

Results for the Fiscal Year Ended March 31, 2021

May 11, 2021

MEITEC CORPORATION

President and CEO, COO
MEITEC Group CEO

Hideyo Kokubun

- 1. Results for the Fiscal Year Ended March 31, 2021**
- 2. Progress on Mid-term Management Plan**
- 3. Forecast for the Fiscal Year Ending March 31, 2022**
- 4. 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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- Thank you for attending today's Meitec results briefing.
- Today's briefing is being held remotely, and we apologize for the inconvenience and ask for your understanding.
- Looking back at the past year, the novel coronavirus disease (COVID-19) affected the entire world and greatly interfered with economic activities. At the same time, the technological development trends that surround the Company have accelerated, linked to COVID-19. The Company engages in business development to respond to our clients by providing high added value, new product development, and technological innovation based on our technical capabilities. Through our technology provision services, we will continue to conduct management that contributes to everyone in the world, and we kindly ask for your continued understanding and support.
- I will now discuss on the following:
 1. Results for the Fiscal Year Ended March 31, 2021;
 2. Progress on Mid-term Management Plan; and
 3. Forecast for the Fiscal Year Ending March 31, 2022.
- Please take a look at 4. Reference Materials later.

1. Results for the Fiscal Year Ended March 31, 2021



- I will begin by discussing results for the fiscal year ended March 31, 2021.

Results for the Fiscal Year Ended March 31, 2021 (Group Consolidated)

- ✓ Net sales fell 4.3% year on year ⇒ Due to the effect of lower utilization ratio and shorter working hours as a result of the pandemic deteriorating the economic climate.
- ✓ Operating profit fell 20.8% YoY ⇒ Because the decline in net sales could not be offset by lower labor costs chiefly caused by shorter working hours and lower SG&A expenses.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2020	FY ended March. 31, 2021	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	100,995	96,626	(4,369)	(4.3%)	97,500	(874)
Cost of sales	73,823	72,203	(1,620)	(2.2%)	72,700	(497)
Cost of sales to Net sales	73.1%	74.7%	+1.6%			
SG&A Expenses	14,245	14,188	(57)	(0.4%)	14,900	(712)
Operating profit	12,926	10,234	(2,692)	(20.8%)	9,900	+334
Operating profit margins	12.8%	10.6%	(2.2%)		10.2%	+0.4%
Ordinary profit	12,975	10,306	(2,668)	(20.6%)	10,000	+306
Extraordinary income & loss	(3)	(4)	(1)			
Profit before income taxes	12,971	10,301	(2,669)	(20.6%)		
Profit attributable to owners of parent	9,093	7,028	(2,064)	(22.7%)	6,600	+428
Profit margins	9.0%	7.3%	(1.7%)			
Return on Equity (ROE)	21.0%	15.8%	(5.2%)			
Ordinary profit to total assets ratio	17.1%	13.5%	(3.6%)			

- This shows the Group's consolidated results.
- For the fiscal year ended March 31, 2021, due to the spread of COVID-19, investment in technological development looking to the next generation at leading manufacturers that are our clients partly weakened, and the Company's order environment was severe.
- Due to these effects, net sales decreased 4.3% year on year to ¥96,626 million, operating profit decreased 20.8% year on year to ¥10,234 million, and profit attributable to owners of parent decreased 22.7% year on year to ¥7,028 million.
- Net sales fell short of our forecast as the utilization ratio was lower than our expectations, while operating profit exceeded our forecast due to the fact that cost of sales and SG&A expenses were lower than expected.

Results for the Fiscal Year Ended March 31, 2021 (Business Domains)

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

(Fractions of one million yen are rounded down)	FY ended March. 31, 2020	FY ended March. 31, 2021	YoY Amount	% Change
Sales of Engineering Solutions Business	99,461	95,521	(3,940)	(4.0%)
Component ratio	98.5%	98.9%	+0.4%	
Operating profit	12,492	9,960	(2,531)	(20.3%)
Sales of Recruiting & Placement Business for Engineers	1,639	1,216	(422)	(25.8%)
Component ratio	1.6%	1.3%	(0.4%)	
Operating profit	434	273	(160)	(36.9%)

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- This shows results for the Group's business domains.
- In the Engineering Solutions Business, sales fell 4.0% year on year, operating profit was down 20.3% year on year.
- In the Recruiting & Placement Business for Engineers, both sales and profit declined due to a fall in the number of job placements, etc.

Results for the Fiscal Year Ended March 31, 2021 (Meitec)

- ✓ Net sales fell 5.1% year on year, operating profit fell 17.2% YoY, and the number of engineers increased 1.8% YoY.
- ✓ Utilization ratio dropped 6.0% YoY ⇒ Due to the fact that the assignment of new employees was delayed more than normal years, as well as the harsh order environment.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2020	FY ended March. 31, 2021	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	75,297	71,452	(3,844)	(5.1%)	71,600	(148)
Cost of sales	55,138	53,438	(1,699)	(3.1%)	53,500	(62)
Cost of sales to Net sales	73.2%	74.8%	+1.6%		74.7%	+0.1%
SG&A Expenses	9,776	9,414	(362)	(3.7%)	10,000	(586)
Operating profit	10,382	8,600	(1,782)	(17.2%)	8,100	+500
Operating profit margins	13.8%	12.0%	(1.8%)		11.3%	+0.7%
Ordinary profit	11,290	9,547	(1,742)	(15.4%)	9,000	+547
Extraordinary income & loss	(2)	(4)	(1)			
Profit before income taxes	11,287	9,542	(1,744)	(15.5%)		
Profit	8,112	6,823	(1,289)	(15.9%)	6,300	+523
Utilization ratio (Company-wide)	96.4%	90.4%	(6.0%)		91.0%	(0.6%)
Working Hours<h/day>	8.54	8.31	(0.23)	(2.7%)	8.31	—
Number of Recruitment	627	562	(65)	(10.4%)	624	(62)
Newly graduated	418	399	(19)	(4.5%)	399	—
Mid-career	209	163	(46)	(22.0%)	In-house target 225	(62)
Turnover Ratio	5.5%	5.6%	+0.1%		5.1%	+0.5%
Number of Engineers	7,150	7,281	+131	+1.8%		

- This shows results for Meitec.
- Net sales decreased 5.1% year on year to ¥71,452 million, operating profit decreased 17.2% year on year to ¥8,600 million, and profit decreased 15.9% year on year to ¥6,823 million, mainly reflecting a decrease in the number of engineers assigned to clients and a shorter working hours caused by a downturn in the economic climate due to the spread of COVID-19.
- The number of engineers increased 1.8% year on year.
- The utilization ratio declined 6.0 percentage points year on year to 90.4%, due to the assignment of new employees being delayed compared to normal years as a result of being forced to conduct training with the highest priority to prevent the spread of COVID-19, in addition to a harsh order environment.
- Working hours decreased year on year mainly because clients' reduction of overtime hours was strongly enhanced due to the fact that with requests for refraining from going out at night, etc.

Results for the Fiscal Year Ended March 31, 2021 (Meitec Fielders)

- ✓ Net sales fell 0.4% year on year, operating profit fell 39.4% YoY, and the number of engineers increased 18.7% YoY.
- ✓ Utilization ratio dropped 10.3% YoY ⇒ Due to the increase in the number of engineers and the delay in assigning new employees.

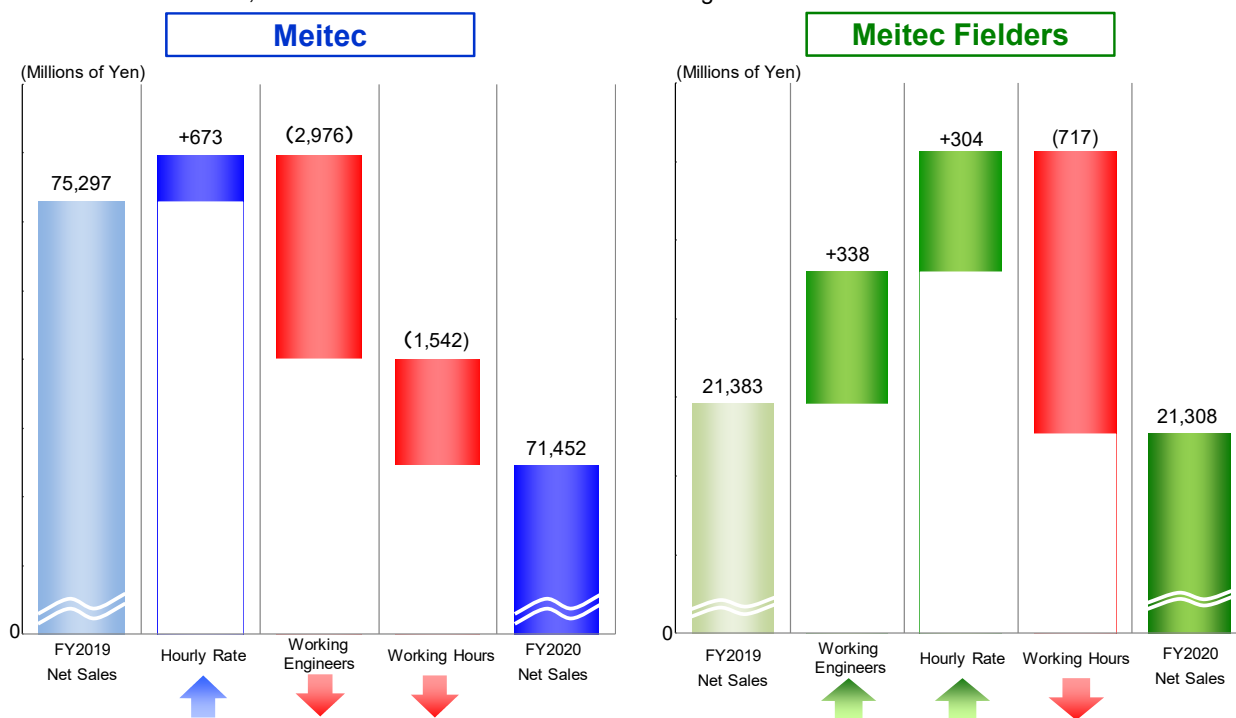
(Fractions of one million yen are rounded down)	FY ended March. 31, 2020	FY ended March. 31, 2021	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	21,383	21,308	(74)	(0.4%)	21,800	(492)
Cost of sales	16,476	16,542	+66	+0.4%	16,870	(328)
Cost of sales to Net sales	77.1%	77.6%	+0.6%		77.4%	+0.2%
SG&A Expenses	2,962	3,586	+624	+21.1%	3,600	(14)
Operating profit	1,944	1,178	(765)	(39.4%)	1,330	(152)
Operating profit margins	9.1%	5.5%	(3.6%)		6.1%	(0.6%)
Ordinary profit	1,945	1,177	(768)	(39.5%)	1,330	(153)
Extraordinary income & loss	0	—	—			
Profit before income taxes	1,945	1,177	(767)	(39.5%)		
Profit	1,461	805	(655)	(44.9%)	880	(75)
Utilization ratio (Company-wide)	95.3%	85.0%	(10.3%)		88.1%	(3.1%)
Working Hours<h/day>	8.59	8.29	(0.30)	(3.5%)	8.27	+0.02
Number of Recruitment	506	839	+333	+65.8%	892	(53)
Newly graduated	198	217	+19	+9.6%	217	—
Mid-career	308	622	+314	+101.9%	In-house target 675	(53)
Turnover Ratio	9.0%	9.3%	+0.3%		7.9%	+1.4%
Number of Engineers	2,860	3,394	+534	+18.7%		

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- This shows results for Meitec Fielders.
- As with Meitec, net sales decreased 0.4% year on year to ¥21,308 million, operating profit decreased 39.4% year on year to ¥1,178 million, and profit decreased 44.9% year on year to ¥805 million, mainly due to shorter working hours.
- Due to active hiring, the number of engineers significantly increased by 18.7% year on year.
- The utilization ratio dropped 10.3 percentage points year on year to 85.0%, due to the increase in the number of engineers and the delay in assigning new employees as with Meitec.
- Furthermore, working hours declined compared to the previous fiscal year due to the same reason as that with Meitec.

Comparison of Net Sales

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

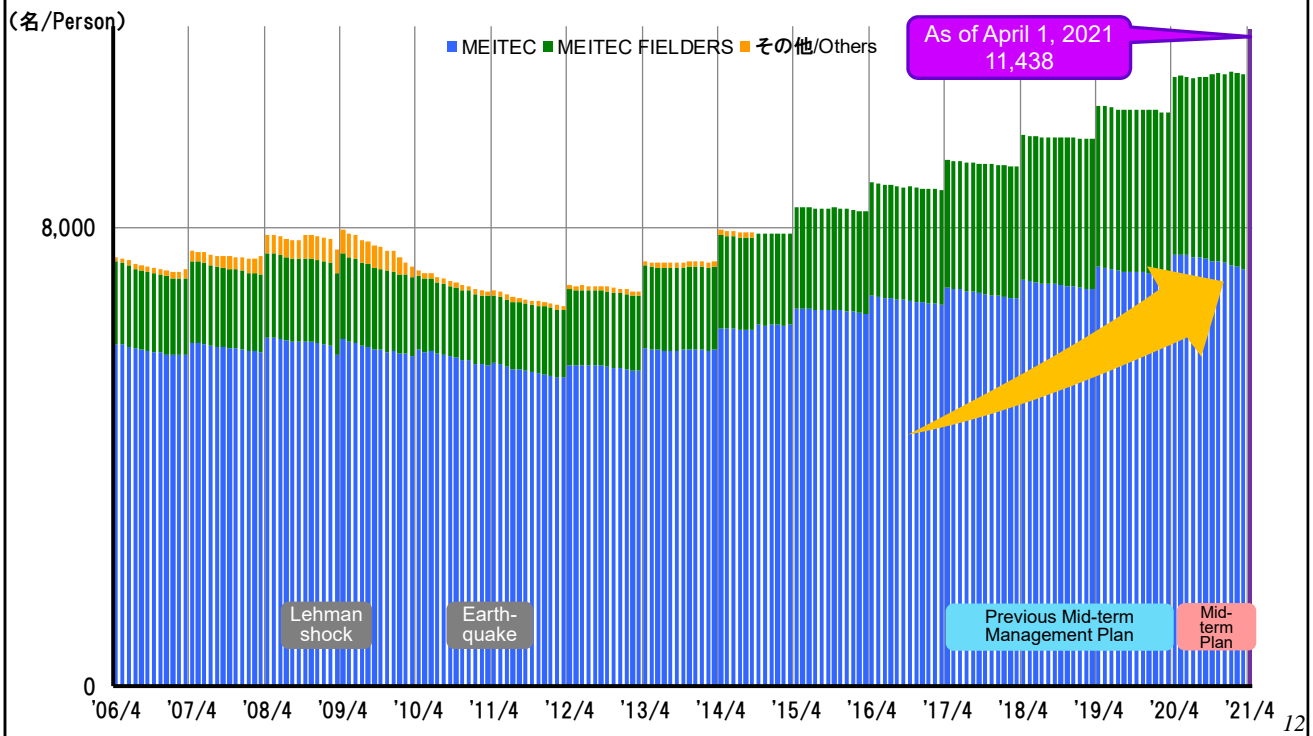


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- This is a breakdown of factors affecting changes in net sales year on year at Meitec and Meitec Fielders.
- The main factors behind the decrease in sales at Meitec were “decrease in the number of engineers assigned to clients” and “shorter working hours,” while at Meitec Fielders the main factor was “shorter working hours.”
- The amounts of these impacts are shown in the graph.

Number of Engineers (Group Consolidated)

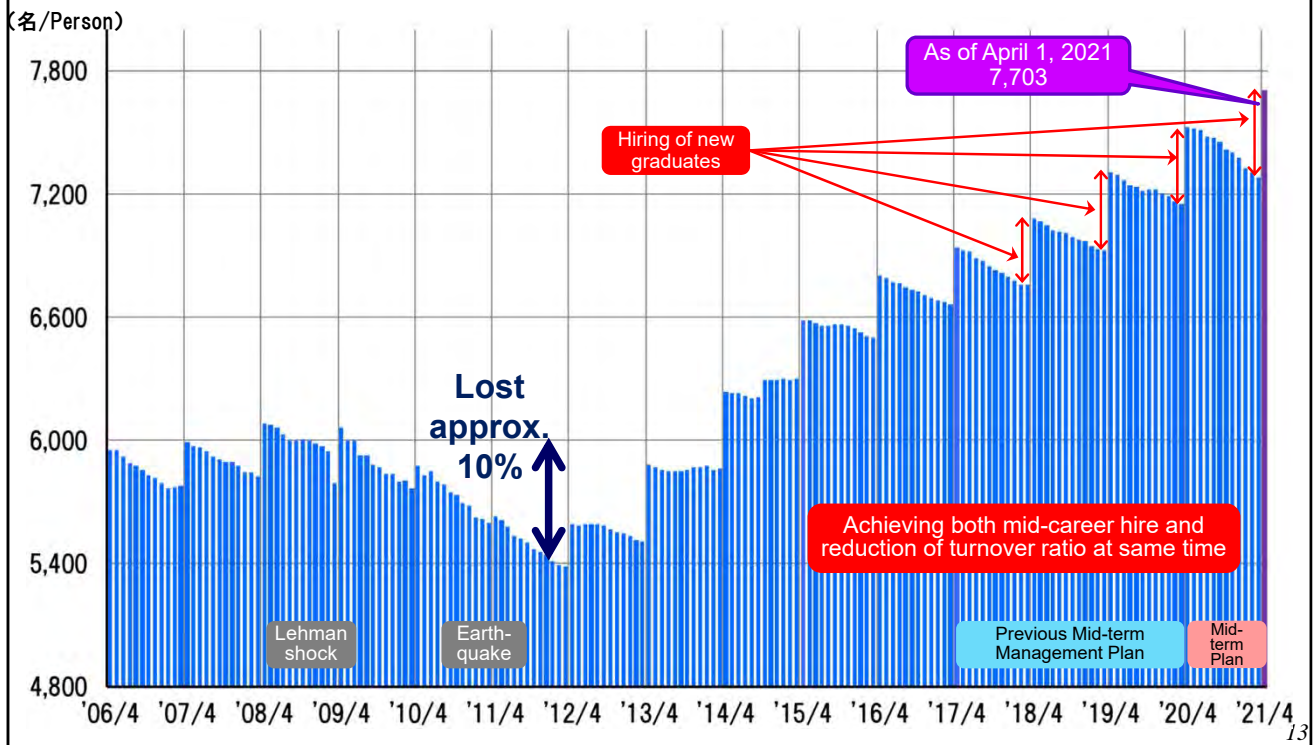
- ✓ The number of engineers as of March 31, 2021 was 10,675, an increase of 665 engineers, or 6.6%, compared to March 31, 2020.
- ✓ As of April 1, 2021, the number of engineers has reached 11,438 engineers, which is a record high.



- This shows the trend in the number of engineers across the Group.
- As of March 31, 2021, the number of engineers was 10,675, increased 665, or 6.6%, compared to March 31, 2020. On April 1, 2021, new graduates joined the Group and we started the new fiscal year with a record high 11,438 engineers.
- The number of engineers at both Meitec and Meitec Fielders is steadily increasing.

Number of Engineers (Meitec)

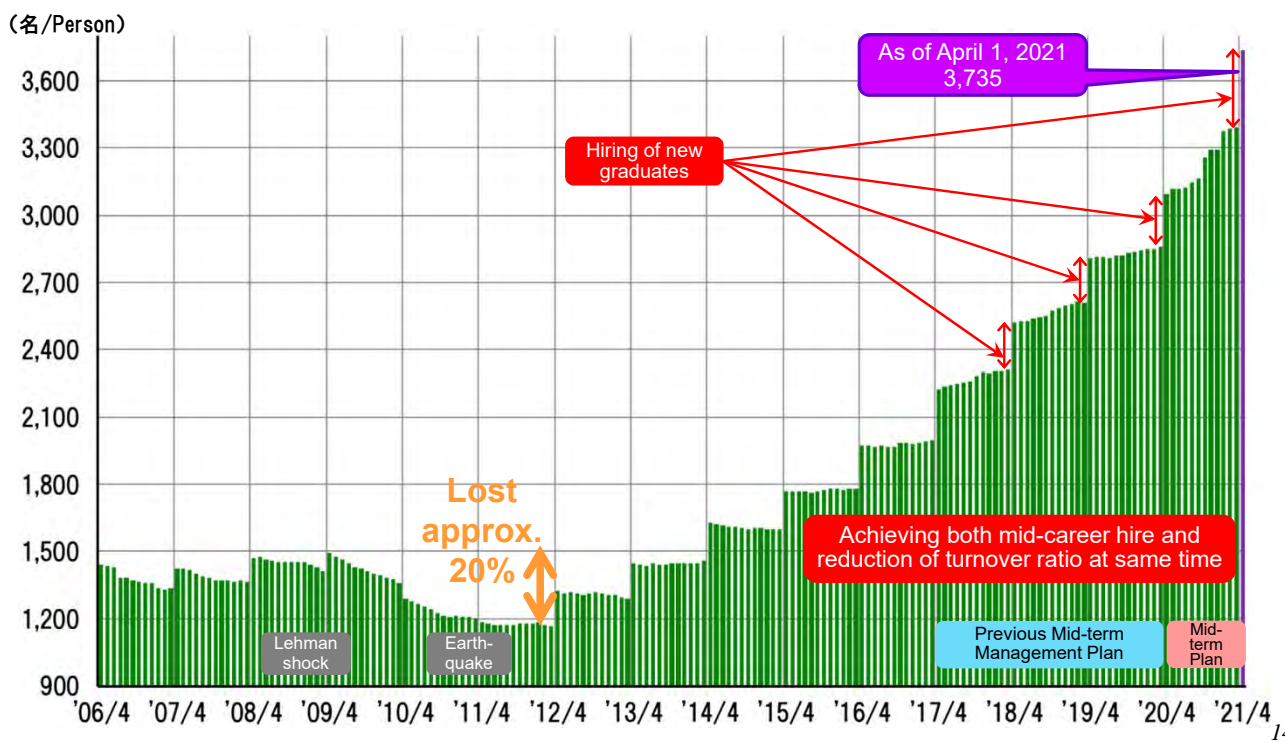
- ✓ The number of engineers as of March 31, 2021 was 7,281, an increase of 131 engineers, or 1.8%, compared to March 31, 2020.
- ✓ 462 new graduates joined the company on April 1, 2021, and we started the new fiscal year with a record high 7,703 engineers.



- This shows the trend in the number of engineers at Meitec.
- As of March 31, 2021, the number of engineers was 7,281, increased 131, or 1.8%, compared to March 31, 2020. On April 1, 2021, 462 new graduates joined the company and we started the new fiscal year with a record high 7,703 engineers.

Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of March 31, 2021 was 3,394, an increase of 534 engineers, or 18.7%, compared to March 31, 2020.
- ✓ 302 new graduates joined the company on April 1, 2021, and we started the new fiscal year with a record high 3,735 engineers.



- This shows the trend in the number of engineers at Meitec Fielders.
- As of March 31, 2021, the number of engineers was 3,394, increased 534, or 18.7%, compared to March 31, 2020. On April 1, 2021, 302 new graduates joined the company and we started the new fiscal year with a record high 3,735 engineers.

Mid-career (FY 2021/3)

- Current hiring environment has recovered to pre-COVID-19 levels mainly for major corporations, and with hiring competition for personnel with immediate working capabilities overheating, the environment remains challenging.
- ✓ We continued selective hiring maintaining our hiring standards with the top priority placed on ensuring the applicants' safety and security.
- ✓ We expanded hiring channels, promoting the lifelong professional engineer work style and the concept of career advancement, and achieved a significant increase in the number of Meitec Fielder's hires compared to the previous fiscal year.
- ✓ However, as competition overheated due to the recovery in the hiring environment, the Company struggled to meet internal targets.

New Graduates (Joined April 2021)

- Hiring needs for science students remain strong overall, and with the hiring environment becoming more challenging due to COVID-19 prevention measures, while considering students' intentions, we carried out hiring activities premised on maintaining our hiring standards.
- ✓ We deployed hiring activities prioritizing the need to dispel student's fears regarding the spread of infections.
- ✓ We switched to online hiring activities at an early stage and continued to conduct elaborate interviews and follow-up activities.
 - We consider this to be the main reason why we achieved a significant increase in the number of hires year on year.

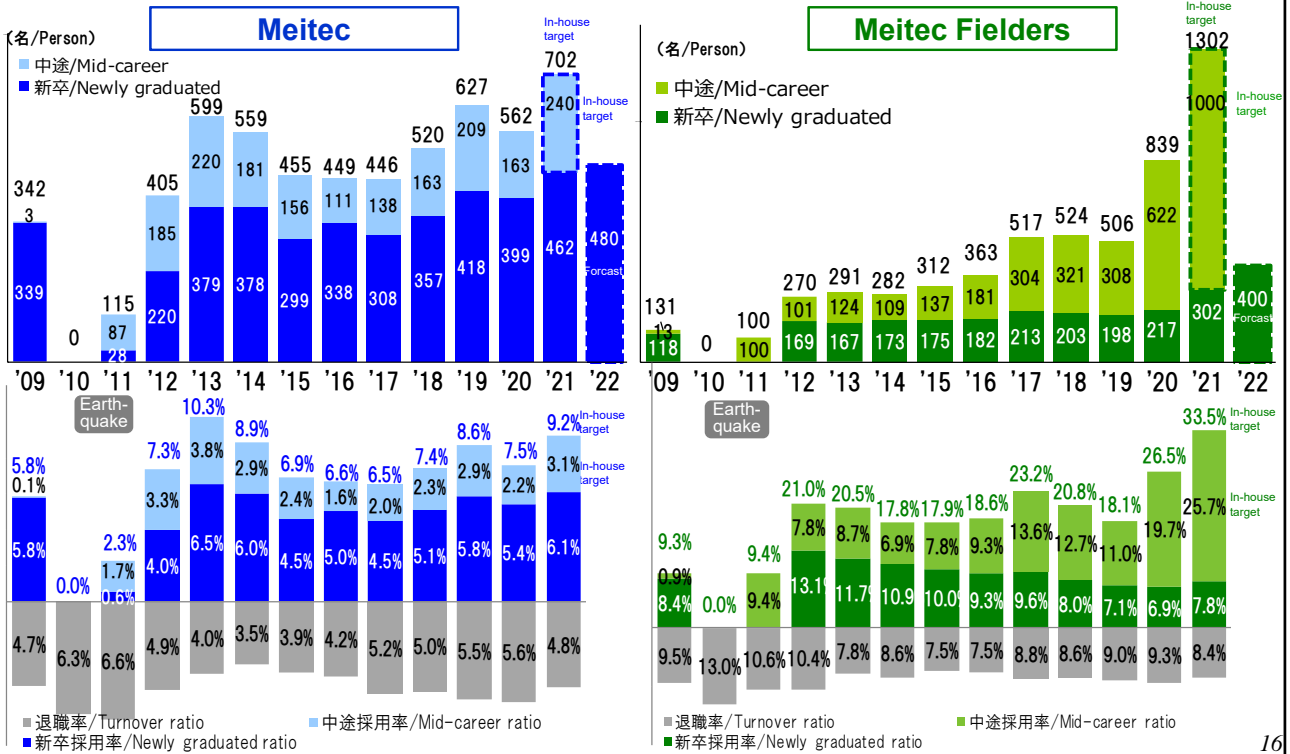
(person)	Fiscal Year Ended March 31, 2021								Fiscal Year Ending March 31, 2022				
	New Graduates April 2020	Mid-career					Total	YoY	New Graduates April 2021				
		Initial In-house target	10/29/20 Revised In-house target		To Initial In-house target	To 10/29/20 Revised In-house target			Initial Forecast	10/29/20 Expected Number		To Initial Forecast	YoY
Meitec	399	220	225	163	(57)	(62)	562	(65)	450	484	462	+12	+63
Meitec Fielders	217	675	675	622	(53)	(53)	839	+333	300	305	302	+2	+85
Total	616	895	900	785	(110)	(115)	1,401	+268	750	789	764	+14	+148
Comparison to previous year	—			+268			+268			To 10/29/20 Revised In-house target	(25)		

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- This shows the recruitment trends for the Group.
- First, mid-career hires stagnated as the spread of COVID-19 caused companies to temporarily suspend mid-career hiring activities. However, most companies immediately reopened hiring activities toward post-COVID-19 expansion and growth. In particular, demand is extremely high for engineers with DX knowledge.
- Even in this situation, while ensuring thorough COVID-19 prevention measures with the top priority placed on ensuring the applicants' safety and security, we expanded our hiring channels and used various creative ideas, resulting in a significant increase in the number of Meitec Fielder's hires compared to the previous fiscal year. However, in this adverse business environment, we have struggled slightly to meet our internal targets.
- Next, newly graduated engineers.
- Companies' hiring needs for science students remain strong overall. In this difficult environment, we achieved a year-on-year increase of 148 new recruits across the entire Group. This was the result of coming up with various flexible and agile innovative ideas to make students feel safe and secure amid the COVID-19 pandemic, while maintaining our hiring standards as a matter of course.

Recruitment and Turnover

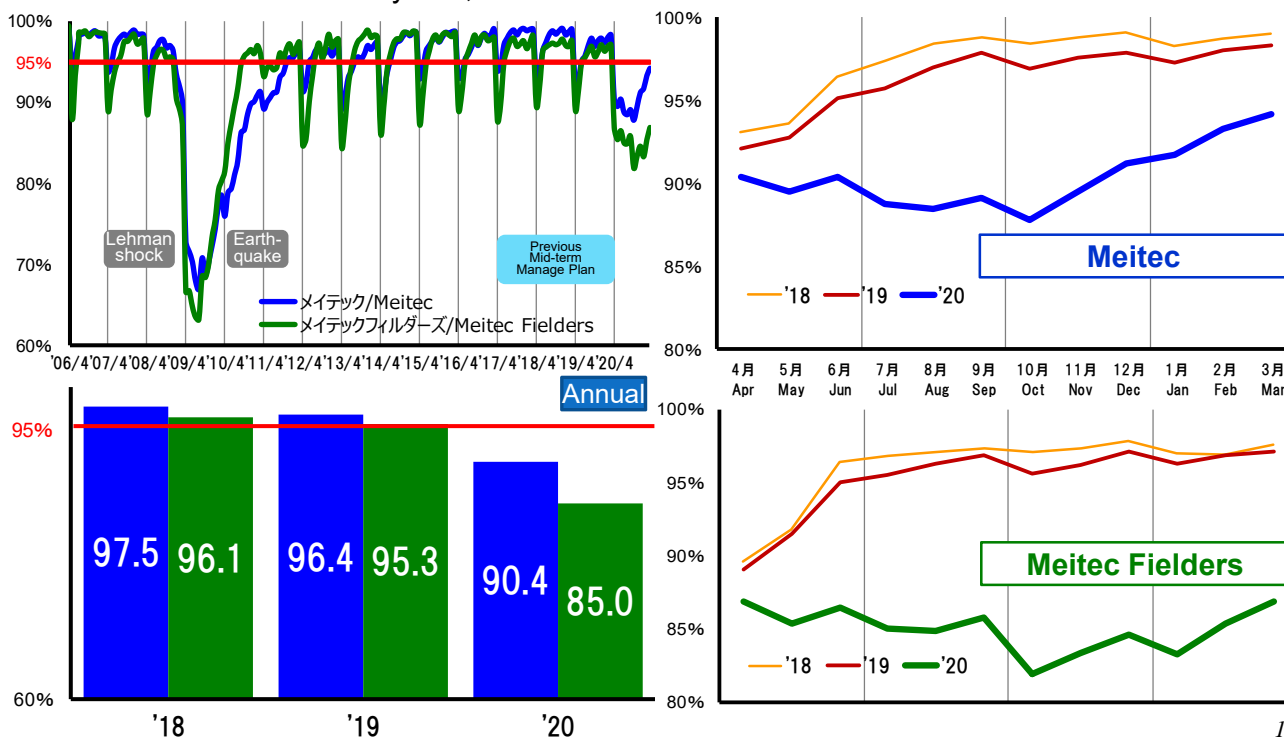
✓ The hiring environment is challenging, but we maintained hiring standards.



- This shows trends in the number of recruitment and ratios for recruitment and turnover.
- Meitec’s recruitment ratio in the fiscal year ended March 31, 2021, was 7.5%, and the growth rate slightly decreased from the previous fiscal year. However, the turnover ratio remained low at 5.6% which contributed to increasing the number of engineers.
- Meitec Fielders’ recruitment ratio in the fiscal year ended March 31, 2021, was 26.5%, and the growth rate significantly increased from the previous fiscal year. The turnover ratio was 9.3%.
- We are expecting a remarkable increase in mid-career hires at Meitec Fielders in the forecast for the fiscal year ending March 31, 2022. I will discuss this in more detail later on.

Utilization Ratio

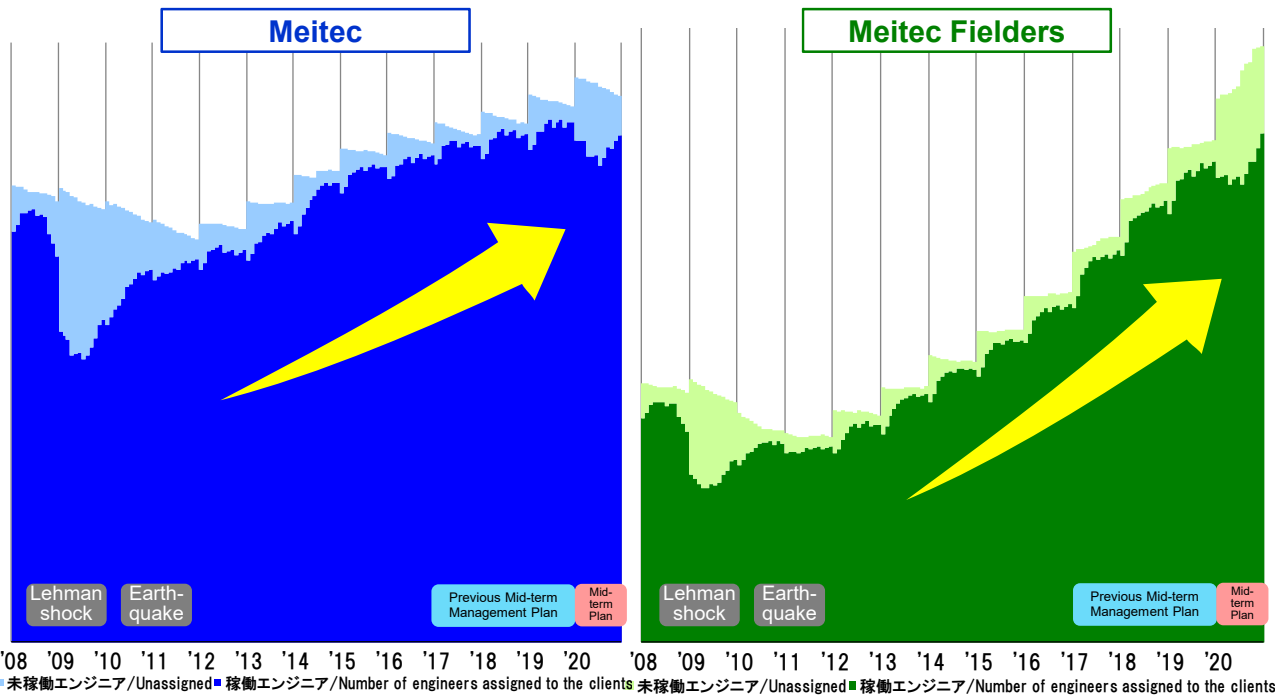
✓ Utilization ratio fell ⇒ Due to the fact that the assignment of new employees was delayed much more than normal years, as well as the harsh order environment.



- This shows the trend in utilization ratios.
- Utilization ratio fell at both Meitec and Meitec Fielders, due to the fact that the assignment of new employees was delayed much more than normal years because we were forced to conduct training while taking measures to prevent the spread of infections, as well as the harsh order environment.

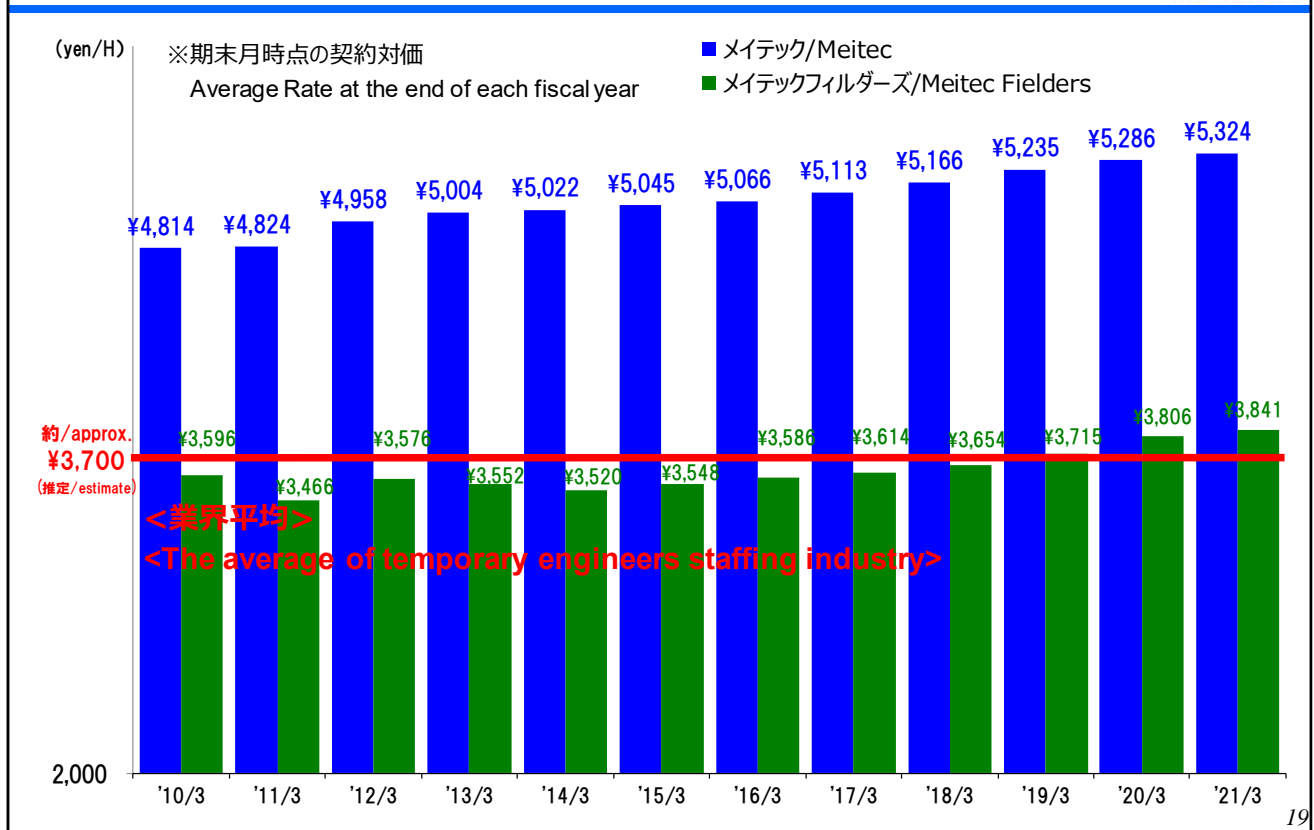
Number of Engineers Assigned to the Clients (Key factor of Sales)

- ✓ Active hiring before the spread of infections led to an increase in the number of engineers.
- ✓ The number of engineers assigned to clients at Meitec decreased due to low utilization ratio.



- This shows the trend in number of engineers assigned to clients.
- Active hiring before the spread of infections led to an “increase in the number of engineers,” while the number of engineers assigned to clients at Meitec decreased due to low utilization ratio.

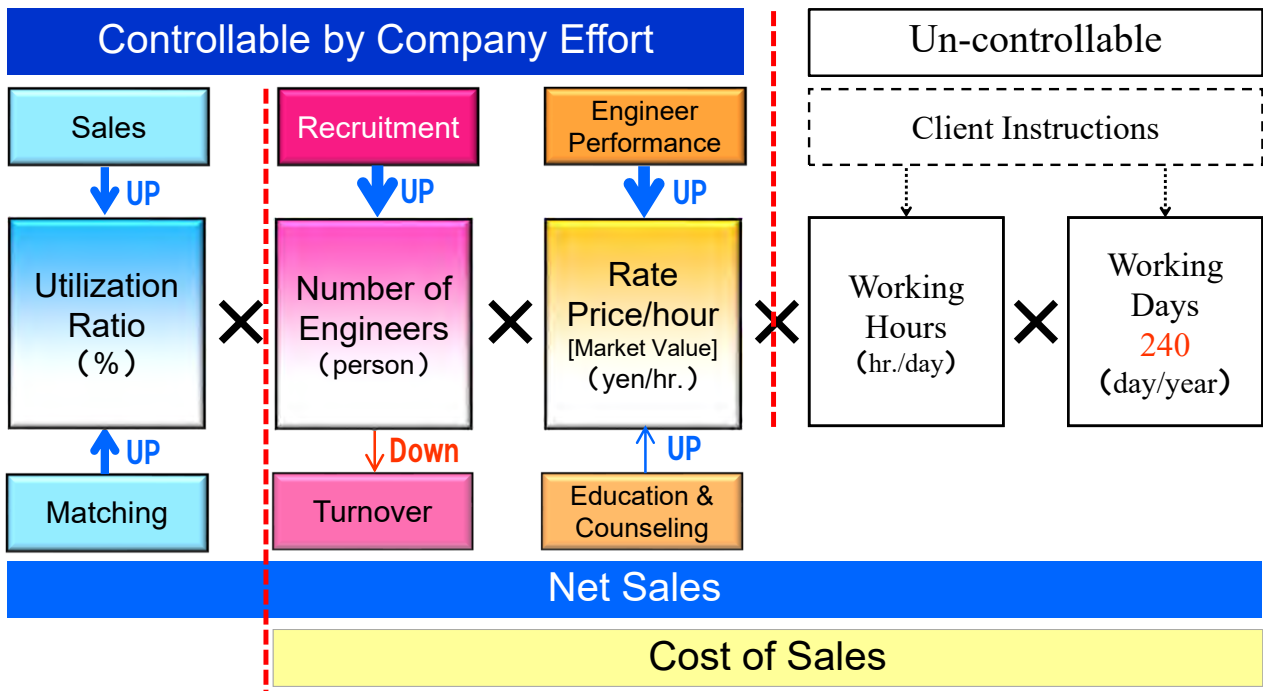
Trend in Average Rate = (Market Value)



- This shows the trend in average pay rates for engineers.
- Focusing on maintaining high quality, Meitec's pay rate levels were over ¥5,300, much greater than the industry average, like in the previous fiscal year.
To ensure the average pay rate remains high, it is essential that we maintain our hiring standards and career building in line with the technology demanded by the market.
- Meitec Fielders' average rate is over ¥3,800, and exceeds the average of temporary engineers staffing industry.
- Going forward, we will continue to work on obtaining an appropriate rate. Specifically, rather than obtaining a rate based on supply and demand, we will create conditions in which every one of our engineers can secure fair pay rates based on their high outputs.

Sales and Cost

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

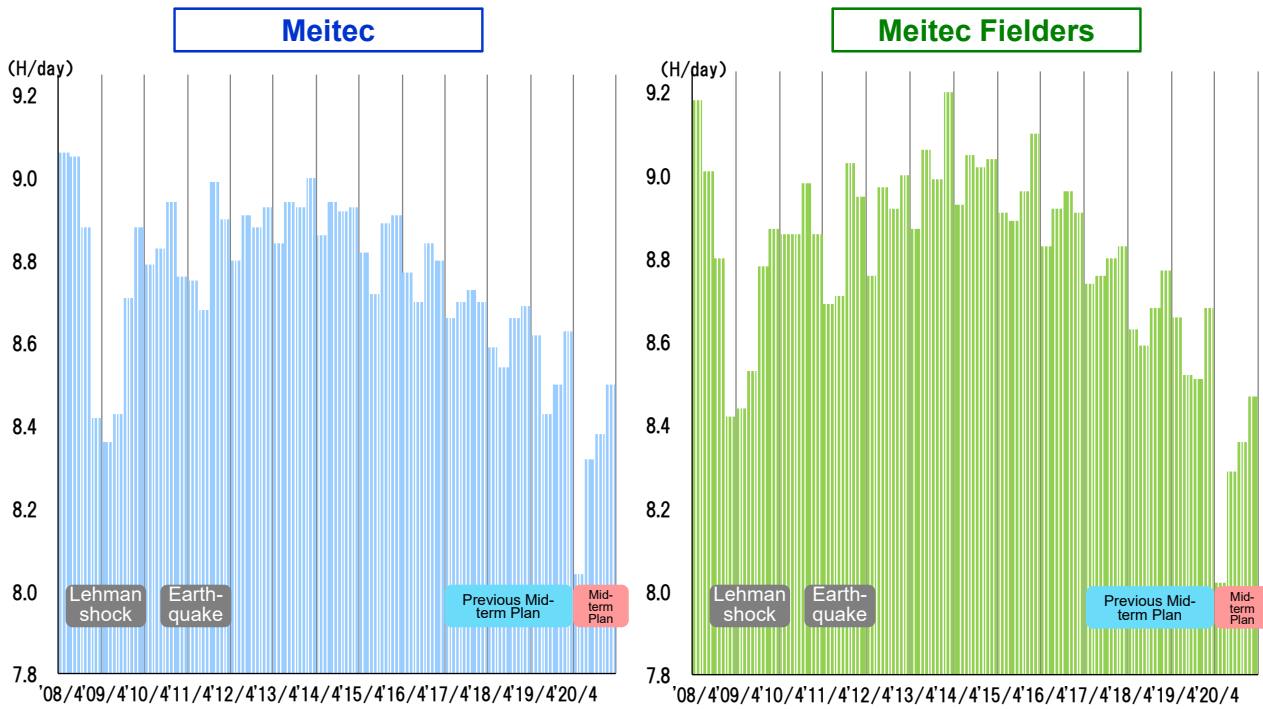


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- This slide shows components of net sales and cost of sales for the Engineering Solutions Business.

Working Hours

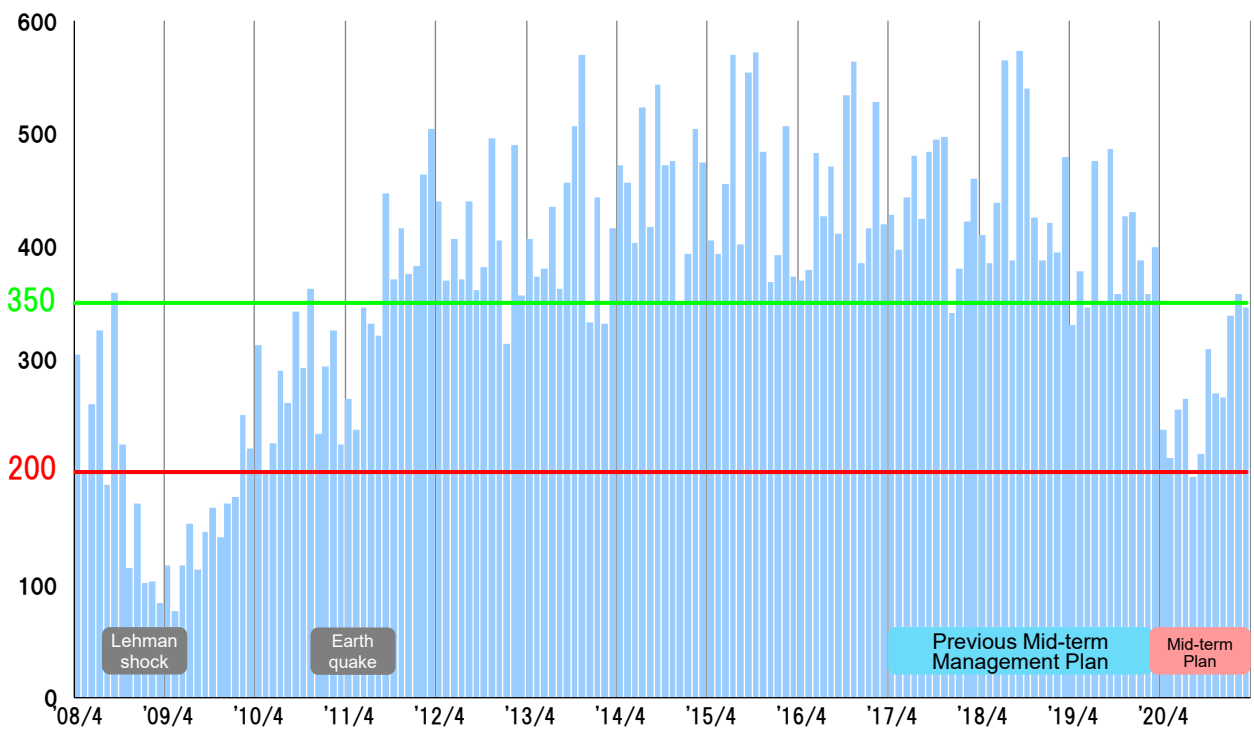
- ✓ Working hours decreased ⇒ Due to the fact that with requests for refraining from going out at night, etc., clients' reduction of overtime hours was enhanced.



- This shows the trend in working hours.
- A state of emergency was declared in April 2020, and as a result of increased reduction of clients' overtime hours due to requests to refrain from going out at night, teleworking, etc., overtime hours declined compared to normal years.
- The number of working hours is determined by our clients, and is uncontrollable for us. As a fluctuation in working hours of 0.1 hours equates to a fluctuation of 1% of total net sales, this is one indicator that has a significant impact on earnings, and, accordingly, it is one on which we will continue to focus attention.

Trend in New Orders by Month (Meitec)

- ✓ New monthly orders decreased as a result of deterioration of the economic climate due to the spread of the infection, but are expected to recover from the second half.



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- This shows the trend in new monthly orders.
- Following a deterioration in business conditions due to the spread of COVID-19, new monthly orders in the first half fell to around 200 mainly due to restrictions on client visits and revision of project plans; however, from the second half onward, clients began to make moves with a view to post-COVID-19 expansion and growth, while at the same time, the Company undertook aggressive sales activities, which saw new monthly orders return to around 350.
- There is still no outlook for the end of the COVID-19 pandemic, and the future is uncertain. However, we will implement strategies to capture new orders and promote assignments while conducting proactive sales activities.

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)

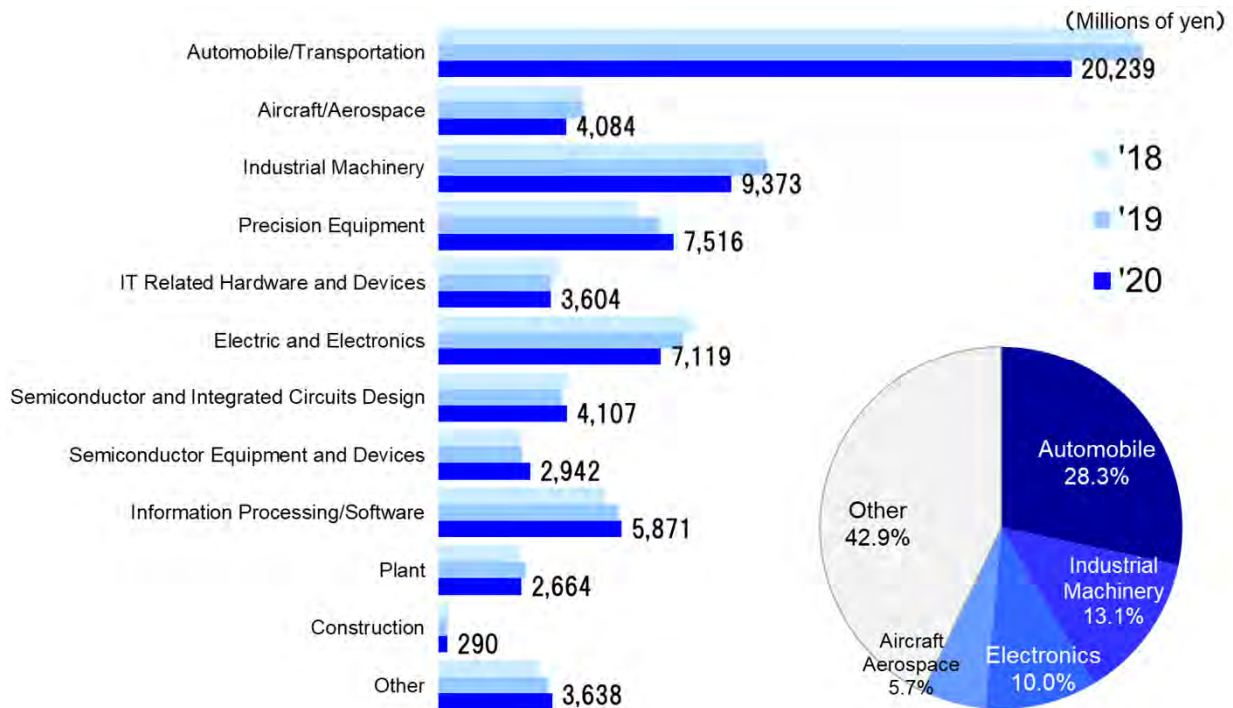
FY2015			FY2019			FY2020		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Canon		2	Denso		2	Denso	
3	Denso		3	Sony Semiconductor Solutions		3	Sony Semiconductor Solutions	
4	Panasonic		4	Panasonic		4	Toyota Motor	
5	Toyota Motor		5	Toyota Motor		5	Panasonic	
6	Nikon		6	Nikon		6	Nikon	
7	Sony		7	Denso Ten		7	Denso Ten	
8	Kawasaki Heavy Industries		8	Canon		8	Hitachi High-Tech	
9	Mitsubishi Aircraft		9	Nippon Steel		9	Subaru	
10	Omron		10	Subaru		10	Nippon Steel	
Top 10 Total	18,040	26.2%	Top 10 Total	17,720	23.5%	Top 10 Total	17,589	24.6%
Top 20 Total	24,867	36.1%	Top 20 Total	26,048	34.6%	Top 20 Total	25,145	35.2%
Others	44,011	63.9%	Others	49,249	65.4%	Others	46,308	64.8%
Total	68,878	100.0%	Total	75,297	100.0%	Total	71,452	100.0%

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- This shows Meitec's top 10 clients by sales.
- There have been some changes in the clients making up the top 10.
- Through technological innovation, automation and robotics are evolving in a broad range of fields, starting with production and manufacturing sites and including the service industry.
- In developing new products and services in these types of fields, while constantly watching client trends, we will intentionally shift resources. We will intentionally rotate Meitec's engineers to growth sectors, fields, and new technological areas based on the new projects and new development themes of our clients. In this way, we will continue to build the careers and hone the technical capabilities of our engineers while increasing the added value provided to our clients.
- Offering services for a wide range of work segments without depending on certain clients is truly one of the strengths of Meitec that we will continue to enhance the strength 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 continues to make up a high percentage of sales, a trend we also saw in the previous fiscal year.
- Through our transactions with clients in a wide range of fields and industries, Meitec can intentionally shift engineers to other industries and fields. We are working to continue to respond to the needs of clients in accelerating technological fields including digitalization and technological innovation.

2. Progress on Mid-term Management Plan

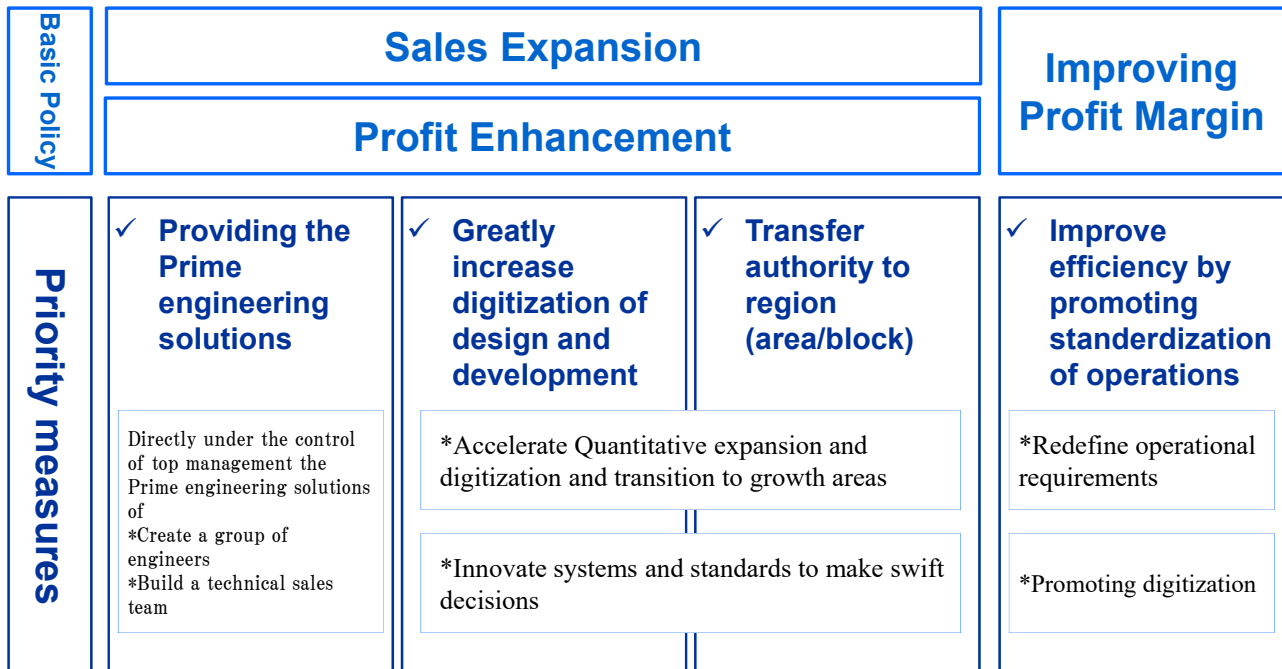
Disclaimer regarding the description of the medium-term management plan

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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- I will now discuss the progress on Mid-term Management Plan.
- Under the Mid-term Management Plan, “The Transformation,” that was started in April 2020, the Group will transform the business model, pursue high added value as a unified group while maintaining the high quality cultivated up until now, and work to transform into a corporate group that is “The Only One.”

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



- This slide shows our basic policy and priority measures.
- To pursue high added value as a unified group, we are pursuing our four priority measures based on the three basic policies.

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

Priority measures	Progress of the first term
✓ Providing the Prime engineering solutions	<ul style="list-style-type: none"> • Promoting the establishment of sales methods to offer solutions suitable for Prime • Top management is currently meeting with engineers directly to obtain their support for creating a Prime group together
✓ Greatly increase digitization of design and development	<ul style="list-style-type: none"> • Number of active proposals is increasing and sales momentum is picking up • Expanding technical training for technologies and skills that engineers should possess • Continuing the promotion of active hiring for medium- to long-term growth and development
✓ Transfer authority to region (area/block)	<ul style="list-style-type: none"> • Due to unprecedented "restrictions on movement of people," relocation of operations, etc., is on hold (however, we do not intend to revise our original plan at this time)
✓ Improve efficiency by promoting standerdization of operations	<ul style="list-style-type: none"> • Plan to accurately assess the actual situation delayed due to "restrictions on movement of people"

- This shows the status of our progress in each priority measure.
- In the first term, we needed to revise the implementation periods and methods of certain measures due to the impact of COVID-19 pandemic. However, by establishing and ensuring the quality of engineering solutions through Prime, we worked to increase the number of engineers, accelerate regional hiring, and increase the speed of our decision-making. We will continue to aim to achieve our targets from the second term onward.

See page 25: Disclaimer regarding the description of the medium-term management plan

(Billion Yen)		FY2020		FY2022
		Forecast	Actual	Target
Group Consolidated	Net Sales	97.5	96.6	135.0
	Operating Profit	9.9	10.2	18.0
	Margin	10.2%	10.6%	13%
	Profit	6.6	7.0	12.0
	ROE	—	15.8%	25% or more
Meitec	Net Sales	71.6	71.5	90.0
	Operating Profit	8.1	8.6	13.5
	Margin	11.3%	12.0%	15%
Meitec Fielders	Net Sales	21.8	21.3	40.0
	Operating Profit	1.3	1.2	3.6
	Margin	6.1%	5.5%	9%

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- This slide shows the results of the first term.
- We will continue to aim to produce our highest target levels ever; net sales of ¥135.0 billion, operating profit of ¥18.0 billion, margin of 13%, profit of ¥12.0 billion, and ROE of 25% or more on the Group consolidated basis for the fiscal year ending March 31, 2023.

3. Forecast for the Fiscal Year Ending March 31, 2022

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

- I will now discuss our forecasts for the fiscal year ending March 31, 2022.

Forecast for the Fiscal Year Ending March 31, 2022 (Group Consolidated)

- ✓ Due to the uncertain future, the full-year earnings forecast has been postponed and the reasonably estimated cumulative earnings forecast up to the second quarter has been announced.
- ✓ Continue to actively hire to achieve the medium-term plan and achieve sustainable growth.
- ✓ Net sales is forecasted to increase by 10.0% year on year → We expect that the utilization ratio, which had fallen due to delays in assigning new employees in the previous fiscal year, will increase.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2022	Forecast 1st half ending 'Sept.30, 2021	YoY Amount	% Change
Net sales	non-disclosure	51,800	+ 4,708	+ 10.0%
Cost of sales		38,600	+ 3,292	+ 9.3%
SG&A Expenses		8,000	+ 1,094	+ 15.9%
Operating profit		5,200	+ 321	+ 6.6%
Operating profit margins		10.0%	(0.4%)	
Ordinary profit		5,200	+ 292	+ 6.0%
Profit attributable to owners of parent		3,500	+ 361	+ 11.5%
Earnings per Share	non-disclosure	128.63	+ 14.90	

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- This shows our consolidated forecasts for the Group.
- Because it is still uncertain when COVID-19 will be brought under control, we have had to postpone the release of our current full-year earnings forecast as we had to do last year. We are providing a forecast for the cumulative period through the second quarter that can be reasonably estimated.
- Considering our recent operating status, the outlook through the second quarter, and improvement in the utilization ratio which had declined due to delays in assigning new employees in the previous period, we forecast net sales of ¥51.8 billion, up 10% year on year, operating profit of ¥5.2 billion, up 6.6% year on year, and profit attributable to owners of parent of ¥3.5 billion, up 11.5% year on year.

Forecast for the Fiscal Year Ending March 31, 2022 (Meitec)

- ✓ Net sales is forecasted to increase by 7.3% year on year → We expect that the utilization ratio, which had fallen due to delays in assigning new employees in the previous fiscal year, will improve.
- ✓ SG&A expenses are forecasted to increase by 11.2% YoY → We expect that hiring-related expenses, system-related expenses, etc., will increase.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2022		YoY Amount		Forecast 1st half ending Sept.30, 2021	YoY Amount	% Change		
	Net sales	non-disclosure				37,400	+2,553	+7.3%	
Cost of sales	27,900					+1,686	+6.4%		
Cost of sales to Net sales	74.6%					(0.6%)			
SG&A Expenses	5,200					+523	+11.2%		
Operating profit	4,300					+343	+8.7%		
Operating profit margins	11.5%					+0.1%			
Ordinary profit	4,800					(99)	(2.0%)		
Profit	3,400					(29)	(0.9%)		
Utilization ratio (Company-wide)	non-disclosure					92.2%	+2.7%		
Working Hours<h/day>	non-disclosure					8.44	+0.27		
Number of Recruitment	702	+140	Target of the New Graduates to be hired for April 2022		To Apr. 2021				
Newly graduated	462	+63							
Mid-career	In-house target 240	+77							
Turnover Ratio	4.8%	(0.8%)	480	+18					

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- This shows our forecasts for Meitec.
- We forecast net sales of ¥37.4 billion, up 7.3% year on year, and operating profit of ¥4.3 billion, up 8.7% year on year.
- The reason for the increase in SG&A expenses is the expected increase in hiring- and system-related expenses.
- In light of this, we forecast profit of ¥3.4 billion, down 0.9% year on year.
- Furthermore, we forecast that the utilization ratio will increase by 2.7% year on year, considering our latest operating status and the expected delay in assigning new employees compared to normal years as a result of continuing to conduct training with measures to prevent the spread of COVID-19.

Forecast for the Fiscal Year Ending March 31, 2022 (Meitec Fielders)

- ✓ Net sales is forecasted to increase by 17.8% year on year → We expect that the number of engineers assigned to clients will increase significantly due to active hiring.
- ✓ SG&A expenses are forecasted to increase by 24.9% YoY → We expect that hiring-related expenses will increase due to active hiring.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2022	YoY Amount	Forecast 1st half ending Sept.30, 2021	YoY Amount	% Change		
Net sales	non-disclosure		12,100	+1,827	+17.8%		
Cost of sales			9,500	+1,492	+18.6%		
Cost of sales to Net sales			78.5%	+0.6%			
SG&A Expenses			2,000	+398	+24.9%		
Operating profit			600	(64)	(9.7%)		
Operating profit margins			5.0%	(1.5%)			
Ordinary profit			600	(63)	(9.5%)		
Profit			400	(54)	(12.0%)		
Utilization ratio (Company-wide)			non-disclosure		84.2%	(1.6%)	
Working Hours<h/day>					8.41	+0.25	
Number of Recruitment	1,302	+463	Target of the New Graduates to be hired for April 2022		To Apr. 2021		
Newly graduated	302	+85					
Mid-career	In-house target 1,000	+378					
Turnover Ratio	8.4%	(0.9%)	400	+98			

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- This shows our forecasts for Meitec Fielders.
- We forecast net sales of ¥12.1 billion, up 17.8% year on year, and operating profit of ¥0.6 billion, similar to the same period of the previous fiscal year.
- We are expecting SG&A expenses to increase 24.9% year on year due to aiming of an increase in the number of recruitment.

Hiring Target for the Fiscal Year Ending March 31, 2022

Mid-career (FY 2022/3)

- While it is unclear when the COVID-19 pandemic will end, hiring needs for engineers with immediate working capabilities are overheating centered on DX personnel.
- ✓ We are promoting active hiring while maintaining our hiring standards, with an eye on medium- to long-term growth and development.
- ✓ We aim to secure the number of hires by using various media to actively communicate our understanding of the “lifetime professional engineers” career style and our approach to career advancement.

New Graduates (Joined April 2022)

- Companies’ hiring needs for science students are further increasing, and hiring competition is intensifying with student’s job searching methods and companies’ selection processes becoming more diverse amid the COVID-19 pandemic.
- ✓ Creating understanding and showing students the appeal of a lifetime professional engineering career through internship programs, etc.
- ✓ Continuing hiring activities that value applicants’ orientations (such as the desire for growth), with the top priority placed on ensuing applicants’ safety.
- ※ As we are working to continuously realize the provision of solutions that are involved in the development of state-of-the-art technology and the latest products at the design and development department, the hiring standard cannot be lowered

(person)	Fiscal Year Ending March 31, 2022					Fiscal Year Ending March 31, 2023	
	New Graduates April 2021 (Actual)	Mid-career		Total		New Graduates April 2022	Comparison to Previous Year
		In-house target	Comparison to Previous Year	In-house target	Comparison to Previous Year		
Meitec	462	240	+77	702	+140	480	+18
Meitec Fielders	302	1,000	+378	1,302	+463	400	+98
Total	764	1,240	+455	2,004	+603	880	+116

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- This shows our hiring target.
- For mid-career hires for the fiscal year ending March 31, 2022, we are targeting large increases of 240 hires year on year by Meitec and of 1,000 hires by Meitec Fielders, as our in-house targets.
- While manufacturing companies that compete with us for hiring have reopened hiring, and we predict that the challenging environment will continue, Meitec Fielders aims to become No. 1 in the Mid-range Zone as put forth in our Mid-Term Management Plan, and we have set particularly ambitious hiring targets.
- For new graduate recruitment, we have set a hiring target exceeding the number of hires in April 2021.
- Meitec ranks 13th among Japanese companies, and second for the number of science and engineering graduates, according to a ranking of new graduates hiring targets noted in a newspaper article. This illustrates how we continue to have ambitious hiring target.
- While the targets are high, the Group is working to welcome many people as members of the Meitec Group, to create an environment where mostly science and engineering graduates can be active as lifetime engineers, and to promote business activities that contribute to our clients’ technological development, as we work to strengthen hiring.

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.

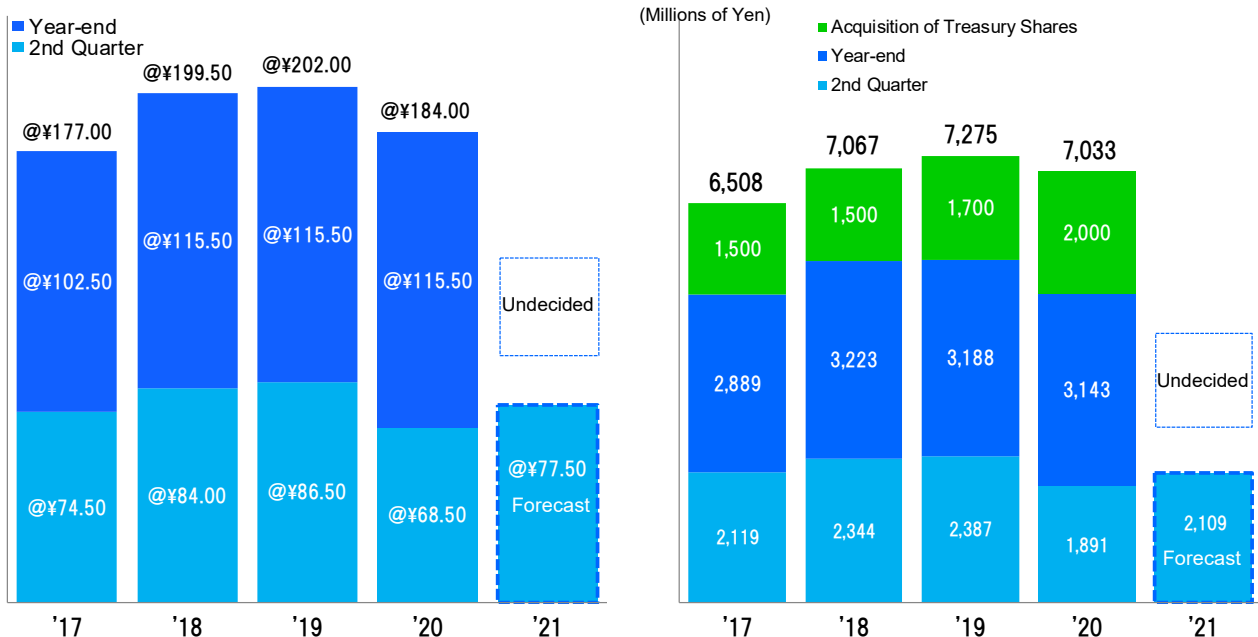
Revised Nov. 2018 Revised May 2017 Revised May 2014 Profit distribution policy	1. Enhance “quality and quantity” of the shareholders’ equity 2. Balance of funds exceeds the funds necessary for business operations* (*3 months consolidated net sales)	
	Total Return Ratio : Basically within 100%	
Dividend	Dividend related to performances : Equal or more than 50% of consolidated profit	
	Minimum Dividend : Consolidated Dividend on Equity ratio (DOE) 5%	
Treasury shares acquisition, possession and retirement	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.

- This shows our profit distribution.
- At present, because we have mostly enhanced “quality and quantity” of shareholders’ equity, our total return ratio will be within 100%, in line with our basic policy.

Results and Forecast of Profit Distribution

- ✓ The year-end dividend for FY2020 will be ¥115.50 per share, and together with the interim dividend of ¥68.50 per share, this will result in an annual dividend of ¥184.00 per share.
- ✓ For FY2021, based on our forecasts, we will announce only the interim dividend forecast, with a dividend payout ratio of 60%.
- ✓ While we do plan to execute a purchase of treasury shares, the timing is yet to be determined.



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- Lastly, I will discuss our results and forecast of profit distribution.
- As for the year-end dividend of the fiscal year ended March 31, 2021, we increase our dividend by ¥17.00 per share to ¥ 115.50 per share from the forecast of ¥98.50 per share announced in October 2020, because profit attributable to owners of parent exceeded our forecast. We will seek approval for this higher dividend at the general meeting of shareholders. Together with the interim dividend of ¥68.50 per share, this will result in an annual dividend of ¥184.00 per share, down ¥18.00 per share.
- In accordance with our basic policy, the profit distribution for the fiscal year ending March 31, 2022 will in principle be a total return ratio of within 100%. As I just explained, we have postponed our full-year earnings forecast. As such, our forecast covers the period through the interim dividend, and we are postponing our forecasts for both the year-end dividend and the amount of purchase of treasury shares.
- Based on the second quarter cumulative earnings forecast, we are forecasting an interim dividend of ¥77.50.
- That ends my presentation today.
Through the power of technology made possible by the Company's businesses, we will pursue businesses that provide new development of products and high added value to our clients. Furthermore, our present goal is to pursue solutions to social issues toward a sustainable society, and through new services and product development made possible through our technical capabilities, we are conducting management with the aim of contributing to an abundant, sustainable society.
We appreciate your continuing support and understanding. Thank you for listening.

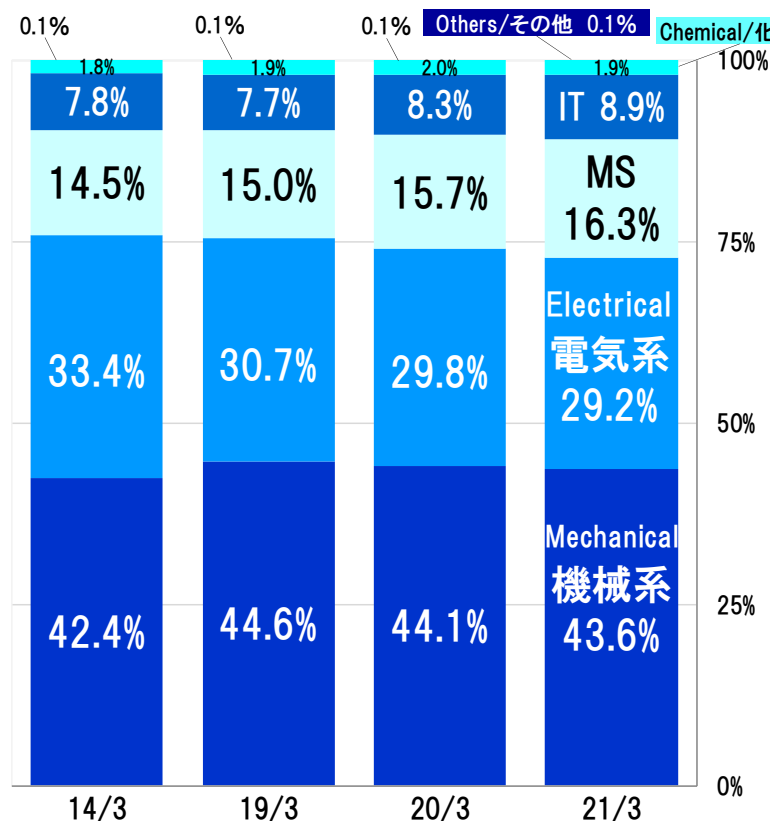
4. Reference Materials

Results for the Fiscal Year Ended March 31, 2021

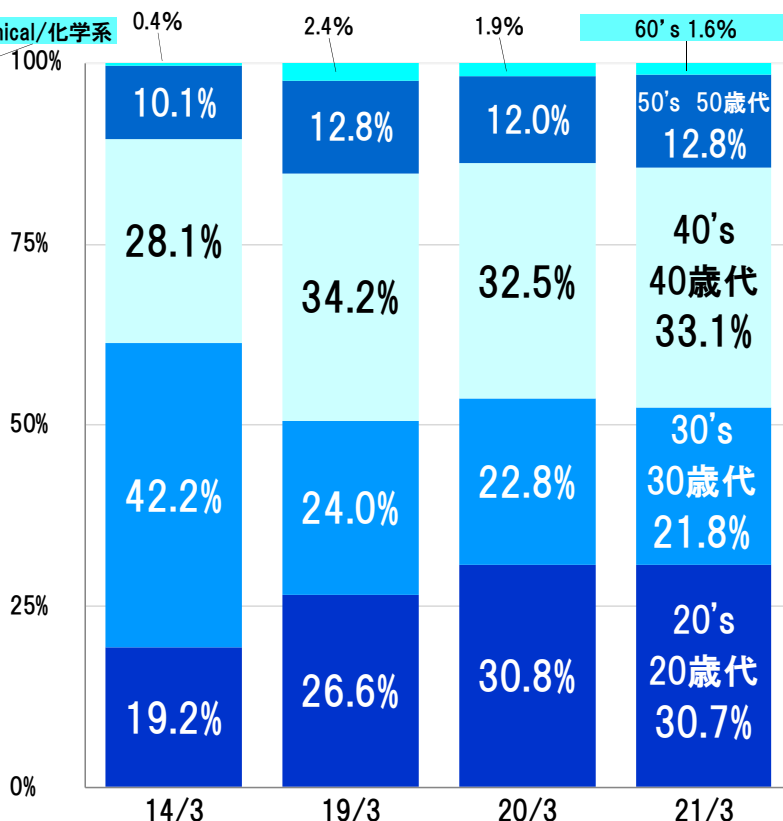
	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
(Fractions of one million yen are rounded down)					
Net sales	71,452	21,308	2,899	182	1,216
YoY Amount	(3,844)	(74)	+9	+55	(422)
% Change	(5.1%)	(0.4%)	+0.3%	+43.5%	(25.8%)
Operating profit	8,600	1,178	222	0	273
YoY Amount	(1,782)	(765)	+36	+2	(160)
% Change	(17.2%)	(39.4%)	+19.6%	—	(36.9%)
Ordinary profit	9,547	1,177	232	6	274
Profit	6,823	805	150	4	177

Distribution of Engineers by Technical Fields and Age (Meitec)

技術分野/Technical field



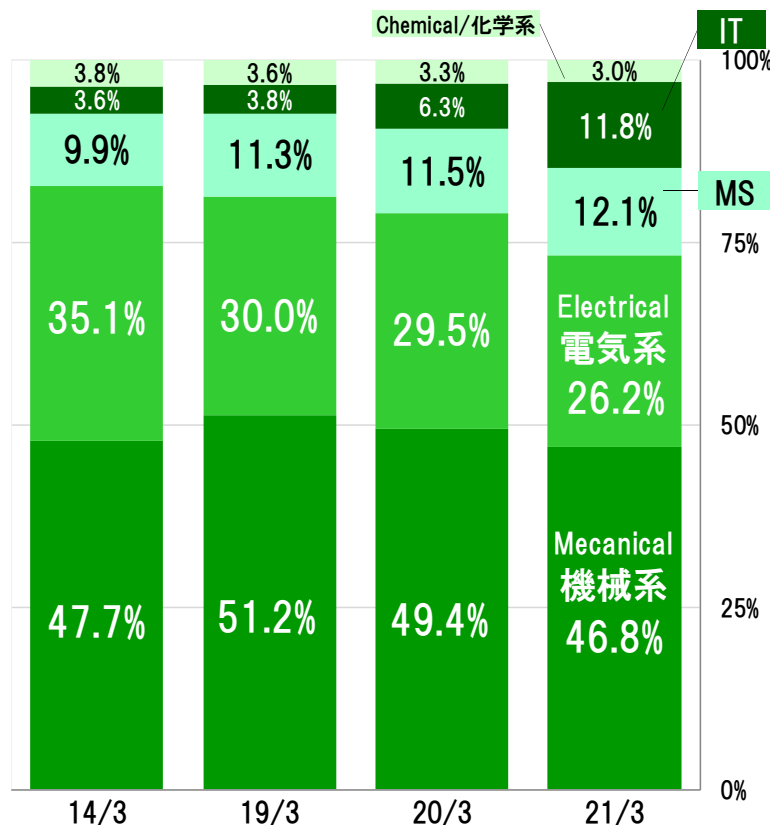
年齢/According to age



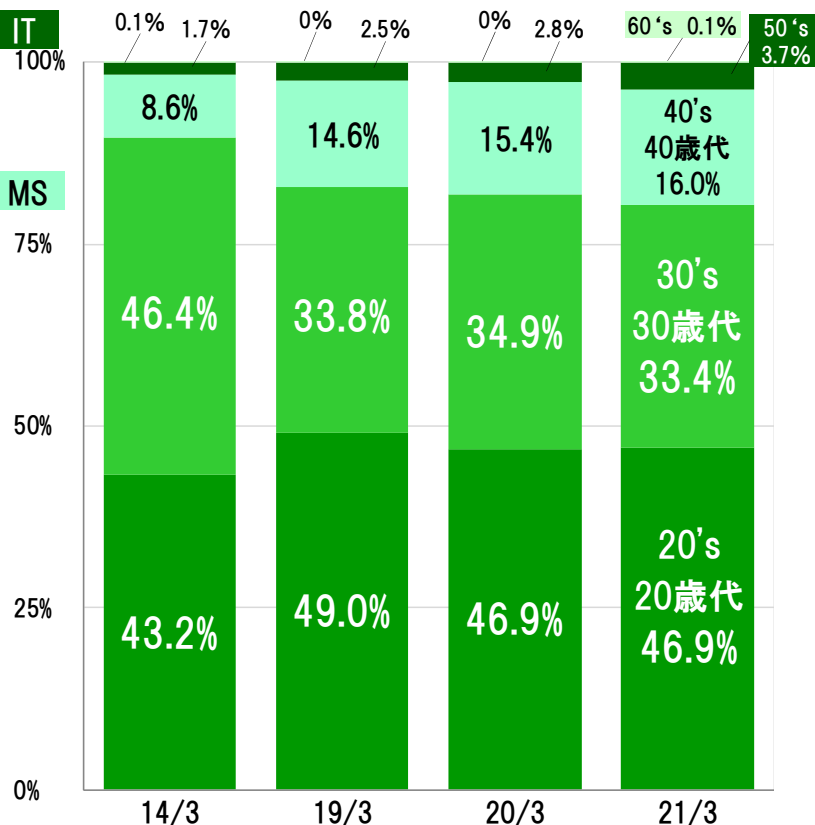
MS: Micro Computer System

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

技術分野/Technical field



年齢/According to age



MS: Micro Computer System

Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec	FY2016	FY2017	FY2018	FY2019	FY2020			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	19,555	21,183	22,214	22,513	20,239	28.3%	(2,274)	(10.1%)
Aircraft/Aerospace	5,565	5,026	4,646	4,636	4,084	5.7%	(551)	(11.9%)
Industrial Machinery	10,331	10,123	10,425	10,544	9,373	13.1%	(1,171)	(11.1%)
Precision Equipment	5,245	5,809	6,389	7,069	7,516	10.5%	+446	+6.3%
IT Related Hardware and Devices	4,254	4,005	3,831	3,615	3,604	5.0%	(11)	(0.3%)
Electric and Electronics	8,193	8,405	8,172	7,831	7,119	10.0%	(712)	(9.1%)
Semiconductors and Integrated Circuits Design	4,024	4,088	4,159	3,962	4,107	5.7%	+145	+ 3.7%
Semiconductor Equipment and Devices	2,043	2,345	2,649	2,698	2,942	4.1%	+244	+ 9.1%
Information Processing/Software	5,008	5,233	5,347	5,778	5,871	8.2%	+92	+ 1.6%
Plant	2,518	2,547	2,608	2,823	2,664	3.7%	(159)	(5.6%)
Construction	373	389	357	295	290	0.4%	(5)	(1.8%)
Others	2,968	3,094	3,234	3,526	3,638	5.1%	+112	+3.2%
Total	70,083	72,252	74,036	75,297	71,452	100.0%	(3,844)	(5.1%)

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Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

Meitec Fielders	FY2016	FY2017	FY2018	FY2019	FY2020			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	5,455	5,843	6,406	6,761	6,117	28.7%	(644)	(9.5%)
Aircraft/Aerospace	366	388	359	401	397	1.9%	(4)	(1.1%)
Industrial Machinery	2,157	2,621	3,280	3,984	4,012	18.8%	+28	+ 0.7%
Precision Equipment	1,760	2,149	2,395	2,709	2,838	13.3%	+128	+ 4.7%
IT Related Hardware and Devices	565	651	693	782	644	3.0%	(138)	(17.6%)
Electric and Electronics	1,827	1,984	2,169	2,231	2,191	10.3%	(40)	(1.8%)
Semiconductors and Integrated Circuits Design	511	610	690	702	731	3.4%	+29	+ 4.2%
Semiconductor Equipment and Devices	672	950	1,311	1,351	1,163	5.5%	(187)	(13.9%)
Information Processing/Software	336	466	513	766	1,142	5.4%	+376	+ 49.1%
Plant	561	588	601	710	922	4.3%	+212	+ 29.9%
Construction	22	83	103	11	9	0.0%	(2)	(17.4%)
Others	628	642	809	969	1,136	5.3%	+167	+ 17.2%
Total	14,865	16,981	19,336	21,383	21,308	100.0%	(74)	(0.4%)

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Trend of Performances (Group Consolidated)

(Millions of Yen)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales	83,223	82,229	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
Cost of sales	56,685	57,701	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
Cost of sales to Net sales	68.1%	70.2%	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%
Gross profit	26,538	24,528	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
Selling, general and administrative expenses	14,053	12,946	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
SG&A expenses to Net sales	16.9%	15.7%	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%
Operating profit	12,485	11,581	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
Operating profit margins	15.0%	14.1%	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%
Non-operating income	137	74	84	87	4,729	2,146	114	97	50	113	29	20	19	15	55	81
Non-operating expenses	59	169	115	107	77	178	32	24	51	10	58	17	11	7	6	9
Ordinary profit	12,562	11,487	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
Ordinary profit margins	15.1%	14.0%	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%
Extraordinary income	538	5	6	13	32	378	—	58	—	20	1,084	31	337	26	—	—
Extraordinary loss	2,235	5,092	1,826	1,094	130	234	4	215	146	3,621	65	45	262	18	3	4
Profit before income taxes	10,866	6,400	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
Total income taxes and others	5,563	6,105	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
Profit attributable to owners of parent	5,302	295	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
Profit margins	6.4%	0.4%	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%

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Trend of Performances (Meitec)

(Millions of Yen)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales	61,425	61,795	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
Cost of sales	42,380	43,134	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
Cost of sales to Net sales	69.0%	69.8%	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%
Gross profit	19,045	18,660	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
Selling, general and administrative expenses	7,913	8,039	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
SG&A expenses to Net sales	12.9%	13.0%	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%
Operating profit	11,131	10,621	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
Operating profit margins	18.1%	17.2%	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%
Non-operating income	458	4,988	356	564	3,840	1,976	389	314	426	523	517	601	769	769	913	956
Non-operating expenses	33	109	48	76	53	150	14	19	426	10	52	16	6	6	5	8
Ordinary interests in income	11,556	15,500	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
Ordinary profit margins	18.8%	25.1%	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%
Extraordinary income	102	5	3	7	2	3	—	462	—	324	1,088	200	364	16	—	—
Extraordinary loss	132	10,202	2,084	2,912	626	318	66	228	372	3,673	50	222	261	52	2	4
Profit before income taxes	11,526	5,304	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
Total income taxes	4,706	5,388	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
Profit	6,820	(83)	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
Profit margins	11.1%	(0.1%)	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%

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Trend of Performances (Meitec Fielders)

(Millions of Yen)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales	10,382	10,748	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
Cost of sales	7,655	7,888	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
Cost of sales to Net sales	73.7%	73.4%	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%
Gross profit	2,727	2,859	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
Selling, general and administrative expenses	1,357	1,551	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
SG&A expenses to Net sales	13.1%	14.4%	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%
Operating profit	1,369	1,308	1,310	819	(1,461)	575	537	648	856	1,073	1,204	1,346	1,456	1,734	1,944	1,178
Operating profit margins	13.2%	12.2%	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%
Non-operating income	3	3	10	6	848	182	3	3	1	—	—	1	—	1	1	—
Non-operating expenses	—	1	1	—	5	1	—	—	15	—	—	1	4	—	—	2
Ordinary profit	1,373	1,310	1,319	825	(618)	757	540	651	841	1,074	1,205	1,346	1,452	1,735	1,945	1,177
Ordinary profit margins	13.2%	12.2%	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%
Extraordinary income	6	—	—	—	—	1	—	—	—	—	—	—	1	—	—	—
Extraordinary loss	3	4	5	13	2	1	—	—	—	5	7	—	—	—	—	—
Profit before income taxes	1,376	1,306	1,314	811	(620)	756	540	651	841	1,068	1,198	1,346	1,453	1,735	1,945	1,177
Total income taxes	560	537	544	344	313	(187)	264	272	358	420	412	301	422	444	484	370
Profit	816	768	769	467	(933)	943	275	378	483	648	786	1,045	1,031	1,291	1,461	805
Profit margins	7.9%	7.1%	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%

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Trend of Performances (Meitec Next)

(Millions of Yen)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales		8	252	480	334	438	593	734	872	1,131	1,321	1,483	1,662	1,762	1,639	1,216
Cost of sales																
Cost of sales to Net sales																
Gross profit		8	252	480	334	438	593	734	872	1,131	1,321	1,483	1,662	1,762	1,639	1,216
Selling, general and administrative expenses		207	470	559	349	333	446	512	577	746	887	966	1,116	1,203	1,204	942
SG&A expenses to Net sales		2,587.5%	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%
Operating profit		(198)	(217)	(78)	(14)	104	147	221	295	385	433	517	545	559	434	273
Operating profit margins		(2,475.0%)	(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%
Non-operating income		—	—	—	2	2	—	—	—	—	—	—	—	—	—	—
Non-operating expenses		—	—	—	—	—	—	—	—	—	—	—	—	—	1	—
Ordinary profit		(198)	(217)	(78)	(12)	106	147	221	295	385	433	517	545	559	432	274
Ordinary profit margins		(2,475.0%)	(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%
Extraordinary income		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes		(198)	(217)	(78)	(13)	106	147	221	295	385	433	517	544	559	432	274
Total income taxes		—	—	1	—	—	—	19	95	141	145	182	193	198	152	96
Profit		(199)	(217)	(79)	(14)	105	147	201	200	243	288	334	350	361	279	177
Profit margins		(2,487.5%)	(86.1%)	(16.5%)	(4.2%)	24.0%	24.8%	27.4%	22.9%	21.5%	21.8%	22.6%	21.1%	20.5%	17.1%	14.6%

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Trend of Balance Sheets (Group Consolidated)

(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
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
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
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
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
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
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
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
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
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
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
Other net assets	(461)	(449)	(577)	(658)	(651)	(808)	(841)	(2,111)	(2,054)	(2,367)	(2,116)	(1,939)	(1,802)	(1,623)	(1,426)
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

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
Cash flows from investing activities	(955)	124	623	(19)	287	(292)	(465)	(398)	(275)	1,487	(325)	(464)	(240)	(536)	(307)
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)
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)

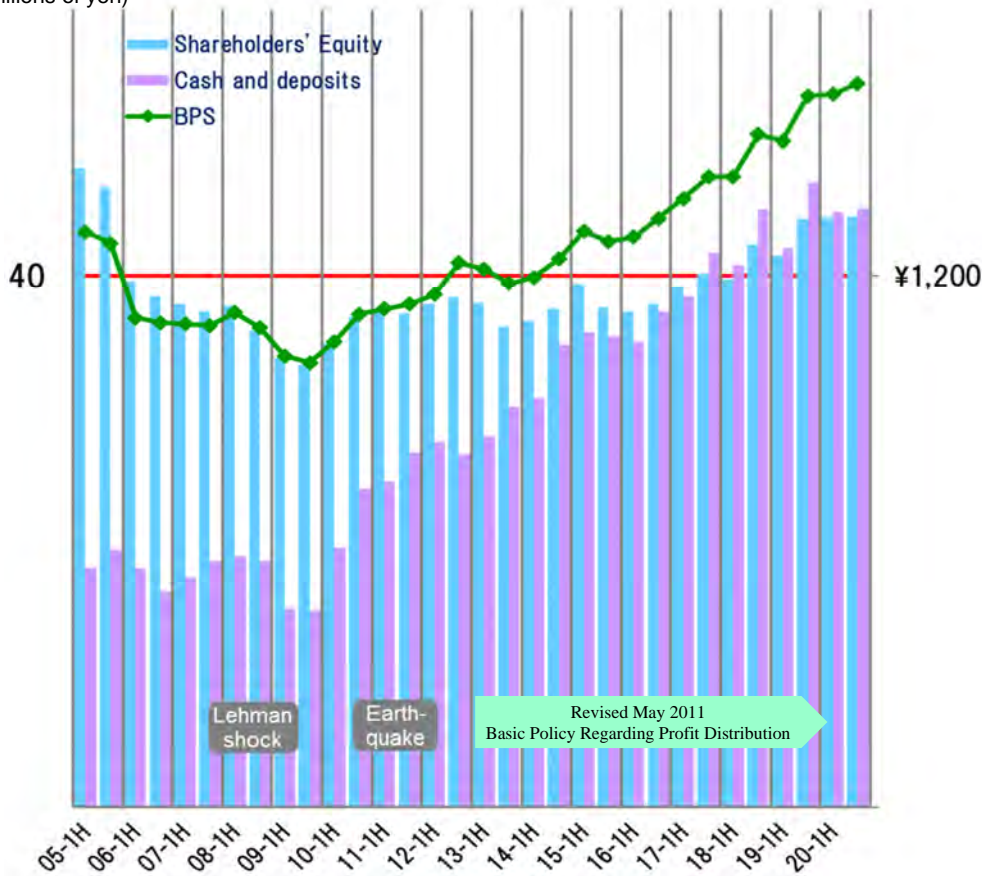
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Trend of Profit Distributions and Forecast

(Fractions of one million yen are rounded)	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Actual FY2020	Forecast FY2021	
Total Return Ratio	24.7%	92.9%	99.0%	101.2%	116.8%	100.0%	100.1%	80.0%	80.0%	80.0%	100.1%		
Dividend Payout ratio	24.7%	68.5%	53.2%	56.1%	92.4%	53.5%	55.2%	61.8%	63.3%	61.5%	71.9%		
Dividend on Equity	2.6%	5.2%	8.4%	6.0%	9.2%	11.4%	11.6%	12.9%	13.6%	12.9%	11.4%		
Annual Dividends	Per Share	@¥27.50	@¥58.50	@¥99.00	@¥72.00	@¥111.00	@¥144.00	@¥151.50	@¥177.00	@¥199.50	@¥202.00	@¥184.00	
	Millions of Yen	911	1,925	3,134	2,220	3,373	4,286	4,344	5,008	5,567	5,575	5,033	
	2nd Quarter		@¥29.00	@¥30.00	@¥31.50	@¥44.00	@¥63.00	@¥68.00	@¥74.50	@¥84.00	@¥86.50	@¥68.50	@¥77.50
	Millions of Yen		961	981	983	1,344	1,908	1,968	2,119	2,344	2,387	1,891	2,109
Year-end	Per Share	@¥27.50	@¥29.50	@¥69.00	@¥40.50	@¥67.00	@¥81.00	@¥83.50	@¥102.50	@¥115.50	@¥115.50	@¥115.50	
	Millions of Yen	911	965	2,153	1,237	2,029	2,378	2,375	2,889	3,223	3,188	3,143	
Acquisition of Treasury Shares	Thousands of shares		421	1,506	641	269	921	915	257	280	303	390	
	Millions of Yen		700	2,800	1,800	899	3,799	3,600	1,500	1,500	1,700	2,000	
Total Shareholders Return	Millions of Yen	911	2,625	5,934	4,020	4,273	8,086	7,944	6,508	7,067	7,275	7,033	
Retirement of Treasury Stock	Thousands of shares		400	1,700	500	300	900	1,300		700	300	400	
Stock Price TSE#9744	As of April 1	¥1,893	¥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	¥1,664	¥1,669	¥2,343	¥2,930	¥4,025	¥3,935	¥4,520	¥5,890	¥5,030	¥4,300	¥6,110	
Earnings per Share		@¥111.33	@¥85.45	@¥186.08	@¥128.30	@¥120.12	@¥269.24	@¥274.32	@¥286.64	@¥315.43	@¥328.36	@¥255.78	
Net Assets per Share		@¥1,112.69	@¥1,135.10	@¥1,229.62	@¥1,182.85	@¥1,238.78	@¥1,278.59	@¥1,330.57	@¥1,424.01	@¥1,518.42	@¥1,606.03	@¥1,634.43	

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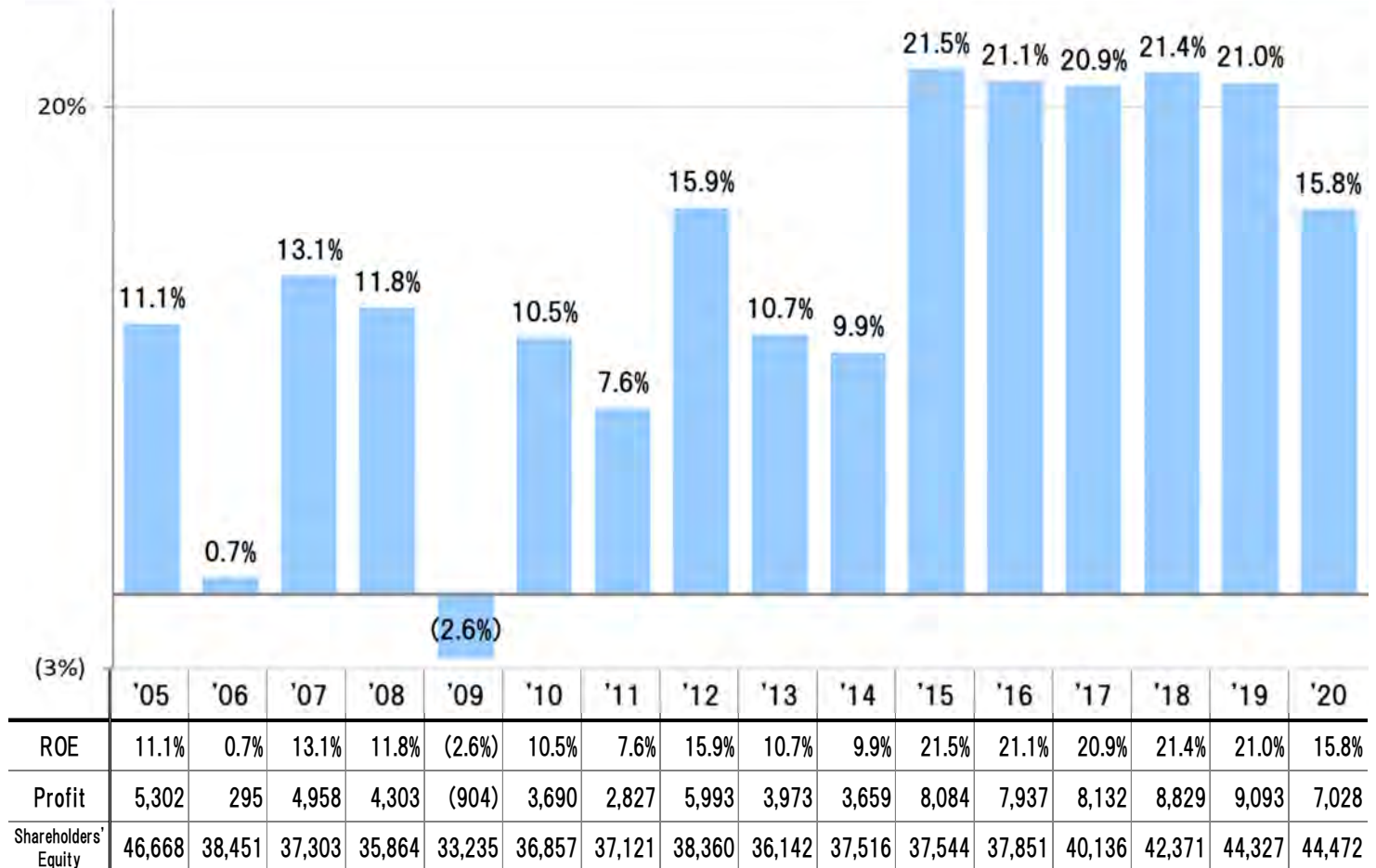
(billions of yen)



- 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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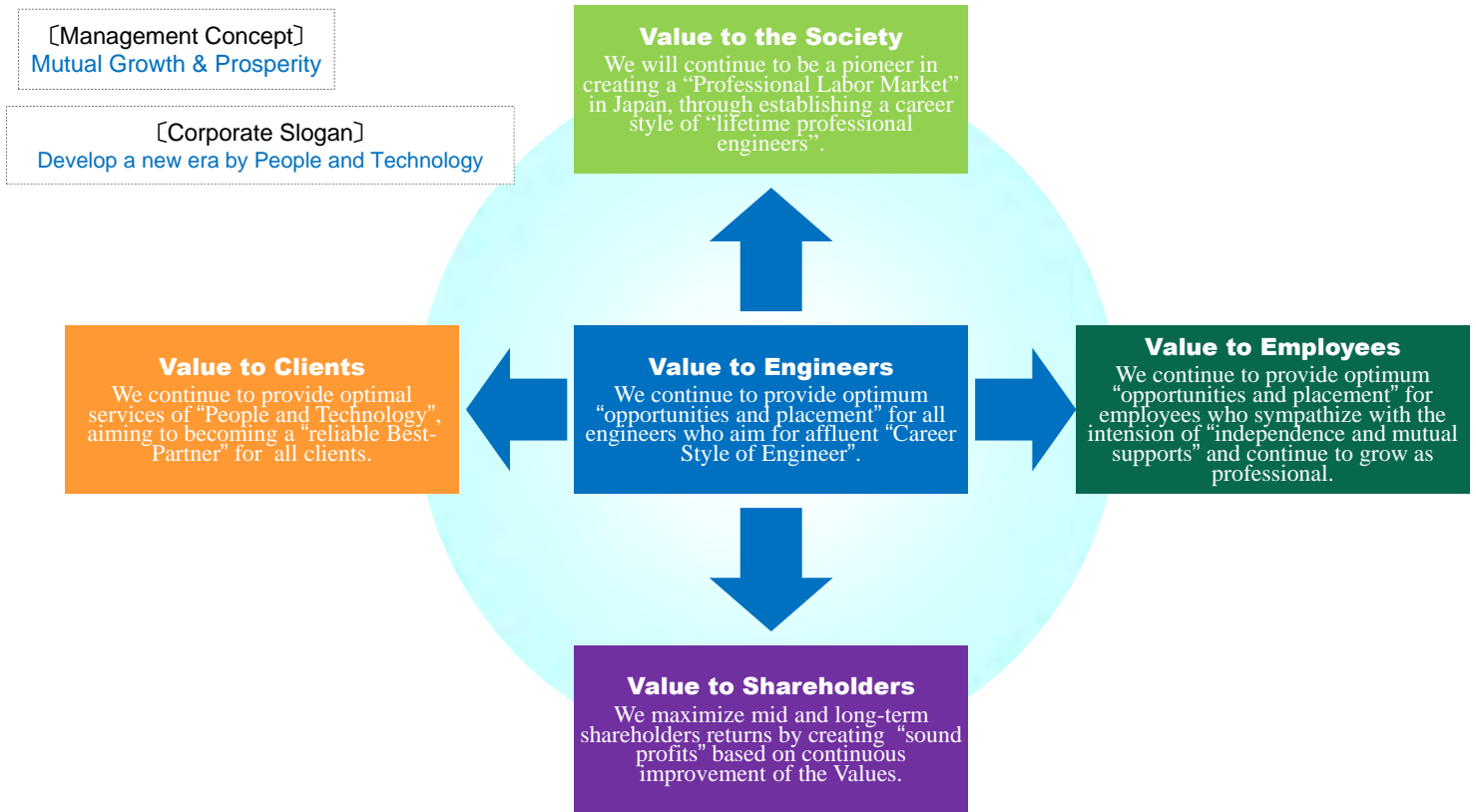
Trend of ROE



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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.



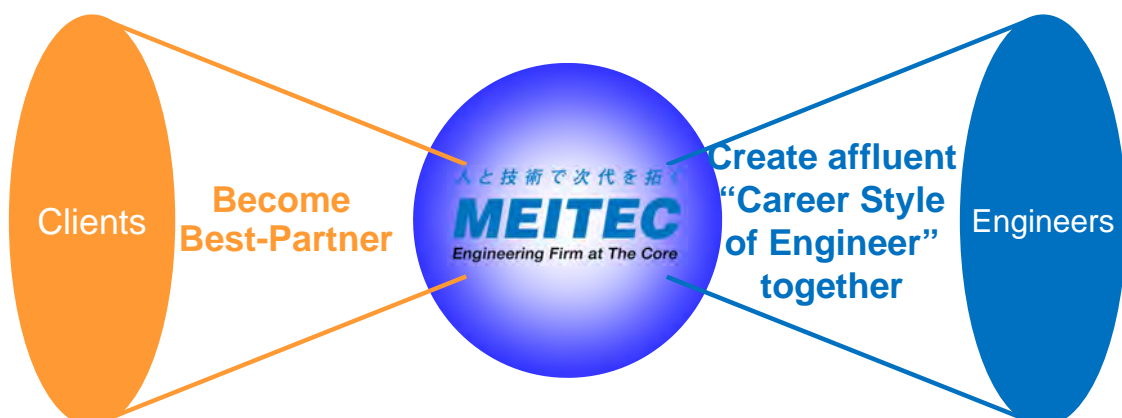
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Purpose to pursued

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.



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.

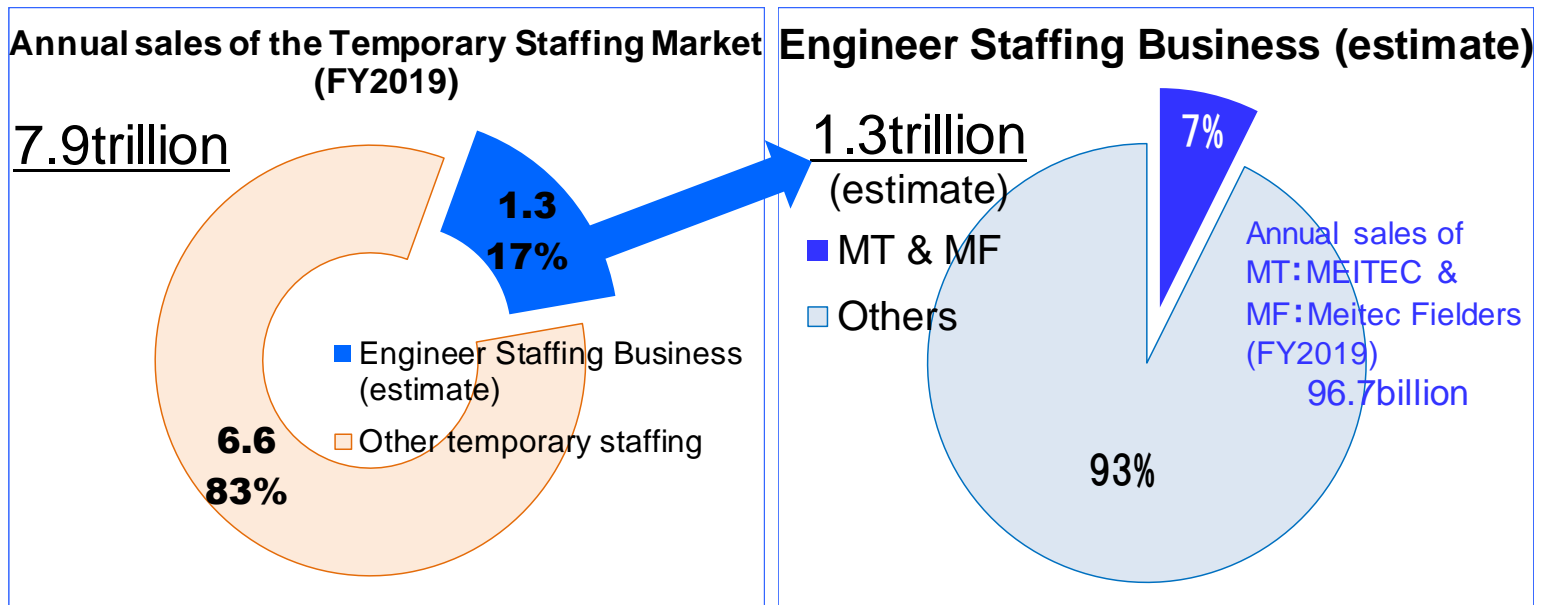
Engineering Firm at The Core

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



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Market of Engineer Staffing Business (estimate)



March-2021		Engineer Staffing (estimate)
Meitec	Meitec Fielders	
¥5,324	¥3,841	approx. ¥3,700

I. Organization of the Company

1. Type of organization

Corporation with audit & supervisory board

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

i. Corporate Governance Committee

Chairman: Outside Director; Members: All Directors

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

ii. Officer Appointment Advisory Committee

Chairman: Outside Director;

Members: CEO and Outside Directors

Evaluating appropriateness of processes

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

CEO Candidates Screening Council

II. Executives(As of March 31, 2021)

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

III. Calculation Method of Executive Remuneration

Remuneration Amounts to Individual Executives

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

Performance-linked remuneration etc.

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

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Shareholders by Business Segments

Shareholder Segment	(As of the Fiscal year ended March 31, 2021)			
	Shareholders	%	Shares Held	%
Banks	9	0.2%	245,500	0.9%
Trust Banks	18	0.4%	7,971,000	27.9%
Life and nonlife insurance companies	27	0.6%	3,635,983	12.7%
Securities financing and other financial companies	7	0.2%	34,360	0.1%
Securities companies	25	0.6%	220,373	0.8%
Business concerns and other companies	66	1.5%	157,011	0.6%
Overseas companies and investors	241	5.3%	12,390,413	43.3%
Individuals and others	4,145	91.3%	3,945,360	13.8%
Total	4,538	100.0%	28,600,000	100.0%

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Tokyo Headquarters	Taito-ku, Tokyo
Nagoya Headquarters	Nishi-ku Nagoya
Stock listings	Tokyo Stock Exchange, 1st Section (No. 9744)
Incorporated	July 17, 1974
C l i e n t s	Approximately 1,200 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange
B r a n c h e s	41 Sales offices, including Tokyo, 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

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

Hideyo Kokubun
 President and CEO, COO
 MEITEC Group CEO

國分 秀世

