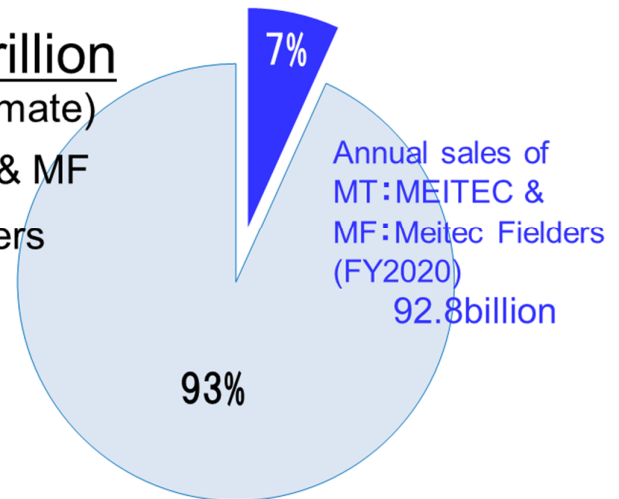
8.6trillion



## Engineer Staffing Business (estimate)

1.4trillion (estimate)

- MT & MF
- Others



March-2022		Engineer Staffing (estimate)
Meitec	Meitec Fielders	
¥5,397	¥3,830	approx.¥3,800

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(Revised December 21, 2021)

Until the next Ordinary General Meeting of Shareholders in June 2023, the independent outside directors are four (44%) out of the nine members of the board.

This policy on independent outside directors will be revised by the time of June 2023 Ordinary General Meeting of Shareholders.

## 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 Paid to Directors(only).

Revised:May 12, 2022	
Consolidated profit (not including performance-linked directors' remuneration)	x within 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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# Shareholders by Business Segments

Shareholder Segment	As of September 30, 2022			
	Shareholders	%	Shares Held	%
Banks	8	0.2%	411,500	0.5%
Trust Banks	11	0.2%	20,036,300	23.8%
Life and nonlife insurance companies	22	0.4%	10,030,699	11.9%
Securities financing and other financial companies	3	0.1%	52,380	0.1%
Securities companies	33	0.7%	1,235,718	1.5%
Business concerns and other companies	66	1.3%	439,833	0.5%
Overseas companies and investors	265	5.3%	40,460,023	48.0%
Individuals and others	4,614	91.9%	11,633,547	13.8%
<b>Total</b>	<b>5,022</b>	<b>100.0%</b>	<b>84,300,000</b>	<b>100.0%</b>

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# Company Information

<b>Tokyo Headquarters</b>	<b>Taito-ku, Tokyo</b>
<b>Nagoya Headquarters</b>	<b>Nishi-ku Nagoya</b>
<b>Stock listings</b>	<b>Tokyo Stock Exchange, Prime Market(No. 9744)</b>
<b>Incorporated</b>	<b>July 17, 1974</b>
<b>C l i e n t s</b>	<b>Approximately 1,400 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange</b>
<b>B r a n c h e s</b>	<b>42 Sales offices, including Tokyo, Osaka, Nagoya, and other major Japanese cities</b>
<b>Group Companies</b>	<p>[Engineering Solutions Business]</p> <ul style="list-style-type: none"> <li>■ MEITEC FIELDERS INC.</li> <li>■ MEITEC CAST INC.</li> <li>■ MEITEC EX CORPORATION</li> <li>■ MEITEC BUSINESS SERVICE CORPORATION</li> </ul> <p>[Recruiting &amp; Placement Business for engineers]</p> <ul style="list-style-type: none"> <li>■ MEITEC NEXT CORPORATION</li> </ul>

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