

November 19, 2019

SUMMARY OF THE Q&A SESSION
AT THE IR MEETING FOR THE 2ND QUARTER ENDED SEPTEMBER 30, 2019

MEITEC CORPORATION

1. Date: November 7, 2019, 16:00–16:35
2. Place: Conference Room at Tokyo Head Office
3. Q&A:

Q. You have cited a greater number of newly graduated engineers joining the Company and tighter selection of engineers' work at places of employment as reasons for the decline in the utilization ratio (on pages 9 and 10 of explanatory materials). However, the utilization ratio is declining slightly even excluding newly graduated engineers.

Is this only due to the tighter selection of engineers' work, or, as I believe some clients are making partial reductions in development investment, are factors like those also included?

A. This is caused by the tighter selection of work. Considering the fast speed of recent technological innovation, we have focused on career building that can respond to the dynamically changing needs of our clients.

Q. The conversation over the tighter selection of engineers' work at places of employment began with the release of the current Mid-term Management Plan. At the results presentation meetings one and two years ago, you said that you were succeeding in maintaining high utilization ratios even with a tighter selection of engineers' work. Does this mean that you have made an even tighter selection of engineers' work this period than in the past?

A. We have not changed our basic approach, but we have made a tighter selection of assignments than in the past. Development is progressing quickly in fields including CASE, IoT, and AI, and our clients are also experiencing extremely dynamic change. We made even tighter selections to keep up with these changes.

Q. Please let us know the details of your hiring (on page 15 of explanatory materials). You have said that first-half hiring was steady and that you slightly increased your full-year mid-career hiring target. What are the details of the background behind these developments?

A. A range of companies are making aggressive moves including business restructuring and corporate integrations and sales. Amid this trend, while maintaining employment, we believe that creating appeal for the Company as a place where candidates can acquire careers as lifetime engineers has been successful to a certain extent and have increased our target.

As we will not change our hiring standards, we believe it is necessary to remain patient with our approach and to continue to improve our hiring brand.

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- Q. I would like to hear the President's current position on what is working well in the items set forth in the current Mid-term Management Plan, or, issues the President is aware of in formulating the next Mid-term Management Plan.
- A. The current Mid-term Management Plan is premised on the fact that clients are experiencing dynamic technological evolution. As such, we have focused on career building that can provide value. At the same time, we have also focused on how we can increase the value of the technological services we provide to our clients, as both the reputation and prices of technology are still low in Japanese society. Technology is an extremely important factor in Japan, a leading technological nation, and the presence of engineers responsible for that technology is an important part of the picture. Therefore, our initiatives have focused on the technological output of our engineers. In the results for the current period as well, while our utilization ratio decreased slightly, I believe we contributed to increasing value.
That said, as changes in our clients' needs and the speed of technological innovation are surpassing expectations, I believe there are still issues with the immediacy of our response.
- Q. In your explanation of new graduate hiring (on page 15 of explanatory materials), you have cited a strong preference among new graduates to work locally. If you have specific policies in place to respond to this preference, please share them with us.
- A. It is important to us that when science and engineering majors join the Meitec Group, they can fulfill their own hopes and dreams in their positions as engineers. With exciting development themes including flying car and space travel, we are working diligently to make sure that newly graduated engineers understand that they will be able to fulfill their hopes and dreams of challenging those themes.
- Q. Please provide us with details on the state of the Recruiting & Placement Business for Engineers.
- A. Our clients still have robust hiring needs, but we saw a pronounced trend of highly selective hiring in the first half. We do not expect any large changes in that trend in the second half, and our forecast is for a slight decline in profit from the previous year.
- Q. Please share with us any policies you are going to pursue going forward in response to these conditions.
- A. We are raising the possibility of workers changing their careers and providing career counseling for them to ensure their satisfaction. We are also identifying clients' needs and now, more than ever, we are increasing our ability to appeal to how the engineers we place can contribute to those needs.

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