

Daiwa Japan Conference 2022

September 13, 2022

MEITEC CORPORATION

President and CEO, COO
MEITEC Group CEO

Hideyo Kokubun

Disclaimer regarding forward-looking statements

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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Forecast for the Fiscal Year Ending March 31, 2023 (Group Consolidated)



- ✓ Net sales +11.1% year on year at ¥119 billion with operating profit +20.1% year on year at ¥15.4 billion and profit +13.6% year on year at ¥10.5 billion
- ✓ SG&A expenses +12.9% year on year ⇒ Expect to increase sales positions by increasing the number of engineers

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2022	YoY Amount	% Change	Forecast 2nd Half
Net sales	119,000	+11,859	+11.1%	57,300	+6,384	+12.5%	61,700
Cost of sales	86,200	+7,282	+9.2%	42,000	+3,925	+10.3%	44,200
SG&A Expenses	17,400	+1,994	+12.9%	8,500	+996	+13.3%	8,900
Operating profit	15,400	+2,582	+20.1%	6,800	+1,463	+27.4%	8,600
Operating profit margins	12.9%	+0.9%		11.9%	+1.4%		14.0%
Ordinary profit	15,500	+2,551	+19.7%	6,800	+1,394	+25.8%	8,700
Profit attributable to owners of parent	10,500	+1,259	+13.6%	4,500	+950	+26.8%	6,000
Earnings per Share	131.04	(210.52)		56.16	(74.28)		

※ Earnings per Share (EPS) are calculated based on the assumption that the stock split was conducted at a ratio of 3 shares per common stock as of July 1, 2022.
Earnings per Share for the fiscal year would be ¥168.48 for the second quarter (cumulative) and ¥393.13 for the full year, without taking into consideration the stock split.

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Forecast for the Fiscal Year Ending March 31, 2023 (Meitec)



- ✓ Forecast net sales +7.8% year on year, operating profit +16.6% year on year, and profit +14.3% year on year
- ✓ SG&A expenses +10.4% year on year ⇒ Expect to increase sales positions by increasing engineer hiring targets

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2022	YoY Amount	% Change	Forecast 2nd Half
Net sales	83,000	+5,989	+7.8%	40,000	+3,158	+8.6%	43,000
Cost of sales	59,700	+3,196	+5.7%	29,200	+1,723	+6.3%	30,500
Cost of sales to Net sales	71.9%	(1.5%)		73.0%	(1.6%)		70.9%
SG&A Expenses	11,000	+1,039	+10.4%	5,500	+582	+11.9%	5,500
Operating profit	12,300	+1,753	+16.6%	5,300	+852	+19.2%	7,000
Operating profit margins	14.8%	+1.1%		13.3%	+1.2%		16.3%
Ordinary profit	13,200	+2,074	+18.6%	6,200	+1,172	+23.3%	7,000
Profit	9,200	+1,148	+14.3%	4,300	+829	+23.9%	4,900
Utilization ratio (Company-wide)	95.8%	1.5%		94.2%	+3.2%		97.4%
Working Hours (h/day)	8.42	—		8.36	—		8.47
Number of Recruitment	754	+126					
Newly graduated	474	+12					
Mid-career	280	+114					
Turnover Ratio	5.8%	—					
Target of the New Graduates to be hired for April 2023	500					To Apr. 2022	+26

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2023 (Group Consolidated)



- ✓ Net sales rose 13.6% year on year ⇒ Number of engineers assigned to clients and utilization ratio both increased.
- ✓ Operating profit rose 45.9% ⇒ Increase in net sales absorbed increases in costs such as labor expenses and SG&A expenses.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2021	1Q ended June. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	% Change
Net sales	25,196	28,632	+3,436	+13.6%	57,300	50.0%
Cost of sales	18,835	20,896	+2,060	+10.9%	42,000	
Cost of sales to Net sales	74.8%	73.0%	(1.8%)			
SG&A Expenses	3,807	4,010	+203	+5.3%	8,500	
Operating profit	2,552	3,725	+1,172	+45.9%	6,800	54.8%
Operating profit margins	10.1%	13.0%	+2.9%		11.9%	
Ordinary profit	2,581	3,741	+1,159	+44.9%	6,800	55.0%
Extraordinary income & loss	0	0	—			
Profit before income taxes	2,581	3,740	+1,159	+44.9%		
Profit attributable to owners of parent	1,606	2,370	+763	+47.5%	4,500	52.7%
Profit margins	6.4%	8.3%	+1.9%			

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2023 (Meitec)



- ✓ Net sales rose 10.6% year on year ⇒ Orders received strengthened on proposal sales while number of engineers assigned to clients and utilization ratio both increased.
- ✓ Operating profit rose 33.4% ⇒ Increase in net sales absorbed increases in costs such as labor expenses and SG&A expenses.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2021	1Q ended June. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	% Change
Net sales	18,270	20,199	+1,929	+10.6%	40,000	50.5%
Operating profit	2,230	2,974	+744	+33.4%	5,300	56.1%
Operating profit margins	12.2%	14.7%	+2.5%		13.3%	
Ordinary profit	2,803	3,864	+1,061	+37.8%	6,200	62.3%
Profit	1,938	2,732	+793	+40.9%	4,300	63.5%
Utilization ratio (Company-wide)	88.9%	93.5%	+4.6%		94.2%	
Working Hours (h/day)	8.43	8.35	(0.08)	(0.9%)	8.36	
Number of Engineers	7,655	7,868	+213	+2.8%		

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Forecast for the Fiscal Year Ending March 31, 2023 (Meitec Fielders)

- ✓ Net sales +20.1% year on year, operating profit +30% year on year → Expect to significantly increase the number of engineers assigned to clients
- ✓ SG&A expenses +18% year on year ⇒ Expect increase in engineer hiring targets and number of sales positions

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2023	YoY Amount		Forecast 1st half ending Sept.30, 2022	YoY Amount	% Change	Forecast 2nd Half
Net sales	31,000	+5,185	+20.1%	14,600	+2,612	+21.8%	16,400
Cost of sales	23,950	+3,934	+19.7%	11,450	+2,024	+21.5%	12,500
Cost of sales to Net sales	77.3%	(0.2%)		78.4%	(0.2%)		76.2%
SG&A Expenses	4,800	+732	+18.0%	2,200	+275	+0.0%	2,600
Operating profit	2,250	+518	+30.0%	950	+311	+48.9%	1,300
Operating profit margins	7.3%	+0.6%		6.5%	+1.2%		7.9%
Ordinary profit	2,250	+517	+29.9%	950	+310	+48.6%	1,300
Profit	1,550	+212	+15.9%	650	+211	+48.4%	900
Utilization ratio (Company-wide)	93.3%	+4.3%		90.2%	+6.3%		96.2%
Working Hours<h/day>	8.39	—		8.34	—		8.43
Number of Recruitment	1,211	+298					
Newly graduated	411	+109					
Mid-career	800	+189					
Turnover Ratio	11.6%	(1.9%)					
				Target of the New Graduates to be hired for April 2023	To Apr. 2022		
				450	+39		

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Forecast for the Fiscal Year Ending March 31, 2023

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	83,000	31,000	3,370	380	1,980
YoY Amount	+5,989	+5,185	+371	+60	+449
% Change	+7.8%	+20.1%	+12.4%	+18.9%	+29.4%
Operating profit	12,300	2,250	260	0	630
YoY Amount	+1,753	+518	+70	+4	+155
% Change	+16.6%	+30.0%	+37.0%	—	+32.8%
Ordinary profit	13,200	2,250	260	0	630
Profit	9,200	1,550	170	0	410

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2023 (Meitec Fielders)

- ✓ Net sales rose 22.9% year on year ⇒ Number of engineers assigned to clients increased dramatically and utilization ratio also increased.
- ✓ Operating profit rose 235.3% ⇒ Increase in net sales absorbed attendant increases in costs such as labor expenses and SG&A expenses.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2021	1Q ended June. 30, 2022	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2022	% Change
Net sales	5,881	7,228	+1,347	+22.9%	14,600	49.5%
Operating profit	163	547	+384	+235.3%	950	57.6%
Operating profit margins	2.8%	7.6%	+4.8%		6.5%	
Ordinary profit	163	547	+384	+235.3%	950	57.6%
Profit	111	376	+265	+238.5%	650	57.8%
Utilization ratio (Company-wide)	80.4%	87.5%	+7.1%		90.2%	
Working Hours<h/day>	8.39	8.26	(0.13)	(1.5%)	8.34	
Number of Engineers	3,705	4,218	+513	+13.8%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2023 (Group Overview)

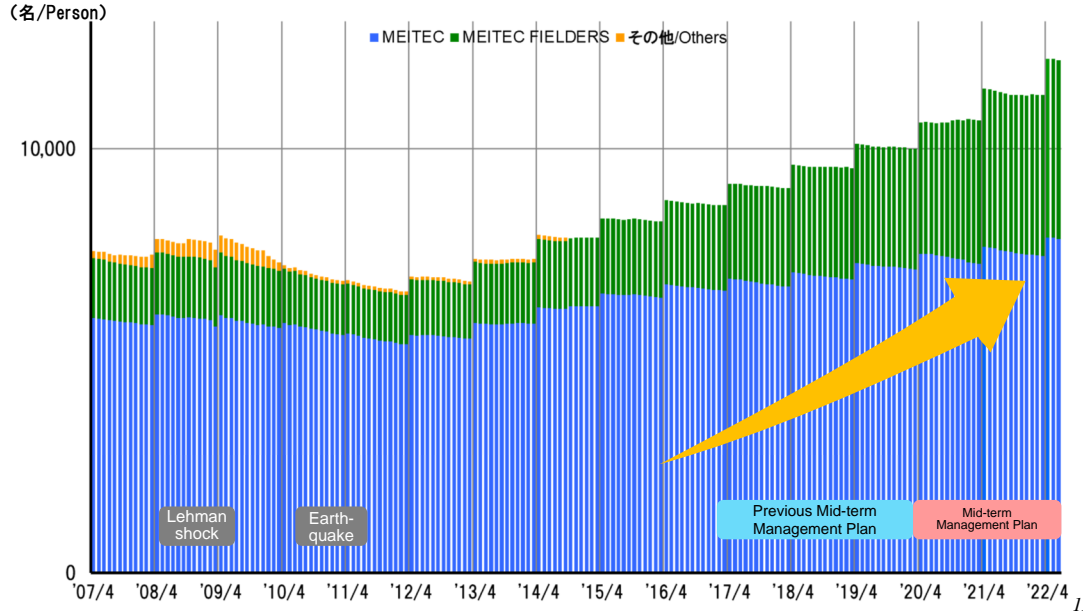
- ✓ Both sales and profit increased YoY due to a rise in the number of job placements in the Recruiting & Placement Business for Engineers.

(Fractions of one million yen are rounded down)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	20,199	7,228	815	83	442
YoY Amount	+1,929	+1,347	+70	+19	+62
% Change	+10.6%	+22.9%	+9.5%	+31.1%	+16.4%
Operating profit	2,974	547	60	(2)	157
YoY Amount	+744	+384	(1)	(5)	+37
% Change	+33.4%	+235.3%	(2.3%)	—	+31.2%
Ordinary profit	3,864	547	60	(2)	157
Profit	2,732	376	41	(2)	108

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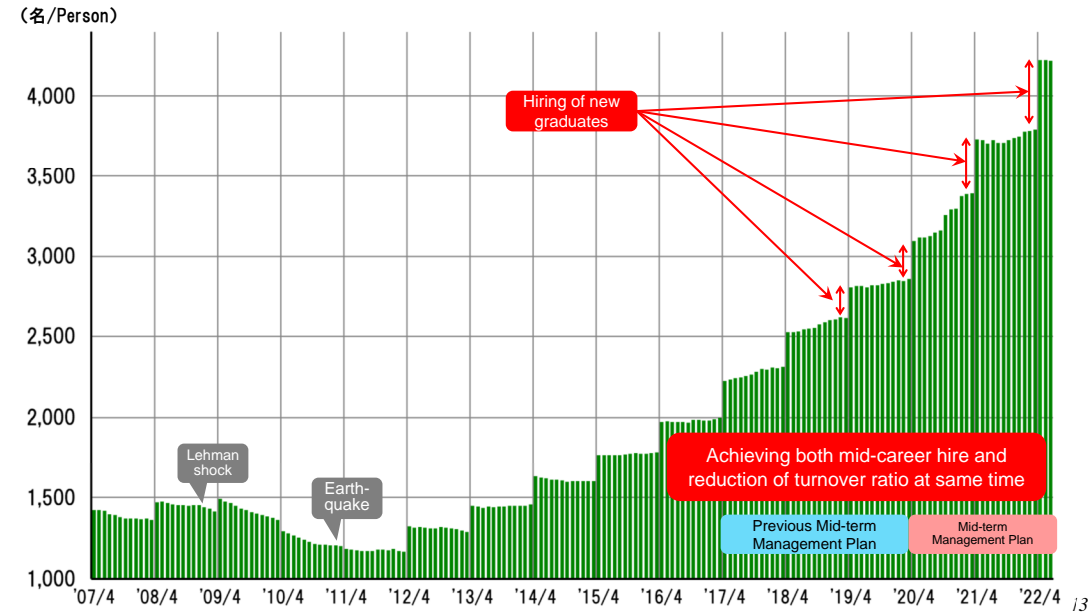
Number of Engineers (Group Consolidated)

✓ The number of engineers as of June 30, 2022 was 12,086, an increase of 726 engineers, or 6.4%, compared to June 30, 2021.



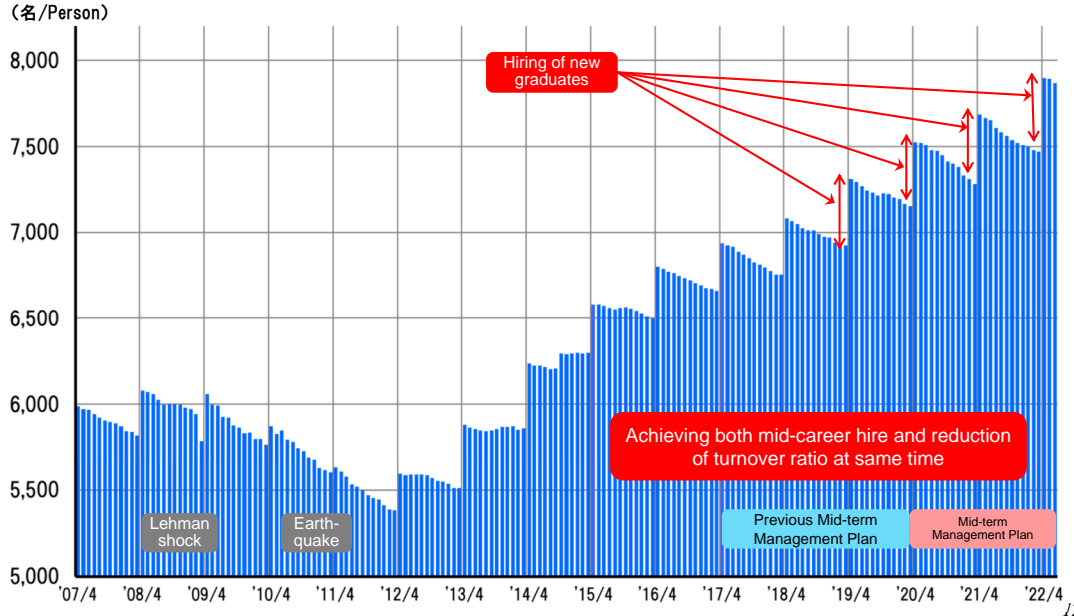
Number of Engineers (Meitec Fielders)

✓ The number of engineers as of June 30, 2022 was 4,218, an increase of 513 engineers, or 13.8%, compared to June 30, 2021.



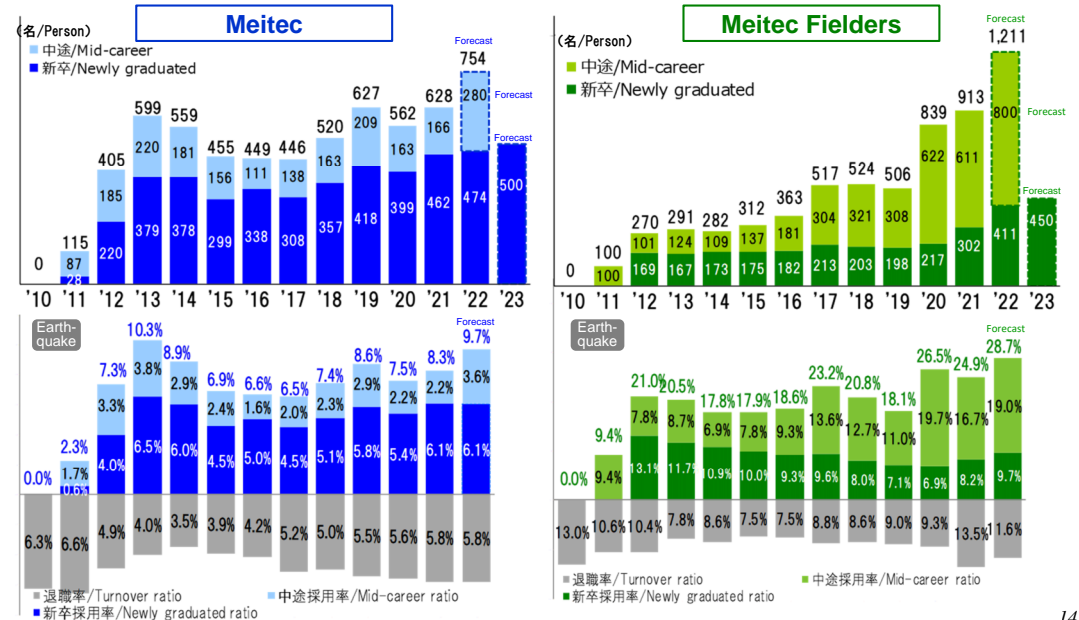
Number of Engineers (Meitec)

✓ The number of engineers as of June 30, 2022 was 7,868, an increase of 213 engineers, or 2.8%, compared to June 30, 2021.



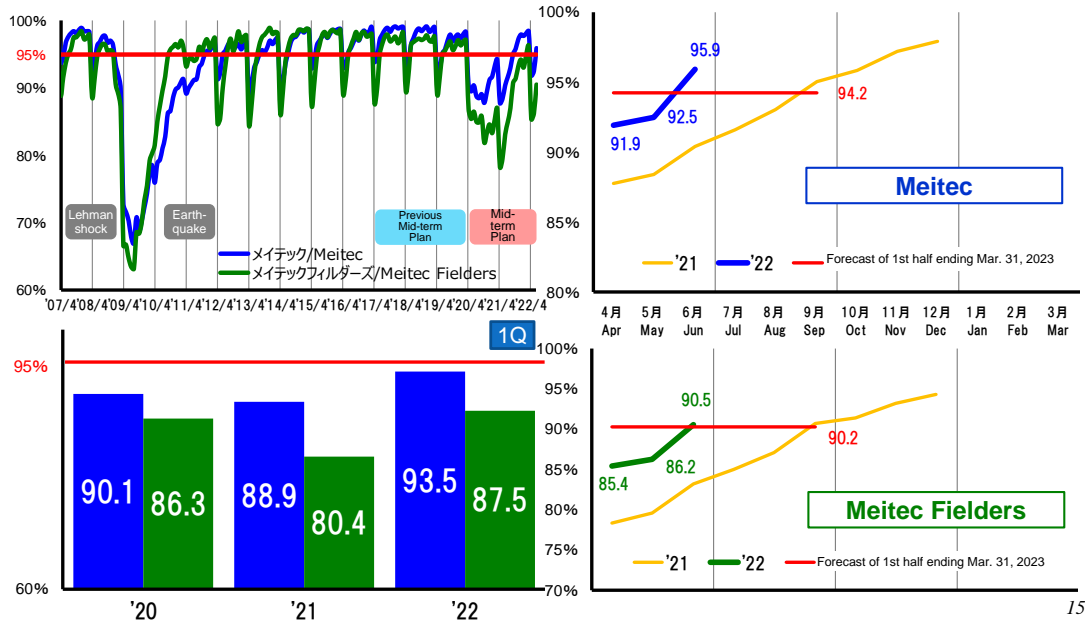
Recruitment and Turnover

✓ The hiring environment is challenging, but we maintained hiring standards.



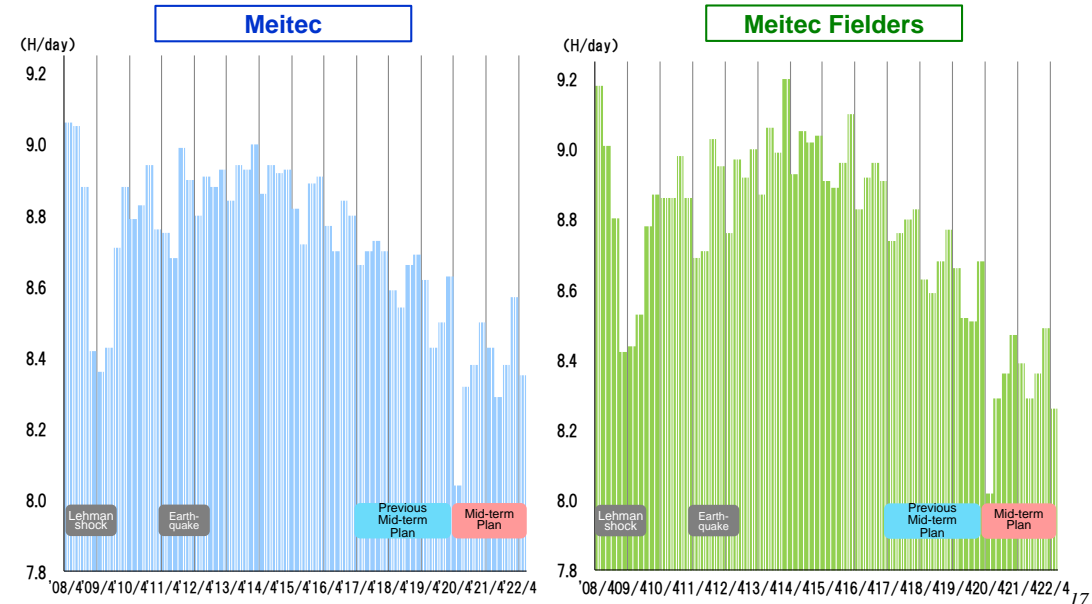
Utilization Ratio

✓ Increase in utilization ratio ⇒ Steady assignments of new employees (graduate and career hires) and existing employees.

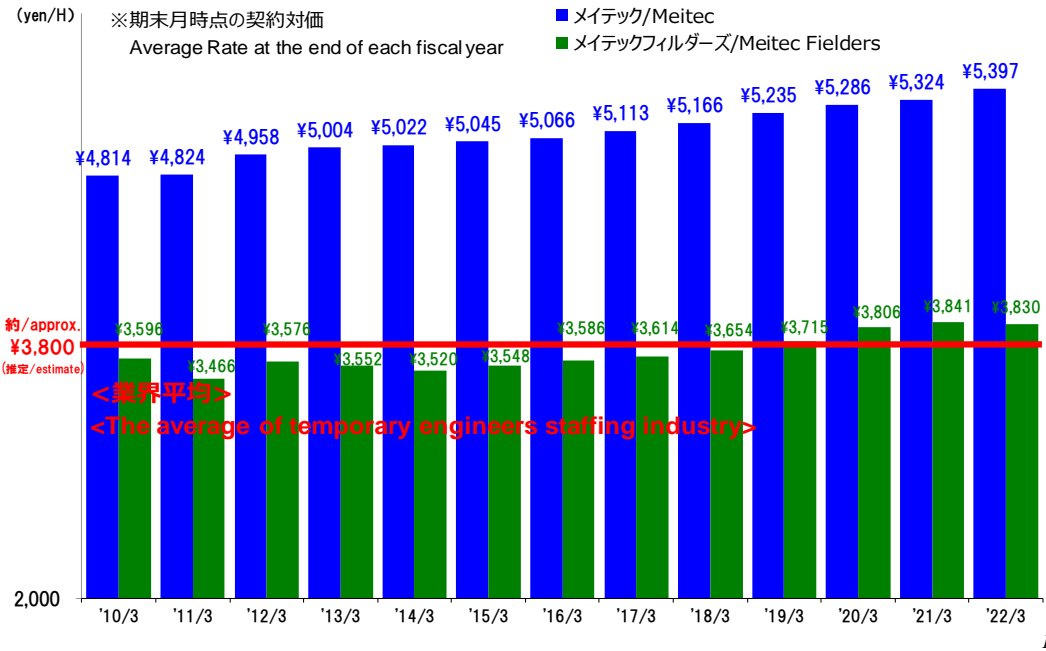


Working Hours

✓ Slight year-on-year decrease due to decrease in overtime work and so forth.

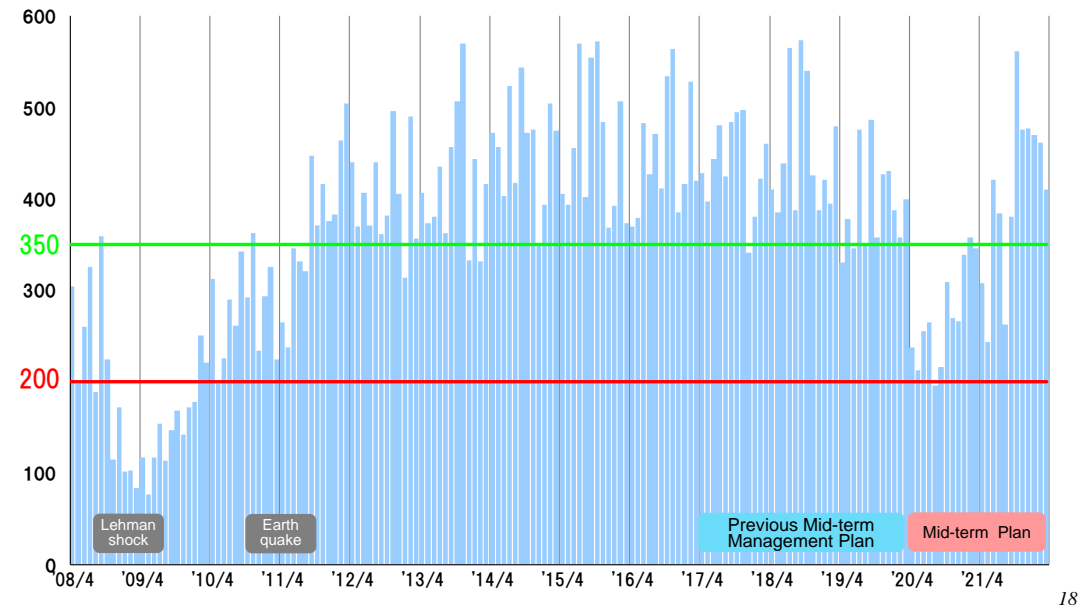


Trend in Average Rate = (Market Value)



Trend in New Orders by Month (Meitec)

✓ For Meitec, new monthly orders are expected to recover.



Top 10 Clients by Sales (Meitec)

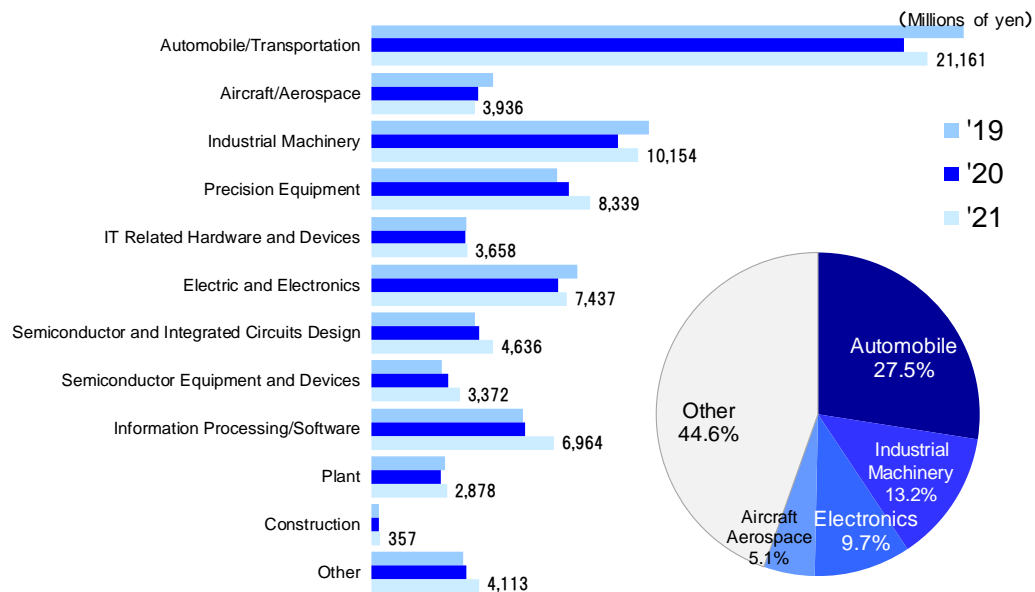
Due to confidentiality reasons we refrain from disclosing matters and specific figures related to clients (individual companies)

FY2016			FY2020			FY2021		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Denso	
2	Denso		2	Denso		2	Sony Semiconductor Solutions	
3	Canon		3	Sony Semiconductor Solutions		3	Mitsubishi Heavy Industries	
4	Panasonic		4	Toyota Motor		4	Panasonic	
5	Toyota Motor		5	Panasonic		5	Nikon	
6	Nikon		6	Nikon		6	Toyota Motor	
7	Sony Semiconductor Solutions		7	Denso Ten		7	Hitachi High-Tech	
8	Kawasaki Heavy Industries		8	Hitachi High-Tech		8	Subaru	
9	Mitsubishi Aircraft		9	Subaru		9	Denso Ten	
10	Omron		10	Nippon Steel		10	Terumo	
Top 10 Total	17,673	25.2%	Top 10 Total	17,589	24.6%	Top 10 Total	18,937	24.6%
Top 20 Total	24,788	35.4%	Top 20 Total	25,145	35.2%	Top 20 Total	27,186	35.3%
Others	45,295	64.6%	Others	46,308	64.8%	Others	49,824	64.7%
Total	70,083	100.0%	Total	71,452	100.0%	Total	77,010	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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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

Profit distribution policy

Dividend

Treasury shares acquisition, possession and retirement

- Enhance “quality and quantity” of the shareholders’ equity
- 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%

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

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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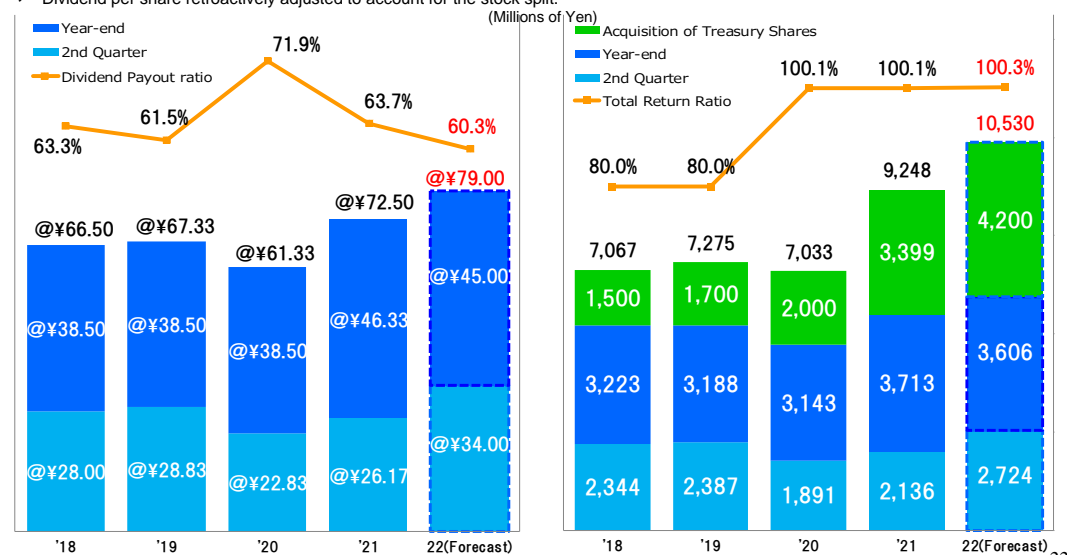
Results and Forecast of Profit Distribution

The year-end dividend for FY2021 will be ¥139 per share, and together with the interim dividend of ¥78.50 per share, this will result in an annual dividend of ¥217.50 per share.

With July 1, 2022 as the effective date, a stock split will be implemented at a ratio of 3 shares per common

⇒ With annual dividend of ¥79 per share, total return ratio is expected to be 100.3% with anticipated dividend payout ratio of 60.3%

*Dividend per share retroactively adjusted to account for the stock split.



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New Mid-term Management Plan [3 years]



Disclaimer regarding the description of the medium-term management plan

- 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.
- 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.
- Please see the disclosures in the Consolidated Financial Results for the official earnings forecast, based on the rules of Stock Exchange, Inc.

Progress on Mid-term Management Plan in the 2nd Year The Transformation

Transform the business model by pursuing high added value as a unified group	
Priority measures	Progress of the 2nd term
✓ Providing the Prime engineering solutions	<ul style="list-style-type: none"> Development in proposal-based solution sales through high technical capabilities Fostering engineers' willingness to take on new challenges based on track records
✓ Greatly increase digitization of design and development	<ul style="list-style-type: none"> Strengthening proposal-based sales based on market and technology trends Expanding technical training required for operations Continuing active hiring
✓ Transfer authority to region (area/block)	<ul style="list-style-type: none"> Promoting training and hiring tailored to regional characteristics
✓ Improve efficiency by promoting standardization of operations	<ul style="list-style-type: none"> Focusing on identifying operations that increase productivity

Basic policy and priority measures The Transformation

Transform the business model by pursuing high added value as a unified group				
Basic Policy	Sales Expansion		Improving Profit Margin	
	Profit Enhancement			
Priority measures	<ul style="list-style-type: none"> ✓ Providing the Prime engineering solutions <p>Directly under the control of top management the Prime engineering solutions of</p> <ul style="list-style-type: none"> *Create a group of engineers *Build a technical sales team 	<ul style="list-style-type: none"> ✓ Greatly increase digitization of design and development <p>*Accelerate Quantitative expansion and digitization and transition to growth areas</p> <p>*Innovate systems and standards to make swift decisions</p>	<ul style="list-style-type: none"> ✓ Transfer authority to region (area/block) 	<ul style="list-style-type: none"> ✓ Improve efficiency by promoting standardization of operations <p>*Redefine operational requirements</p> <p>*Promoting digitization</p>

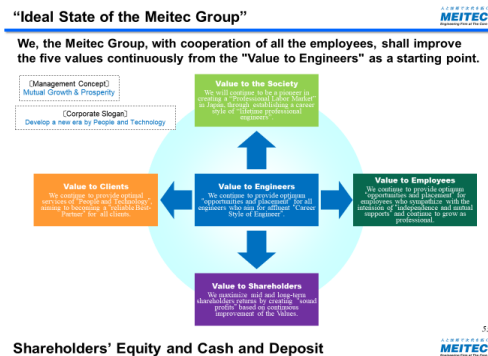
Forecast・Progress on Mid-term Management Plan The Transformation

See page 23: Disclaimer regarding the description of the medium-term management plan

		FY2020	FY2021	FY2022	Mid-Term Management Plan
		Actual	Actual	Forecast	Target
(Billion Yen)					
Group Consolidated	Net Sales	96.6	107.1	119.0	135.0
	Operating Profit	10.2	12.8	15.4	18.0
	Margin	10.6%	12.0%	12.9%	13%
	Profit	7.0	9.2	10.5	12.0
	ROE	15.8%	20.6%	23.3%	25% or more
Meitec	Net Sales	71.5	77.0	83.0	90.0
	Operating Profit	8.6	10.5	12.3	13.5
	Margin	12.0%	13.7%	14.8%	15%
Meitec Fielders	Net Sales	21.3	25.8	31.0	40.0
	Operating Profit	1.2	1.7	2.2	3.6
	Margin	5.5%	6.7%	7.1%	9%

- From the perspective of creating shareholder value without sacrificing a wide range of stakeholders, should you not accelerate shareholder returns?
- As you are experiencing continued favorable business results, isn't it time to revise the profit distribution policy? Since fiscal 2009, the Company has proven that it generates steady cash flow, even during difficult times in the Japanese and global economy. Therefore, should you not lift shareholder profits one time and return them to the regular standard of three months' worth of trading? Cash returns could be in the form of either a large-scale share repurchase or a special dividend – either way would be fine.
- Historically, growth through acquisitions has not been a part of your strategy. Thinking about the growth strategy going forward, the benefits of holding treasury stock are waning. Should you not lower the current upper limit of 5% for treasury stock holdings? Lowering this could raise share prices.

Re-posted 27



- 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.

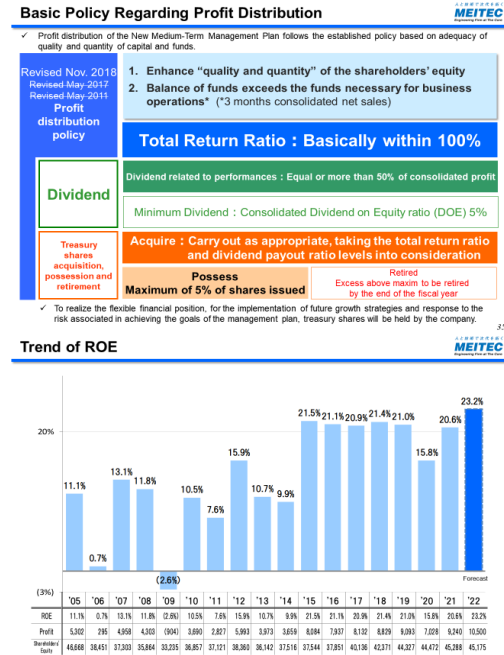
Looking ahead, we will focus on the level of ROE-cost of capital + equity spread, while appropriately managing the quality and amount of shareholder equity, utilizing cash and deposits, and sustainable profit growth.

1. We are carefully managing the "Five Values" in the figure to the left so that they become equidistant over the long term. A bias toward execution of just some of the five values will markedly hinder sustainable growth. This concept, and our commitment to "starting with the value to engineers" and "protecting engineer employment even during economic crises as essential to sustainable growth," among others, have been understood by many investors after dialogue with them, and they hope that we will continue to value them for a long time. Therefore, we will not prioritize shareholder value only.

Re-posted 28



Re-posted 29



Re-posted 30

2. We have also obtained understanding regarding our profit distribution policy from many investors through dialogue. Recognizing this, we do not see a need to revise it.

First, at fiscal year-end, the end of March, performance-linked bonuses, taxes, and dividends are still unpaid, leaving a high cash and deposit balance. Therefore, to understand the actual status, it is more appropriate to compare the end of the first quarter, the end of June, after bonuses and the like have been paid. Please understand that we exercise firm financial discipline.

Next, as shown clearly in our profit distribution policy, our first priority is enhancing the quality and amount of shareholders equity, and the level of cash and deposits is second. Changing this order of priority and focusing only on the balance of cash and deposits to conduct a one-time high-level cash return and changing the policy to a return exceeding cash flow in the middle of rising short-term uncertainty, are both measures that are inappropriate for certain treatments and a marked hindrance to sustainable growth, just as in the answer to 1. above.

Therefore, we will not change the profit distribution policy.

3. Regarding our policy on holding treasury stock, we have not heard any indication in our dialogue with investors that they are strongly concerned about dilution and so forth.

Moreover, a change to a policy of zero holdings would eliminate an option for taking flexible action and could also result in the loss of growth opportunities.

Up until now we have basically cancelled any holdings in excess of the limit most years, and we continue to take a disciplined approach.

As this question has indicated, we have not made many acquisitions. However, we do not think it appropriate to target acquisitions as a means of growth or take action to increase shareholder profits only temporarily.

At the present time, we do not see our policy on holding treasury stock as being markedly irrational, and we will therefore leave our policy unchanged.

Reference Materials



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.”

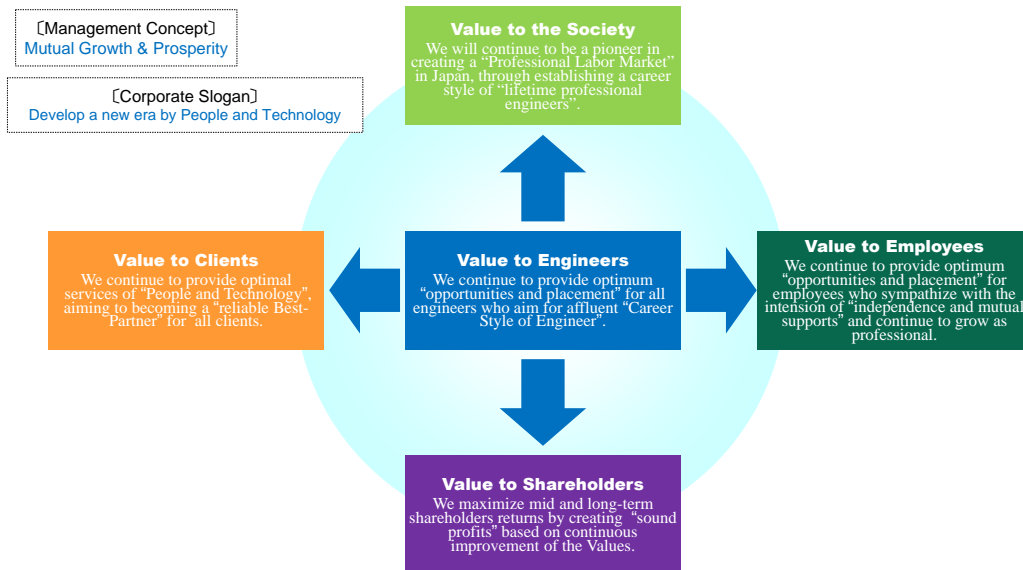
We have developed a new era by people and technology up until now. Taking pride in that achievement, we will remain a group that plays a core role in both the engineer recruiting market, labor market and the market of design and development operations.



“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.



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.

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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Mid-term Management Plan of Meitec Group [2020 – 2022]

The Transformation

The Group will “Transform the business model” not with the current extension line, but by itself, in line with the changes and evolution of society and clients, pursue high added value as a unified group maintaining the quality cultivated up until now, and transform into a company that is “The Only One.”

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

人と技術で次代を拓く

MEITEC

Engineering Firm at The Core

[Management Concept]
Mutual Growth & Prosperity

8 DECENT WORK AND ECONOMIC GROWTH

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

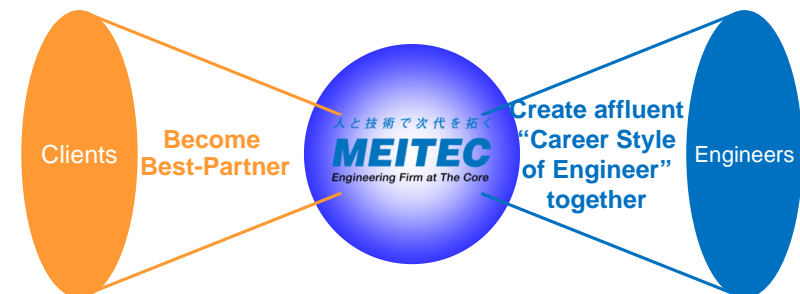
13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

36

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

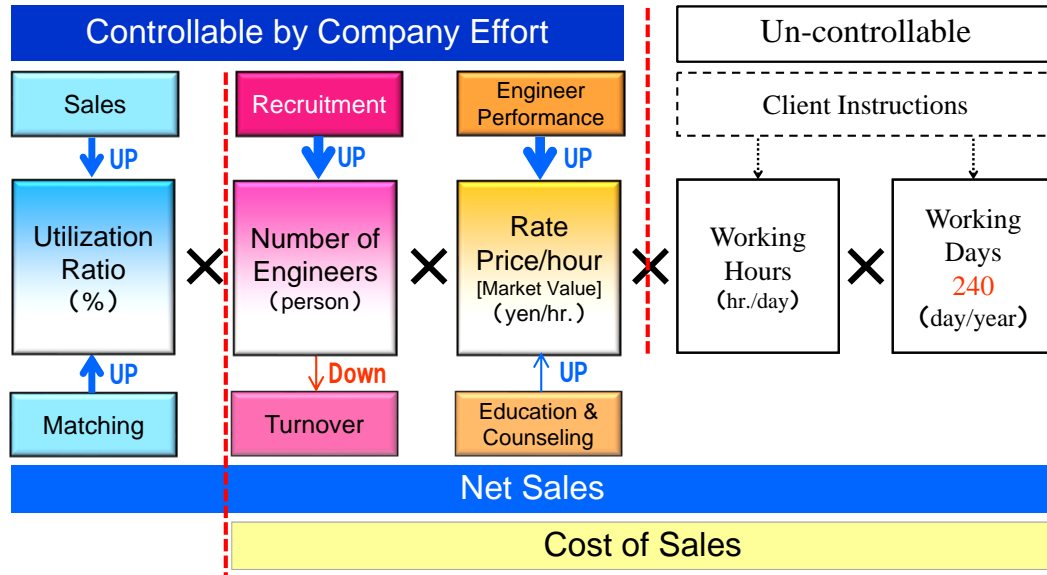
“increase the level of satisfaction”



38

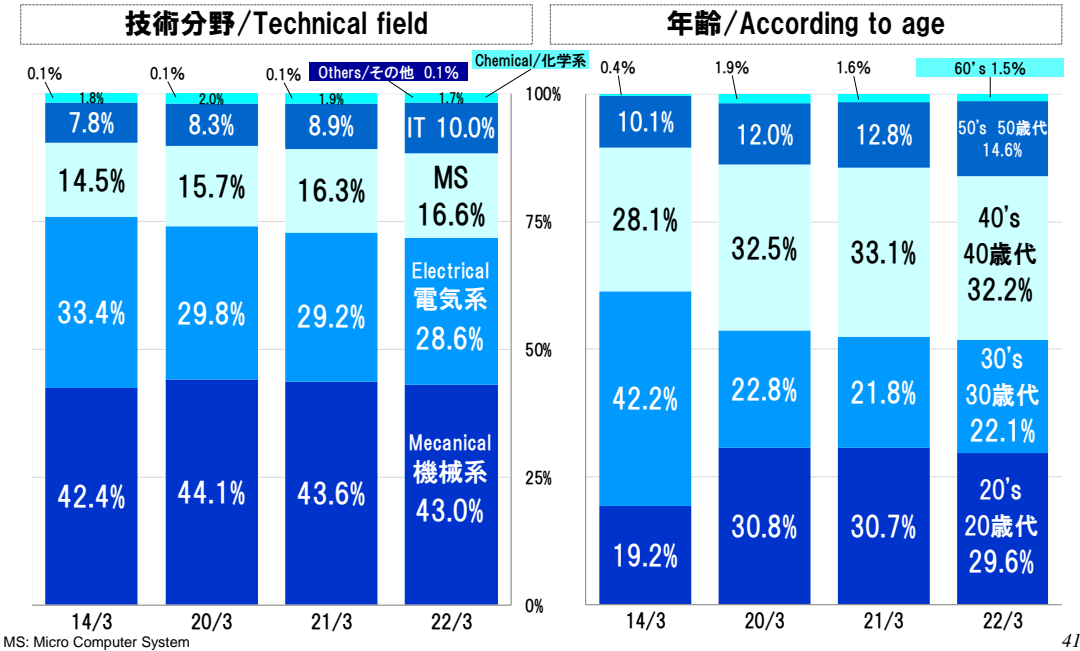
Sales and Cost (Dispatch-type)

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



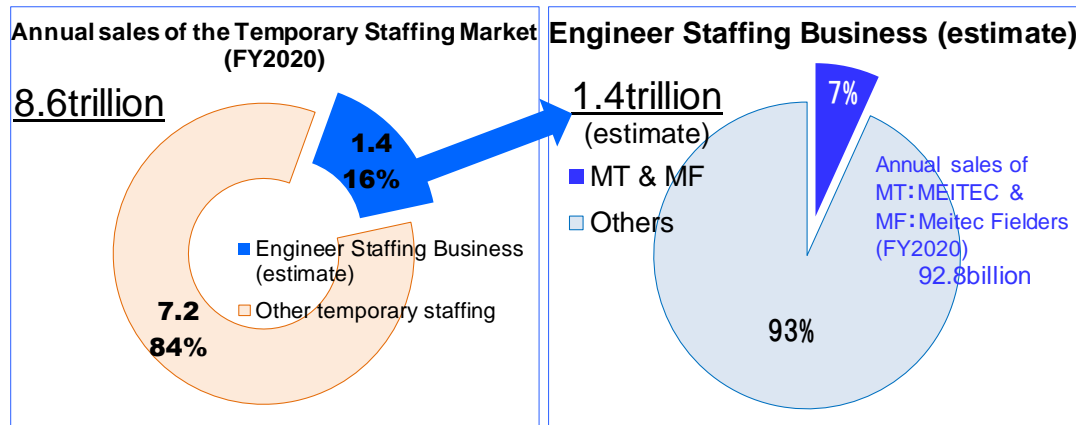
39

Distribution of Engineers by Technical Fields and Age (Meitec)



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Market of Engineer Staffing Business (estimate)

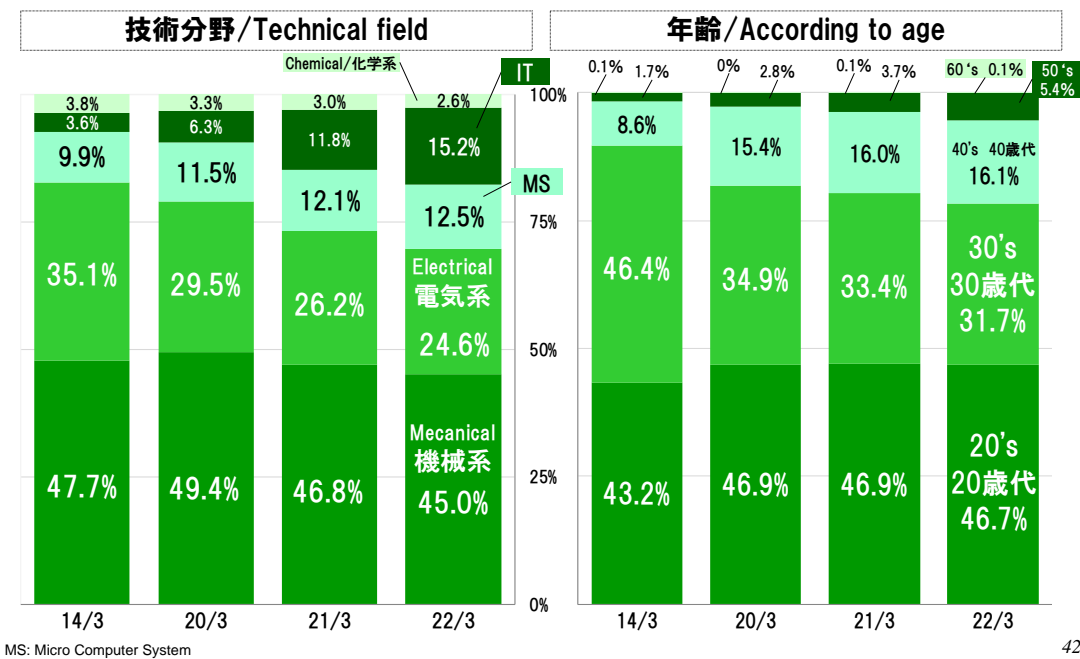


March-2022		Engineer Staffing (estimate)
Meitec	Meitec Fielders	
¥5,397	¥3,830	approx.¥3,800

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

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



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Trend of Performances (Group Consolidated)

(Millions of Yen)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net sales	82,102	79,898	53,776	61,790	66,955	70,330	74,906	82,136	87,888	89,979	93,618	97,736	100,995	96,626	107,140
Cost of sales	57,777	57,177	46,765	48,832	49,875	51,639	55,370	60,481	64,661	66,417	69,250	71,701	73,823	72,203	78,917
Cost of sales to Net sales	70.4%	71.6%	87.0%	79.0%	74.5%	73.4%	73.9%	73.6%	73.6%	73.8%	74.0%	73.4%	73.1%	74.7%	73.7%
Gross profit	24,324	22,720	7,010	12,957	17,079	18,691	19,536	21,654	23,227	23,561	24,368	26,035	27,171	24,422	28,223
Selling, general and administrative expenses	12,959	13,439	11,939	10,337	11,629	12,337	12,556	12,114	12,352	12,418	12,910	13,399	14,245	14,188	15,405
S&A expenses to Net sales	15.8%	16.8%	22.2%	16.7%	17.4%	17.5%	16.8%	14.7%	14.1%	13.8%	13.8%	13.7%	14.1%	14.7%	14.4%
Operating profit	11,365	9,280	(4,928)	2,620	5,450	6,354	6,979	9,540	10,874	11,142	11,458	12,635	12,926	10,234	12,817
Operating profit margins	13.8%	11.6%	(9.2%)	4.2%	8.1%	9.0%	9.3%	11.6%	12.4%	12.4%	12.2%	12.9%	12.8%	10.6%	12.0%
Non-operating income	84	87	4,729	2,146	114	97	50	113	29	20	19	15	55	81	144
Non-operating expenses	115	107	77	178	32	24	51	10	58	17	11	7	6	9	13
Ordinary profit	11,334	9,260	(276)	4,588	5,531	6,427	6,978	9,643	10,845	11,145	11,465	12,643	12,975	10,306	12,948
Ordinary profit margins	13.8%	11.6%	(0.5%)	7.4%	8.3%	9.1%	9.3%	11.7%	12.3%	12.4%	12.2%	12.9%	12.8%	10.7%	12.1%
Extraordinary income	6	13	32	378	—	58	—	20	1,084	31	337	26	—	—	—
Extraordinary loss	1,826	1,094	130	234	4	215	146	3,621	65	45	262	18	3	4	5
Profit before income taxes	9,514	8,178	(374)	4,732	5,526	6,270	6,832	6,041	11,865	11,131	11,541	12,651	12,971	10,301	12,942
Total income taxes and others	4,556	3,875	530	1,041	2,699	277	2,858	2,381	3,781	3,193	3,409	3,822	3,878	3,272	3,701
Profit attributable to owners of parent	4,958	4,303	(904)	3,690	2,827	5,993	3,973	3,659	8,083	7,937	8,132	8,829	9,093	7,028	9,240
Profit margins	6.0%	5.4%	(1.7%)	6.0%	4.2%	8.5%	5.3%	4.5%	9.2%	8.8%	8.7%	9.0%	9.0%	7.3%	8.6%

Trend of Performances (Meitec)

(Millions of Yen)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net sales	62,956	60,457	41,319	48,260	53,188	55,822	58,876	64,675	68,878	70,083	72,252	74,036	75,297	71,452	77,010
Cost of sales	43,875	43,109	36,074	38,777	39,987	41,240	43,742	47,857	50,884	52,013	53,861	54,620	55,138	53,438	56,503
Cost of sales to Net sales	69.7%	71.3%	87.3%	80.4%	75.2%	73.9%	74.3%	74.0%	73.9%	74.2%	74.5%	73.8%	73.2%	74.8%	73.4%
Gross profit	19,081	17,348	5,245	9,482	13,200	14,582	15,134	16,817	17,994	18,069	18,391	19,416	20,159	18,014	20,507
Selling, general and administrative expenses	8,620	8,540	8,210	7,758	8,587	9,179	9,382	8,891	8,932	8,856	9,048	9,258	9,776	9,414	9,960
S&A expenses to Net sales	13.7%	14.1%	19.9%	16.1%	16.1%	16.4%	15.9%	13.7%	13.0%	12.6%	12.5%	12.5%	13.0%	13.2%	12.9%
Operating profit	10,460	8,807	(2,964)	1,724	4,613	5,402	5,751	7,925	9,061	9,213	9,342	10,157	10,382	8,600	10,546
Operating profit margins	16.6%	14.6%	(7.2%)	3.6%	8.7%	9.7%	9.8%	12.3%	13.2%	13.1%	12.9%	13.7%	13.8%	12.0%	13.7%
Non-operating income	356	564	3,840	1,976	389	314	426	523	517	601	769	769	913	956	592
Non-operating expenses	48	76	53	150	14	19	426	10	52	16	6	6	5	8	13
Ordinary interests in income	10,768	9,294	822	3,550	4,988	5,698	6,149	8,438	9,526	9,798	10,105	10,921	11,290	9,547	11,125
Ordinary profit margins	17.1%	15.4%	2.0%	7.4%	9.4%	10.2%	10.4%	13.0%	13.8%	14.0%	14.0%	14.8%	15.0%	13.4%	14.4%
Extraordinary income	3	7	2	3	—	462	—	324	1,088	200	364	16	—	—	—
Extraordinary loss	2,084	2,912	626	318	66	228	372	3,673	50	222	261	52	2	4	5
Profit before income taxes	8,687	6,389	197	3,236	4,921	5,932	5,776	5,089	10,563	9,776	10,208	10,885	11,287	9,542	11,120
Total income taxes	3,749	3,391	144	1,094	2,331	(124)	2,352	1,749	3,171	2,702	2,747	3,117	3,174	2,719	3,068
Profit	4,938	2,998	53	2,141	2,590	6,056	3,425	3,340	7,391	7,073	7,461	7,768	8,112	6,823	8,051
Profit margins	7.8%	5.0%	0.1%	4.4%	4.9%	10.8%	5.8%	5.2%	10.7%	10.1%	10.3%	10.5%	10.8%	9.5%	10.5%

Trend of Performances (Meitec Fielders)

(Millions of Yen)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net sales	10,747	10,582	7,050	8,175	8,510	9,349	10,587	11,911	13,327	14,865	16,981	19,336	21,383	21,308	25,814
Cost of sales	7,759	7,744	6,621	6,361	6,387	7,061	8,084	9,154	10,288	11,540	13,173	14,941	16,476	16,542	20,015
Cost of sales to Net sales	72.2%	73.2%	93.9%	77.8%	75.1%	75.5%	76.4%	76.9%	77.2%	77.6%	77.6%	77.3%	77.1%	77.6%	77.5%
Gross profit	2,987	2,837	429	1,814	2,122	2,287	2,502	2,757	3,039	3,325	3,808	4,394	4,906	4,765	5,798
Selling, general and administrative expenses	1,677	2,018	1,890	1,238	1,585	1,639	1,646	1,682	1,834	1,978	2,351	2,660	2,962	3,586	4,067
S&A expenses to Net sales	15.6%	19.1%	26.8%	15.1%	18.6%	17.5%	15.5%	14.1%	13.8%	13.3%	13.8%	13.8%	13.9%	16.8%	15.8%
Operating profit	1,310	819	(1,461)	575	537	648	856	1,073	1,204	1,346	1,456	1,734	1,944	1,178	1,731
Operating profit margins	12.2%	7.7%	(20.7%)	7.0%	6.3%	6.9%	8.1%	9.0%	9.0%	9.1%	8.6%	9.0%	9.1%	5.5%	6.7%
Non-operating income	10	6	848	182	3	3	1	—	—	1	—	1	1	—	1
Non-operating expenses	1	—	5	1	—	—	15	—	—	1	4	—	—	2	—
Ordinary profit	1,319	825	(618)	757	540	651	841	1,074	1,205	1,346	1,452	1,735	1,945	1,177	1,732
Ordinary profit margins	12.3%	7.8%	(8.8%)	9.3%	6.3%	7.0%	7.9%	9.0%	9.0%	9.1%	8.6%	9.0%	9.1%	5.5%	6.7%
Extraordinary income	—	—	—	1	—	—	—	—	—	—	1	—	—	—	—
Extraordinary loss	5	13	2	1	—	—	—	5	7	—	—	—	—	—	—
Profit before income taxes	1,314	811	(620)	756	540	651	841	1,068	1,198	1,346	1,453	1,735	1,945	1,177	1,732
Total income taxes	544	344	313	(187)	264	272	358	420	412	301	422	444	484	370	395
Profit	769	467	(933)	943	275	378	483	648	786	1,045	1,031	1,291	1,461	805	1,337
Profit margins	7.2%	4.4%	(13.2%)	11.5%	3.2%	4.0%	4.6%	5.4%	5.9%	7.0%	6.1%	6.7%	6.8%	3.8%	5.2%

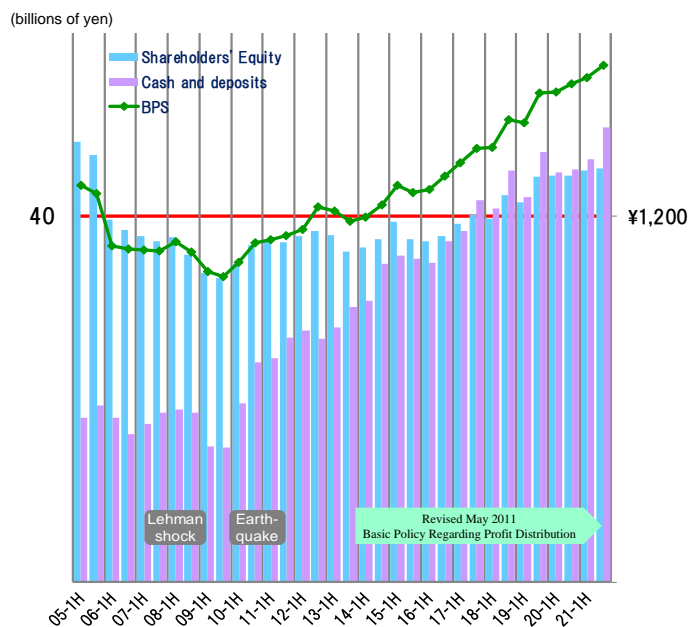
Trend of Performances (Meitec Next)

(Millions of Yen)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net sales	252	480	334	438	593	734	872	1,131	1,321	1,483	1,662	1,762	1,639	1,216	1,530
Cost of sales															
Cost of sales to Net sales															
Gross profit	252	480	334	438	593	734	872	1,131	1,321	1,483	1,662	1,762	1,639	1,216	1,530
Selling, general and administrative expenses	470	559	349	333	446	512	577	746	887	966	1,116	1,203	1,204	942	1,055
S&A expenses to Net sales	186.5%	116.5%	104.5%	76.0%	75.2%	69.8%	66.2%	66.0%	67.1%	65.1%	67.2%	68.2%	73.5%	77.5%	69.0%
Operating profit	(217)	(78)	(14)	104	147	221	295	385	433	517	545	559	434	273	474
Operating profit margins	(86.1%)	(16.3%)	(4.2%)	23.7%	24.8%	30.1%	33.8%	34.0%	32.8%	34.9%	32.8%	31.8%	26.5%	22.5%	31.0%
Non-operating income	—	—	2	2	—	—	—	—	—	—	—	—	—	—	—
Non-operating expenses	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—
Ordinary profit	(217)	(78)	(12)	106	147	221	295	385	433	517	545	559	432	274	474
Ordinary profit margins	(86.1%)	(16.3%)	(3.6%)	24.2%	24.8%	30.1%	33.8%	34.0%	32.8%	34.9%	32.8%	31.7%	26.4%	22.5%	31.0%
Extraordinary income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	(

(Millions of Yen)	2007/3/31	2008/3/31	2009/3/31	2010/3/31	2011/3/31	2012/3/31	2013/3/31	2014/3/31	2015/3/31	2016/3/31	2017/3/31	2018/3/31	2019/3/31	2020/3/31	2021/3/31	2022/3/31
Cash and deposits	16,177	18,512	18,526	14,732	23,999	26,686	26,592	30,104	34,773	35,413	37,259	41,753	45,052	47,033	45,132	49,706
Notes and accounts receivable - trade	13,256	12,841	10,985	9,582	10,245	10,675	10,887	11,297	12,858	13,823	13,400	13,816	13,884	14,696	14,600	16,098
Total current assets	35,564	35,356	33,295	28,444	37,661	40,643	41,802	44,998	51,639	53,104	54,742	59,325	60,036	62,679	60,885	66,937
Property, plant and equipment	14,548	13,374	12,818	12,069	11,688	11,257	10,908	10,555	7,207	5,721	5,552	5,399	5,402	5,332	5,122	5,002
Total non-current assets	21,914	22,428	20,934	19,180	18,053	16,915	16,199	16,447	13,458	11,363	11,634	11,608	14,579	14,814	14,153	14,652
Total assets	57,479	57,784	54,230	47,625	55,714	57,559	58,002	61,445	65,098	64,468	66,377	70,934	74,615	77,493	75,038	81,590
Total current liabilities	12,559	13,764	11,026	6,392	10,016	11,165	9,683	12,589	15,797	13,650	14,662	16,176	16,927	17,228	14,272	19,669
Total non-current liabilities	6,236	6,422	7,034	7,789	8,603	9,183	9,895	12,667	11,735	13,212	13,860	14,617	15,317	15,937	16,294	16,633
Total liabilities	18,795	20,186	18,061	14,181	18,619	20,349	19,579	25,257	27,532	26,862	28,523	30,794	32,244	33,166	30,566	36,302
Shareholders' equity	39,144	38,048	36,747	34,101	37,745	38,017	39,264	38,299	39,619	39,973	39,970	42,078	44,173	45,950	45,898	46,457
Other net assets	(461)	(449)	(577)	(658)	(651)	(808)	(841)	(2,111)	(2,054)	(2,367)	(2,116)	(1,939)	(1,802)	(1,623)	(1,169)	
Total net assets	38,683	37,598	36,169	33,443	37,094	37,209	38,422	36,188	37,565	37,605	37,854	40,139	42,371	44,327	44,472	45,287

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash flows from operating activities	6,010	8,486	6,308	(1,545)	9,291	5,753	5,205	8,893	8,434	6,910	10,186	10,957	10,273	9,837	5,487	13,532
Cash flows from investing activities	(955)	124	623	(19)	287	(292)	(465)	(398)	(275)	1,487	(325)	(464)	(240)	(536)	(307)	(270)
Cash flows from financing activities	(8,366)	(5,997)	(5,580)	(1,835)	(104)	(2,769)	(4,837)	(4,991)	(3,495)	(7,752)	(8,011)	(5,999)	(6,734)	(7,319)	(7,080)	(8,688)
Net increase (decrease) in cash and cash equivalents	(3,303)	+2,634	+1,313	(3,394)	+9,467	+2,691	(93)	+3,511	+4,668	+643	+1,845	+4,493	+3,298	+1,980	(1,900)	+4,574

Shareholders' Equity and Cash and Deposit



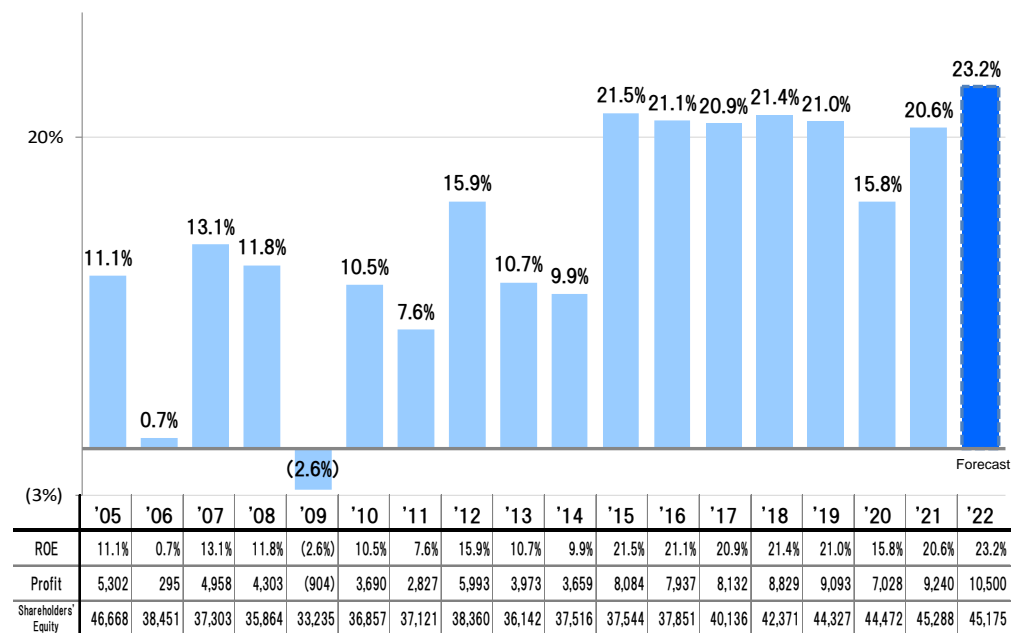
- Protecting employment of engineers under economic crisis is essential for sustainable growth for indefinite employment engineer staffing business. → Engineers can continue to concentrate on brushing up their own career under assumption of stable employment.
- With consideration of remaining fund, prioritize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

Trend of Profit Distributions and Forecast

	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%	63.7%	60.3%
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	@ ¥61.33	@ ¥72.50	@ ¥79.00
	Millions of Yen	1,925	3,134	2,220	3,373	4,286	4,344	5,008	5,567	5,033	5,848	6,330
2nd Quarter Dividends	Per Share @ ¥9.67	@ ¥10.00	@ ¥10.50	@ ¥14.67	@ ¥21.00	@ ¥22.67	@ ¥24.83	@ ¥28.00	@ ¥28.83	@ ¥22.83	@ ¥26.17	@ ¥34.00
	Millions of Yen	961	981	983	1,344	1,908	1,968	2,119	2,344	2,387	1,891	2,136
Year-end Dividends	Per Share @ ¥9.83	@ ¥23.00	@ ¥13.50	@ ¥22.33	@ ¥27.00	@ ¥27.83	@ ¥34.17	@ ¥38.50	@ ¥38.50	@ ¥38.50	@ ¥46.33	@ ¥45.00
	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	@ ¥92.40	@ ¥131.04
Net Assets per Share	@ ¥378.37	@ ¥409.87	@ ¥394.28	@ ¥412.93	@ ¥426.20	@ ¥443.52	@ ¥474.67	@ ¥506.14	@ ¥535.34	@ ¥544.81	@ ¥113.85	

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

Trend of ROE



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: 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)

Tokyo Headquarters	Taito-ku, Tokyo
Nagoya Headquarters	Nishi-ku Nagoya
Stock listings	Tokyo Stock Exchange, Prime Market(No. 9744)
Incorporated	July 17, 1974
Clients	Approximately 1,200 blue-chip companies, mostly listed in the Prime and Standard Market of Tokyo Stock Exchange
Branches	41 Sales offices, including Tokyo, Osaka, Nagoya, 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

Shareholders by Business Segments

Shareholder Segment	(As of the Fiscal year ended March 31, 2022)			
	Shareholders	%	Shares Held	%
Banks	10	0.2%	159,600	0.6%
Trust Banks	12	0.3%	6,869,400	24.5%
Life and nonlife insurance companies	19	0.4%	3,334,033	11.9%
Securities financing and other financial companies	5	0.1%	28,660	0.1%
Securities companies	31	0.7%	217,893	0.8%
Business concerns and other companies	64	1.5%	147,691	0.5%
Overseas companies and investors	235	5.4%	13,486,720	48.0%
Individuals and others	3,937	91.3%	3,856,003	13.7%
Total	4,313	100.0%	28,100,000	100.0%

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