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May 26, 2020

**SUMMARY OF THE Q&A SESSION**  
**AT THE IR MEETING FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

MEITEC CORPORATION

1. Date: May 12, 2020, 16:00–16:50
2. Place: Teleconferencing Using Microsoft Teams
3. Q&A:
  - Q. Please let us know the details of both the present effects of the novel coronavirus disease (COVID-19) and the conditions surrounding newly graduated engineers and existing engineers (including those on standby).
  - A. Since the declaration of a state of emergency, our clients themselves have been called on to respond. At present at the Company, we have received requests for cooperation in responding to COVID-19 from around 70% of all the business locations of our transaction partners. Furthermore, more than 40% of all our engineers are involved in measures such as teleworking. The response has been either teleworking or staggered shifts, with very few engineers waiting at home or being furloughed. Therefore, we expect that there will be an extremely low possibility of predicting the termination of contracts, due to the response to COVID-19.  
That said, amid the trend of digitalization, our clients are working to carry out remote design and development, and the Company took a prompt response to meet those requests. We are still receiving requests for personnel cuts and furloughs from some clients close to manufacturing sites. However, no effects have materialized at present at the Company. As we continue to move forward, we expect both real and virtual development to accelerate further at all companies even when the response to COVID-19 ends. The Company will continue to create systems to meet the demand of our clients.
  - Q. In terms of the first half, I believe that the selection of assignments for newly graduated engineers typically starts in June. How far are you assuming this will be delayed due to COVID-19? Please also share with us what assumptions are being used for existing engineers.
  - A. Currently, newly graduated engineers are training at home (teleworking). At Meitec and Meitec Fielders, we believe it is a must to provide value to our clients after having properly implemented training in people skills as well as technical training in the various specialized fields for hired engineers. We wish to make that a priority not only in the short term, but also from a medium- to long-term perspective. Therefore, regarding the period from 1Q to 2Q, even if measures including teleworking end, we are considering a selection of assignments based on proper training and education. As such, there will be very few assignments in the first half for newly graduated engineers, and we are assuming that the assignments will be delayed into the second half.  
Our assumptions include our forecast that the number of completed contracts for existing engineers will be extremely small, as well as the feedback we are providing that the situation will not become like the Lehman Brothers shock. However, COVID-19 is affecting corporate performance, and we must pay extremely close attention to how development investment based on that performance is affected. Through the lessons of the Lehman Brothers shock, every client has some selection and concentration in their technological development investment. At present, we have gotten feedback that there have been no large changes, and therefore, in the high-end zone, we are reforming our business model of providing value with regard to our clients' technological issues to evolve it into a business with even greater added value.
  - Q. I believe that you have set more aggressive targets than normal in this new Mid-term Management Plan. I believe that the point of the priority measures on page 27 of the explanatory materials is to increase the value of the Prime engineering solutions. What is the difference between this and the discussion on

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enhancing the high-end zone in the previous Mid-term Management Plan? Furthermore, in terms of hiring, I believe the point is particularly to expand hiring at Meitec Fielders to higher levels than seen in the past. Please share the management philosophy that will be used to achieve these targets.

- A. Regarding the Prime, there is no change in our existing policy of enhancing the high-end portion for which all Meitec engineers are responsible. With this policy in place, I would like you to imagine us creating a top-class, separate brand that can resolve issues in response to the needs of our clients. In the field of design and development operations, rather than simply responding to the demand and desires of our clients, we will engage in initiatives such as system planning and consultations that actually connect to design and development, creating a program that responds to the prime field based on our existing added value and performance.
- Part of our management philosophy in hiring is “transferring authority to regions.” In addition to of course development in line with the needs of our clients, accelerating regional hiring and increasing the speed of decision-making are large parts of our strategy.
- However, in forming the preliminary candidate group, while communication through digitalization is being accelerated in response to COVID-19, reforming the process leading to the hiring decision including creating not only real connections but also virtual connections is also a large part of our strategy.
- Q. Do the quantitative targets in the new Mid-term Management Plan on page 28 in the explanatory materials refer to achieving target values through organic growth? Where there are attractive M&A deals, will the operating profit targets be increased?
- A. In terms of the new Mid-term Management Plan, we are envisioning organic growth. However, we have not eliminated expanded growth through M&A since the previous Mid-term Management Plan. The stance was to constantly acquire information, evaluate, and make flexible management decisions. Therefore, expanded growth through M&A will be considered separately from this new Mid-term Management Plan. However, as there are no companies like Meitec, I would like for us to continuously watch and evaluate Meitec Fielders’ Mid-range Zone.

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