

# MEITEC CORPORATION

## Results for the Fiscal Year Ended March 31, 2019

May 9, 2019  
President and CEO, COO  
MEITEC Group CEO  
Hideyo Kokubun

人と技術で次代を拓く

**MEITEC**

Engineering Firm at The Core

## Disclaimer

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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**MEITEC**  
Engineering Firm at The Core

1. Results for the Fiscal Year Ended March 31, 2019
2. Progress on Mid-term Management Plan
3. Forecast for the Fiscal Year Ending March 31, 2020
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.

5

## 1. Results for the Fiscal Year Ended March 31, 2019

## Results for the Fiscal Year Ended March 31, 2019 (Group Consolidated)

- ✓ Net sales rose 4.4% year on year, operating profit was up 10.3% YoY, and profit attributable to owners of parent increased 8.6% YoY.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2018	FY ended March. 31, 2019	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	93,618	97,736	+4,117	+4.4%	97,000	+736
Cost of sales	69,250	71,701	+2,450	+3.5%	71,000	+701
Cost of sales to Net sales	74.0%	73.4%	(0.6%)			
SG&A Expenses	12,910	13,399	+489	+3.8%	14,000	(601)
Operating profit	11,458	12,635	+1,177	+10.3%	12,000	+635
Operating profit margins	12.2%	12.9%	+0.7%		12.4%	+0.5%
Ordinary profit	11,465	12,643	+1,178	+10.3%	12,000	+643
Extraordinary income & loss	75	7	(67)			
Profit before income taxes	11,541	12,651	+1,110	+9.6%		
Profit attributable to owners of parent	8,132	8,829	+697	+8.6%	8,100	+729
Profit margins	8.7%	9.0%	+0.3%			
Return on Equity (ROE)	20.9%	21.4%	+0.5%			
Ordinary profit to total assets ratio	16.7%	17.4%	+0.7%			

7

## Results for the Fiscal Year Ended March 31, 2019 (Business Domains)

- ✓ The Engineering Solutions Business continued to be the earnings driver ⇒ Net sales rose 4.4% year on year.
- ✓ Recruiting & Placement Business for Engineers achieved sales and profit growth due to an increase in the number of job and other reasons.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2018	FY ended March. 31, 2019	YoY Amount	% Change
Sales of Engineering Solutions Business	92,056	96,106	+4,049	+4.4%
Component ratio	98.3%	98.3%	—	
Operating profit	10,912	12,075	+1,162	+10.7%
Sales of Recruiting & Placement Business for Engineers	1,662	1,762	+100	+6.1%
Component ratio	1.8%	1.8%	—	
Operating profit	545	560	+15	+2.8%

8

## Results for the Fiscal Year Ended March 31, 2019 (Meitec)

- ✓ Net sales rose 2.5% year on year, operating profit was up 8.7% YoY, and number of engineers increased 2.5% YoY.
- ✓ The utilization ratio declined 0.3% year on year ⇒ Due to a greater number of newly graduated engineers compared with the previous year.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2018	FY ended March. 31, 2019	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	72,252	74,036	+1,784	+2.5%	73,300	+736
Cost of sales	53,861	54,620	+759	+1.4%	54,100	+520
Cost of sales to Net sales	74.5%	73.8%	(0.7%)		73.8%	—
SG&A Expenses	9,048	9,258	+209	+2.3%	9,600	(342)
Operating profit	9,342	10,157	+815	+8.7%	9,600	+557
Operating profit margins	12.9%	13.7%	+0.8%		13.1%	+0.6%
Ordinary profit	10,105	10,921	+815	+8.1%	10,300	+621
Extraordinary income & loss	102	(35)	(138)			
Profit before income taxes	10,208	10,885	+677	+6.6%		
Profit	7,461	7,768	+307	+4.1%	7,200	+568
Utilization ratio (Company-wide)	97.8%	97.5%	(0.3%)		97.2%	+0.3%
Working Hours〈h/day〉	8.70	8.62	(0.08)	(0.9%)	8.58	+0.04
Number of Recruitment	446	520	+74	+16.6%	517	+3
Newly graduated	308	357	+49	+15.9%	357	—
Mid-career	138	163	+25	+18.1%	160	+3
Turnover Ratio	5.2%	5.0%	(0.2%)		5.0%	—
Number of Engineers	6,755	6,923	+168	+2.5%		

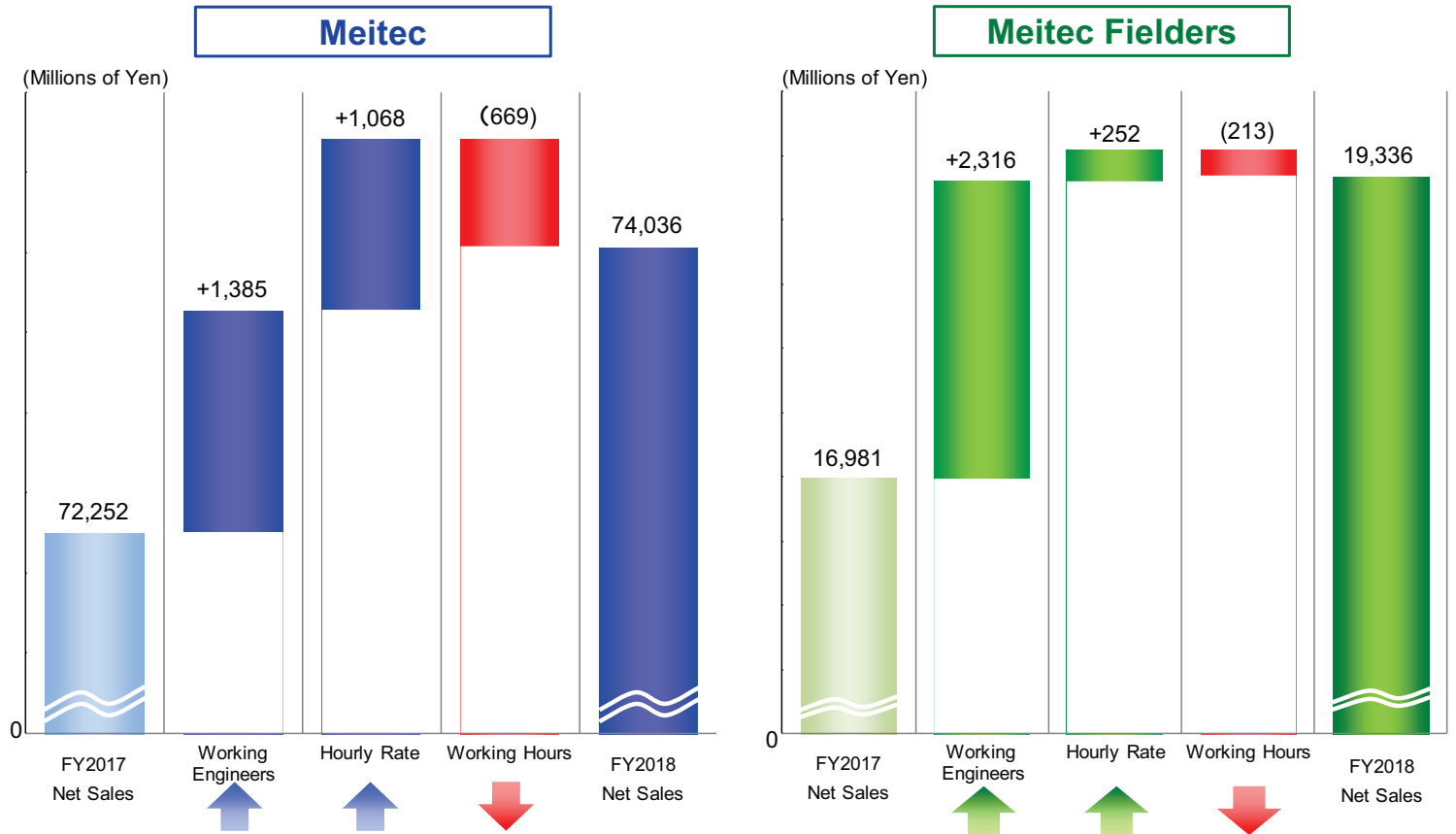
## Results for the Fiscal Year Ended March 31, 2019 (Meitec Fielders)

- ✓ Net sales rose 13.9% year on year, operating profit was up 19.1% YoY, and number of engineers increased 13.1%.
- ✓ Profit increased 25.2% year on year, reflecting a reduction in the tax burden.

(Fractions of one million yen are rounded down)	FY ended March. 31, 2018	FY ended March. 31, 2019	YoY Amount	% Change	Past Forecast	Progress toward the FY forecast
Net sales	16,981	19,336	+2,354	+13.9%	19,000	+336
Cost of sales	13,173	14,941	+1,768	+13.4%	14,650	+291
Cost of sales to Net sales	77.6%	77.3%	(0.3%)		77.1%	+0.2%
SG&A Expenses	2,351	2,660	+309	+13.1%	2,700	(40)
Operating profit	1,456	1,734	+277	+19.1%	1,650	+84
Operating profit margins	8.6%	9.0%	+0.4%		8.7%	+0.3%
Ordinary profit	1,452	1,735	+282	+19.5%	1,650	+85
Extraordinary income & loss	1	0	(1)			
Profit before income taxes	1,453	1,735	+281	+19.3%		
Profit	1,031	1,291	+259	+25.2%	1,050	+241
Utilization ratio (Company-wide)	95.7%	96.1%	+0.4%		96.0%	+0.1%
Working Hours〈h/day〉	8.78	8.67	(0.11)	(1.3%)	8.64	+0.03
Number of Recruitment	517	524	+7	+1.4%	483	+41
Newly graduated	213	203	(10)	(4.7%)	203	—
Mid-career	304	321	+17	+5.6%	280	+41
Turnover Ratio	8.8%	8.6%	(0.2%)		8.7%	(0.1%)
Number of Engineers	2,310	2,612	+302	+13.1%		

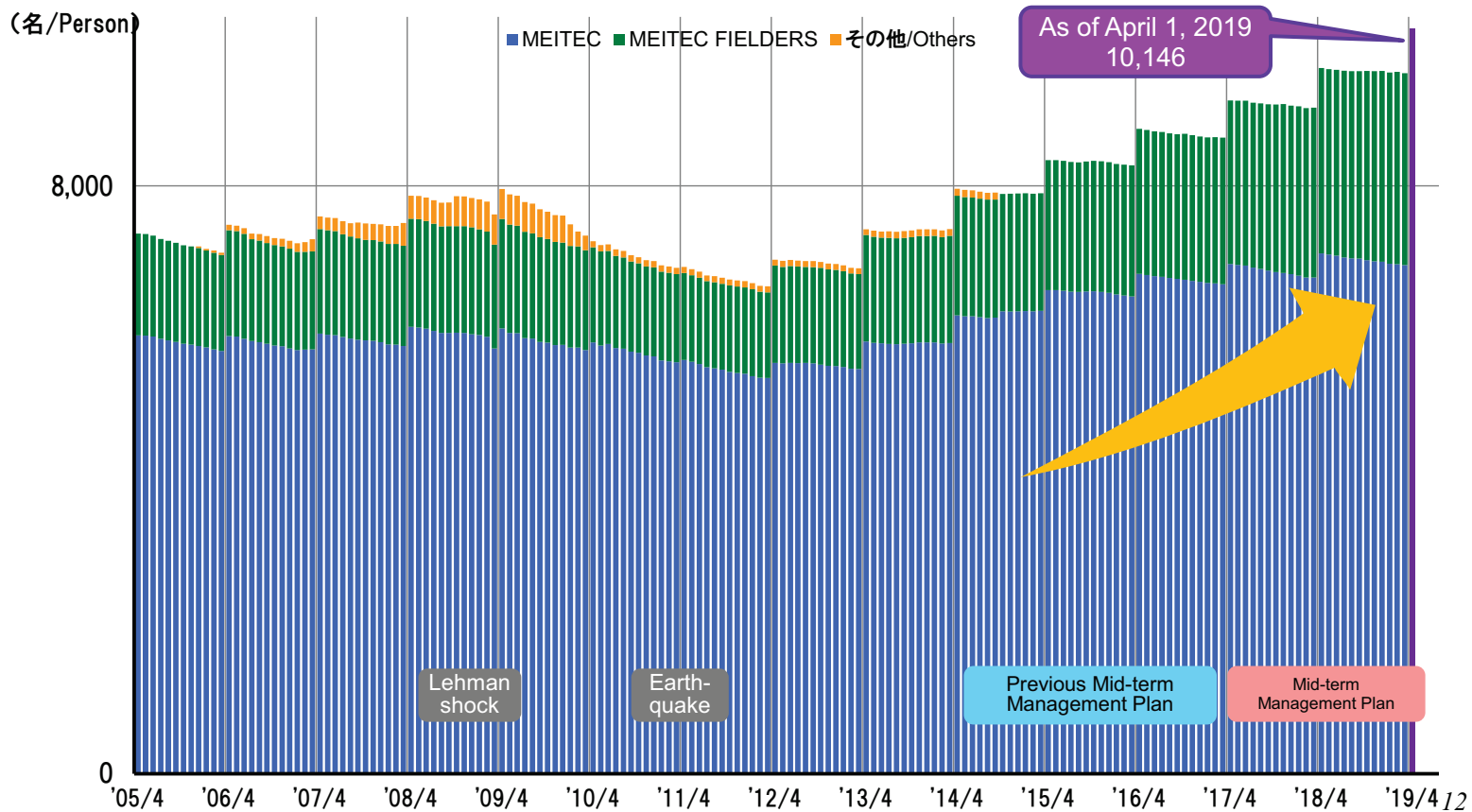
# Comparison of Net Sales

- ✓ For both Meitec and Meitec Fielders, the main factor for the increase in net sales was the “increase in the number of engineers assigned to clients” and “increase in average rate”



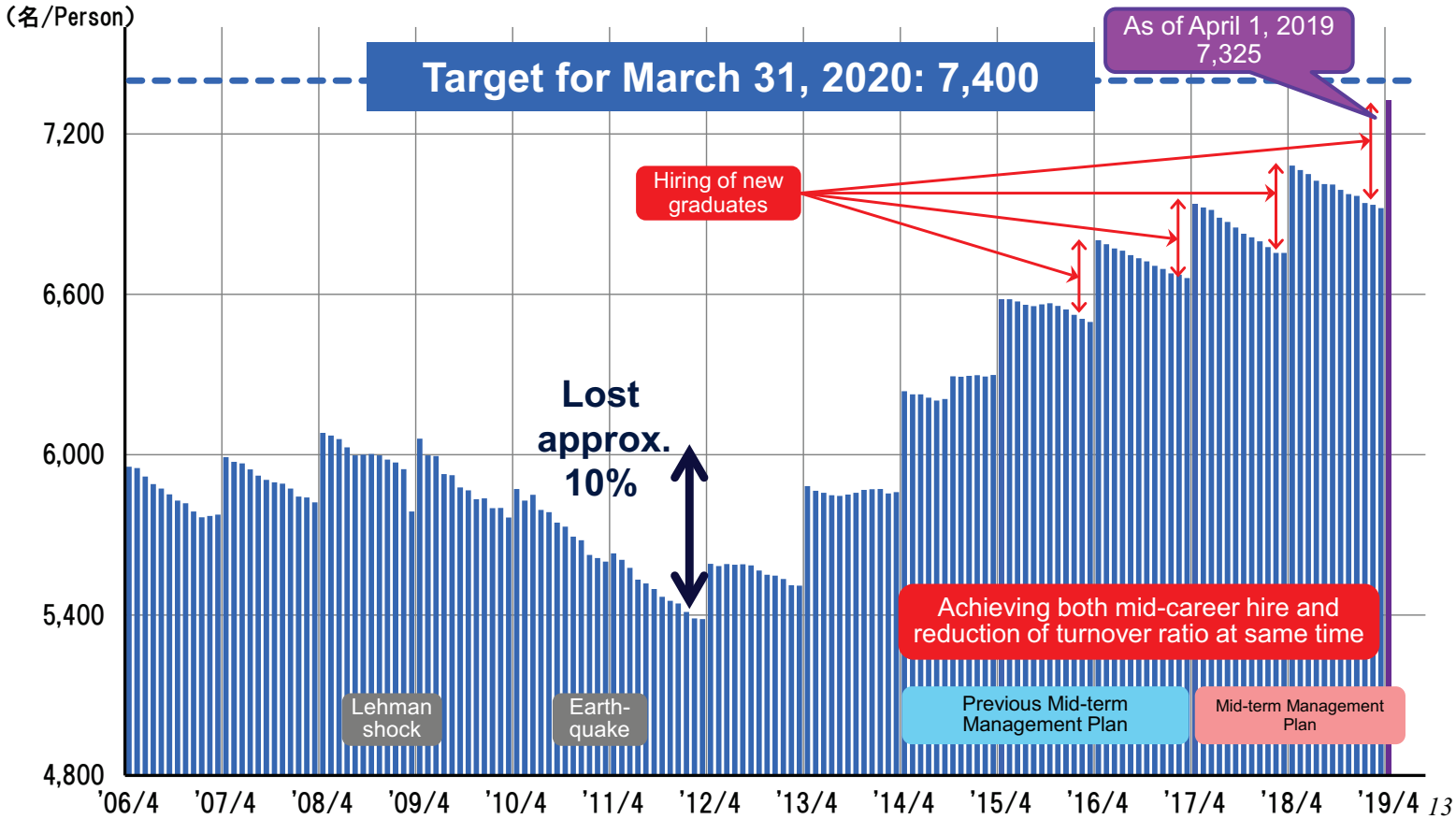
# Number of Engineers (Group Consolidated)

- ✓ The number of engineers as of March 31, 2019 was 9,535, an increase of 470 engineers, or 5.2%, compared to March 31, 2018.
- ✓ As of April 1, 2019, the number of engineers has reached 10,146 engineers, which is a record high.



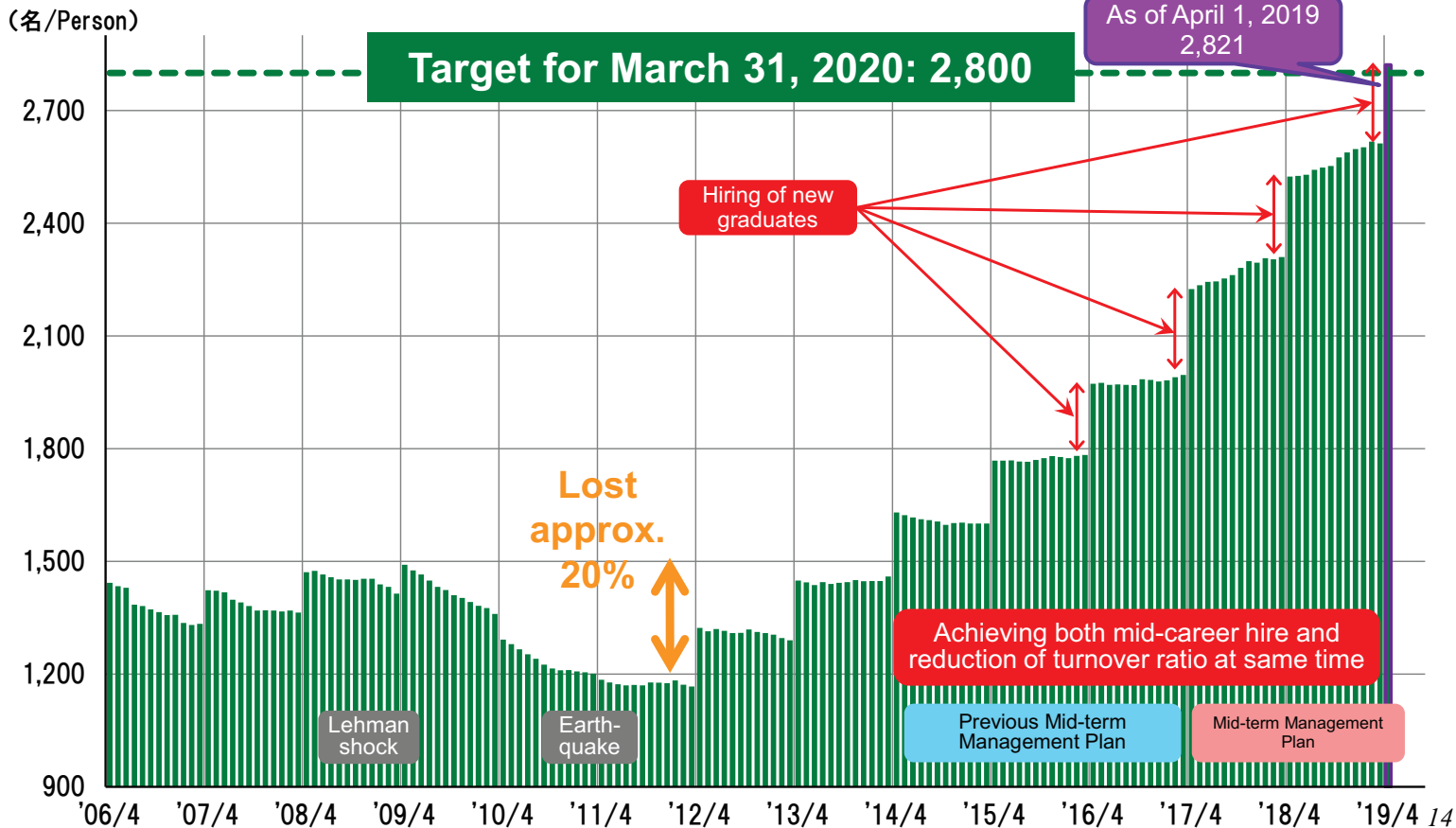
# Number of Engineers (Meitec)

- ✓ The number of engineers as of March 31, 2019 was 6,923, an increase of 168 engineers, or 2.5%, compared to March 31, 2018.
- ✓ 418 new graduates joined the company on April 1, 2019, and we started the new fiscal year with a record high 7,325 engineers.



# Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of March 31, 2019 was 2,612, an increase of 302 engineers, or 13.1%, compared to March 31, 2018.
- ✓ 198 new graduates joined the company on April 1, 2019, and we started the new fiscal year with a record high 2,821 engineers.



## Mid-career (FY 2019/3)

- ✓ The number of placements for job seekers wishing to change to careers at manufacturers continues to rise and there is no end in sight to corporate demand for hiring. ⇒The hiring market continues to be intensifying.
- ✓ Under these conditions, Meitec continued to hire engineers in line with order trends, mainly in the mechanical and electrical/electronics sectors, by maintaining hiring standards and the assumption of ensuring engineers can be assigned smoothly.
- ✓ The number of mid-career hires was 163, 3 more than the initial forecast, for Meitec. On the other hand, it was 321, 41 more than the initial forecast, for Meitec Fielders as a result of its recruitment activity which aimed to “expand growth in a wide range of businesses.”

## New Graduates (Joined April 2019)

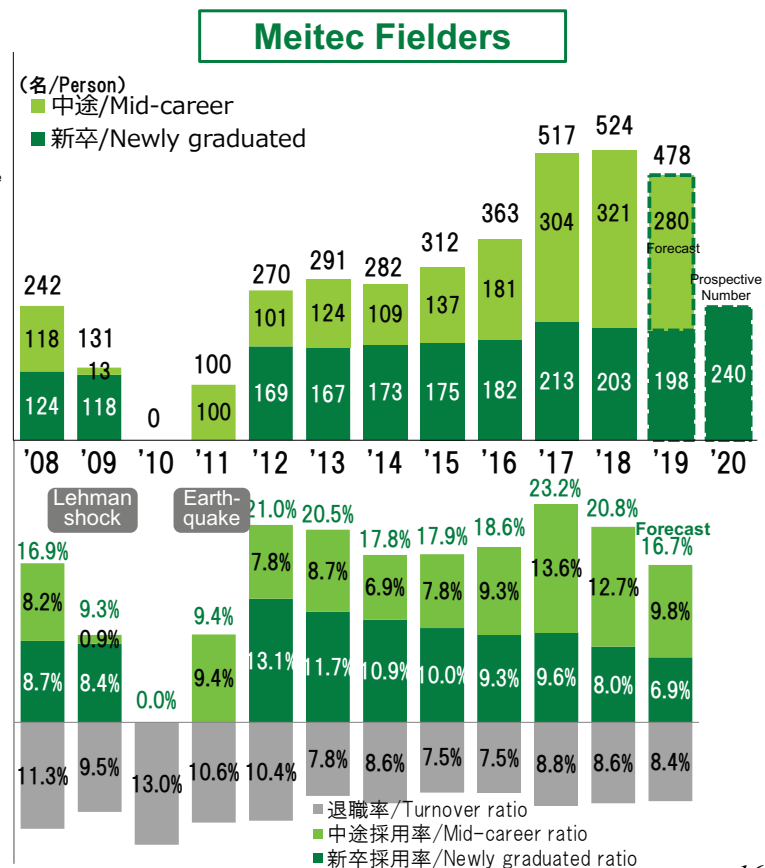
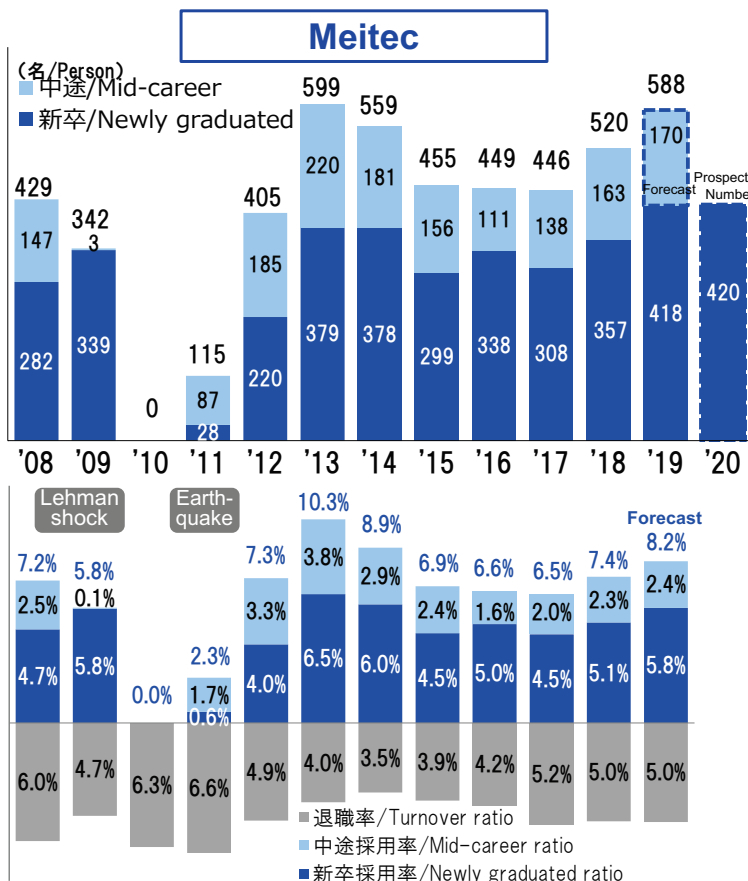
- ✓ With the challenging hiring environment made tougher by companies’ rising eagerness to hire new graduates, we focused on the trends of the new-graduate generation and progressed our hiring activities while maintaining our hiring standards.
- ✓ Applicants are narrowing down the sectors they pursue earlier than before, and people’s preference to work locally remains strong. So it has been difficult to secure the number of applicants.
- ✓ The number of the new graduates hired was 418, 18 more than the initial forecast, for Meitec. On the other hand, it was 198, 42 less the initial forecast, for Meitec Fielders.

(person)	Fiscal Year Ended March 31, 2019						Fiscal Year Ending March 31, 2020				
	New Graduates April 2018	Mid-career			Total	YoY	New Graduates April 2019				
		Initial Forecast		To Initial Forecast			Initial Forecast	11/6/18 Expected Number		To Initial Forecast	YoY
Meitec	357	160	163	+3	520	+74	400	424	418	+18	+61
Meitec Fielders	203	280	321	+41	524	+7	240	205	198	(42)	(5)
Total	560	440	484	+44	1,044	+81	640	629	616	(24)	+56
Comparison to previous year	+39	(2)	+42		+81			To 11/6/18 Revised Forecast	(13)		

15

## Recruitment and Turnover

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

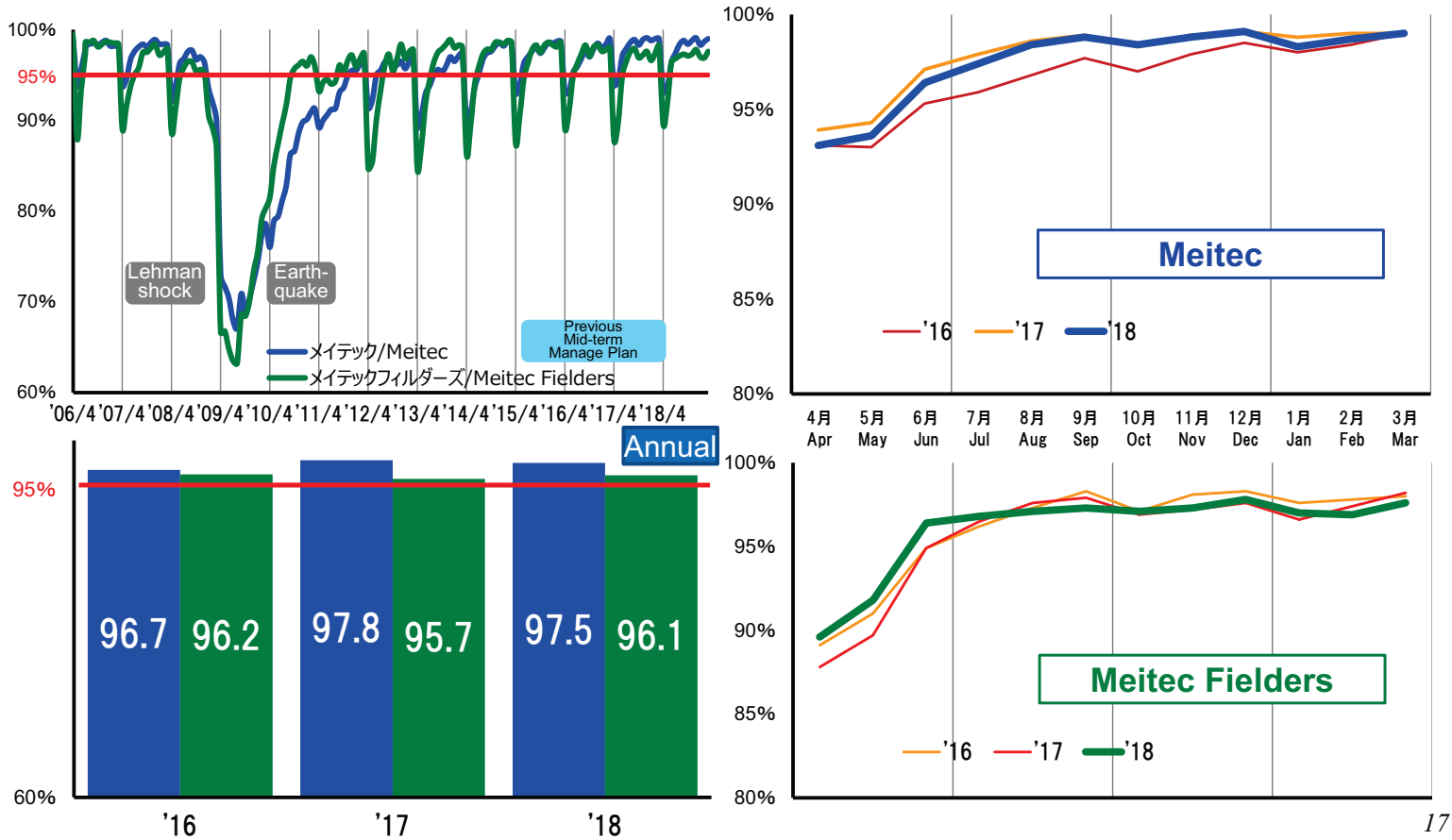


16



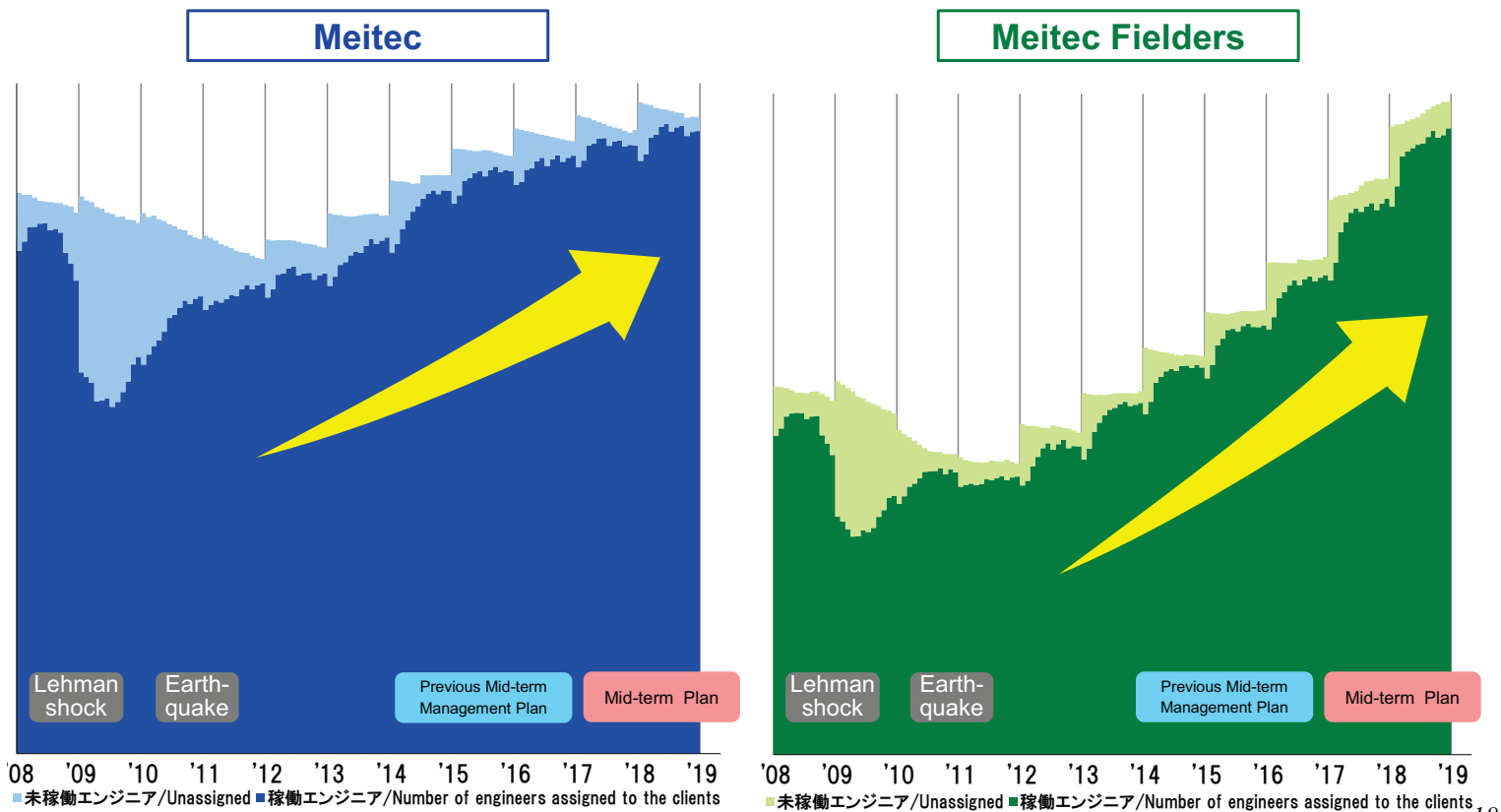
# Utilization Ratio

✓ Under a firm environment for order, the utilization ratio remained high.

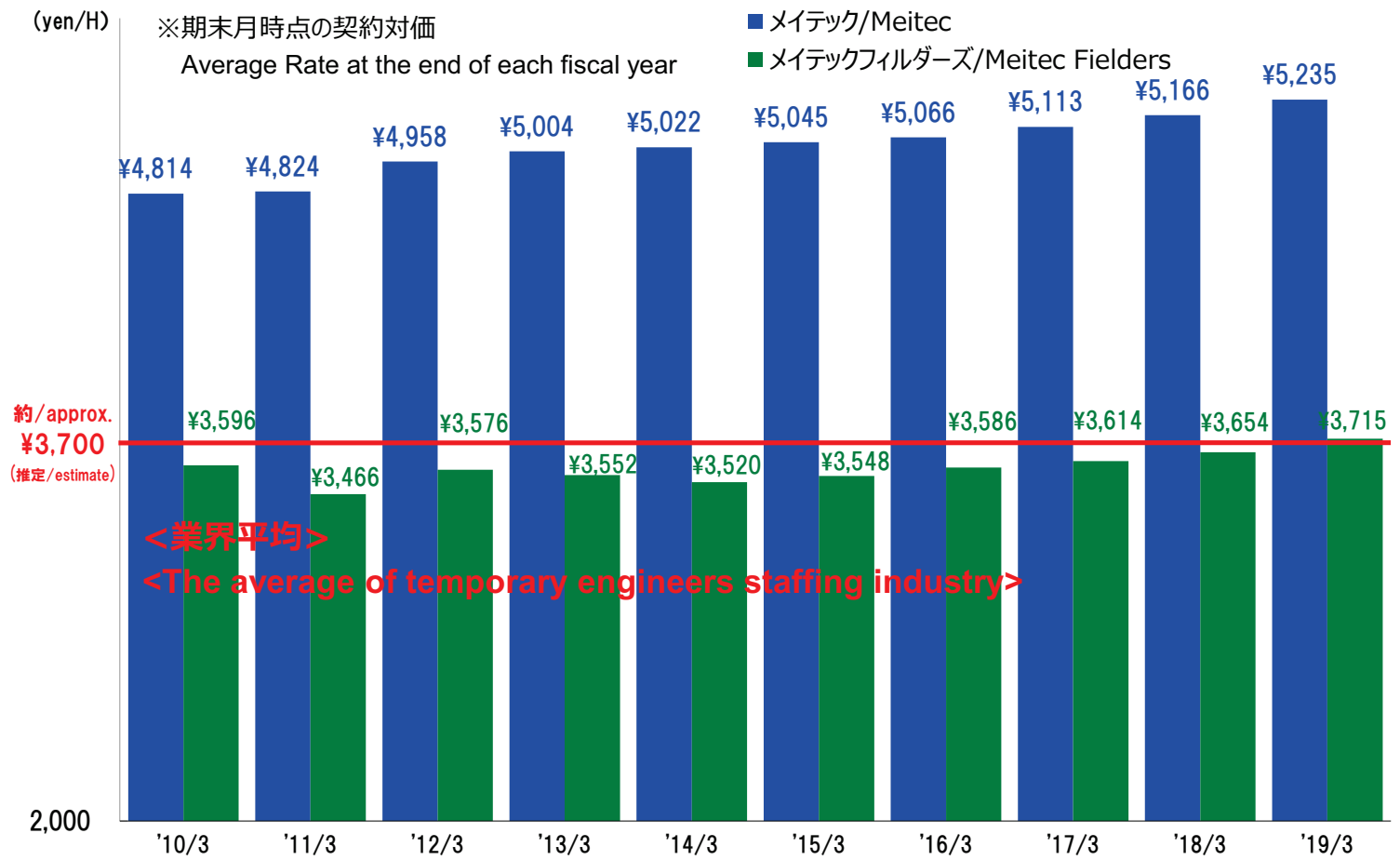


# Number of Engineers Assigned to the Clients (Key factor of Sales)

✓ The number of engineers assigned to clients has steadily risen due to the combination of an “increase in the number of engineer” by aggressive recruitment and the “maintenance of high utilization ratio” by obtaining orders and early assignment.



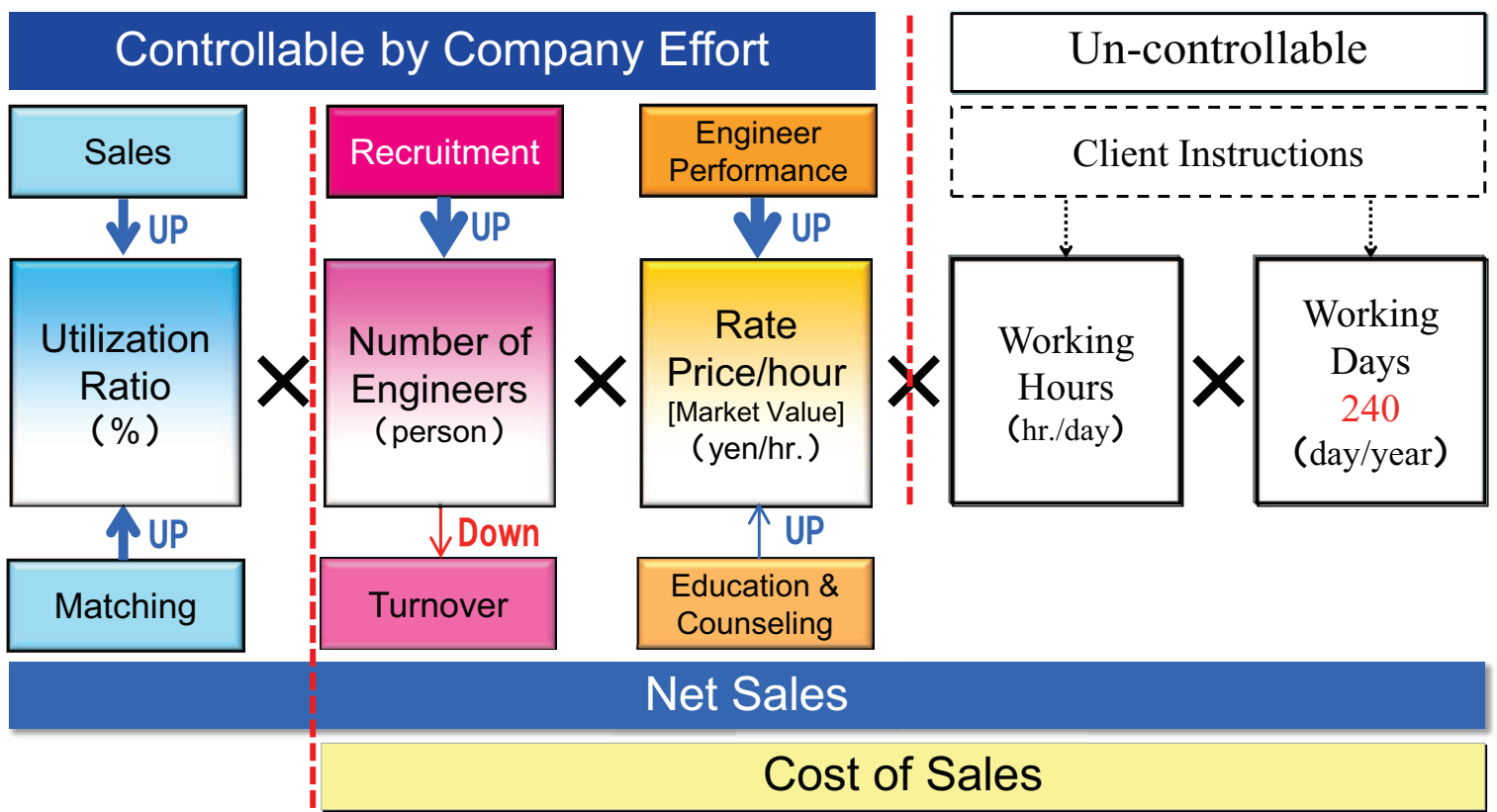
# Trend in Average Rate = (Market Value)



19

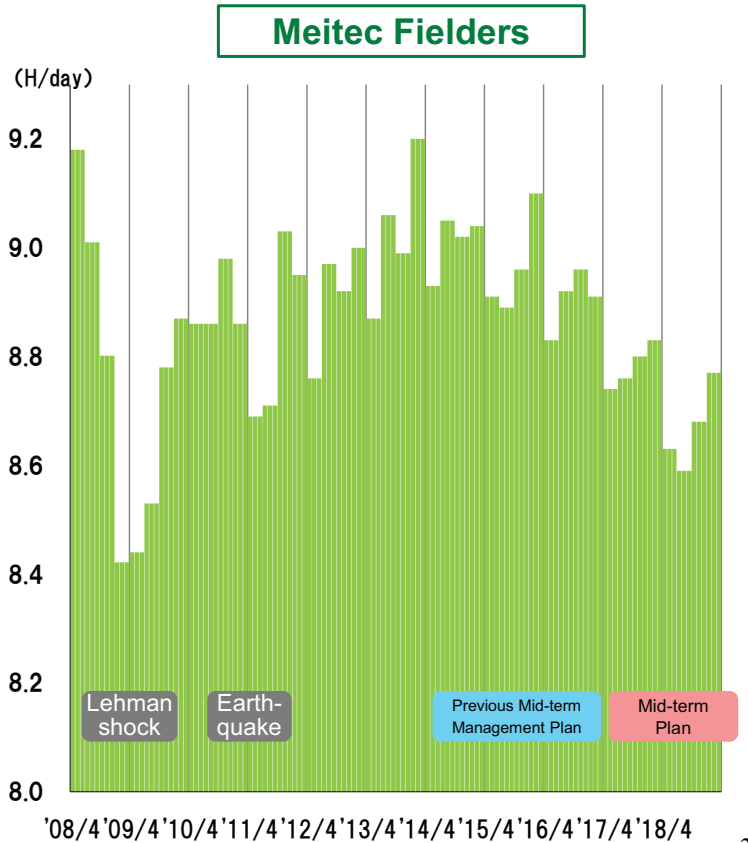
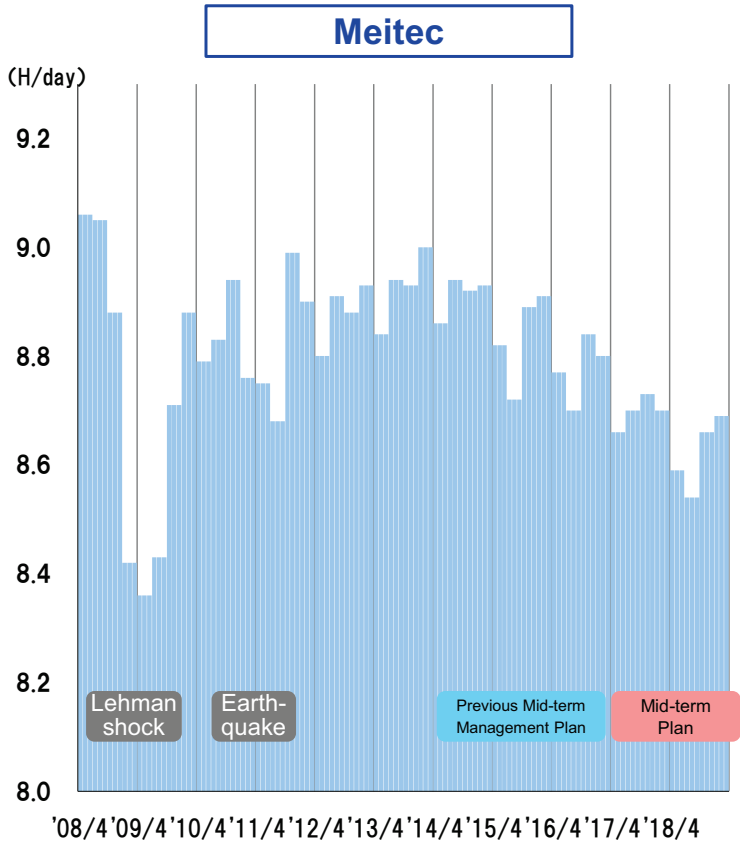
# Sales and Cost (Dispatch-type)

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



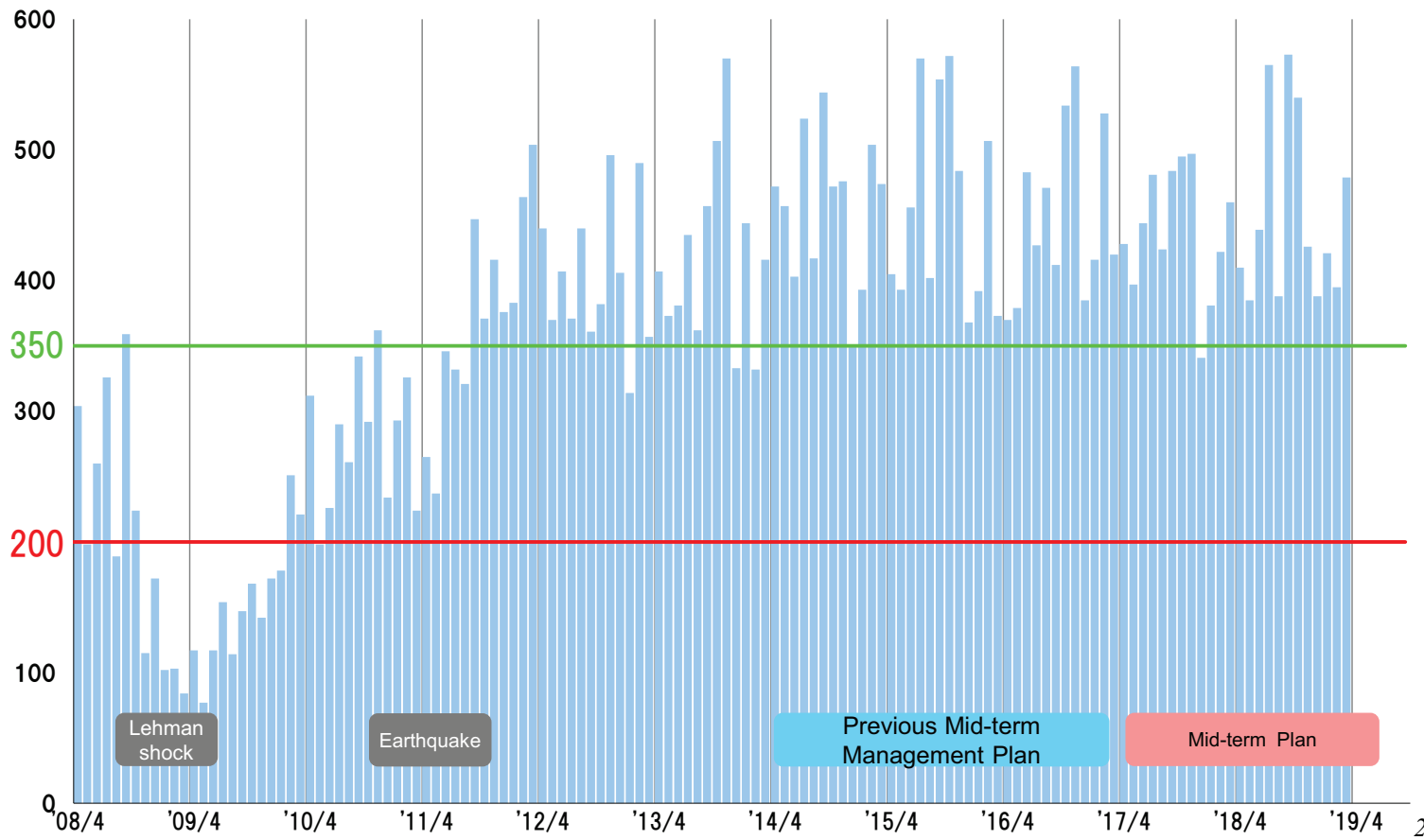
20

✓ Working hours declined year on year due to reductions in overtime hours.



## Trend in New Orders by Month (Meitec)

✓ New orders at Meitec remain at a level above 350 orders per month



# 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)

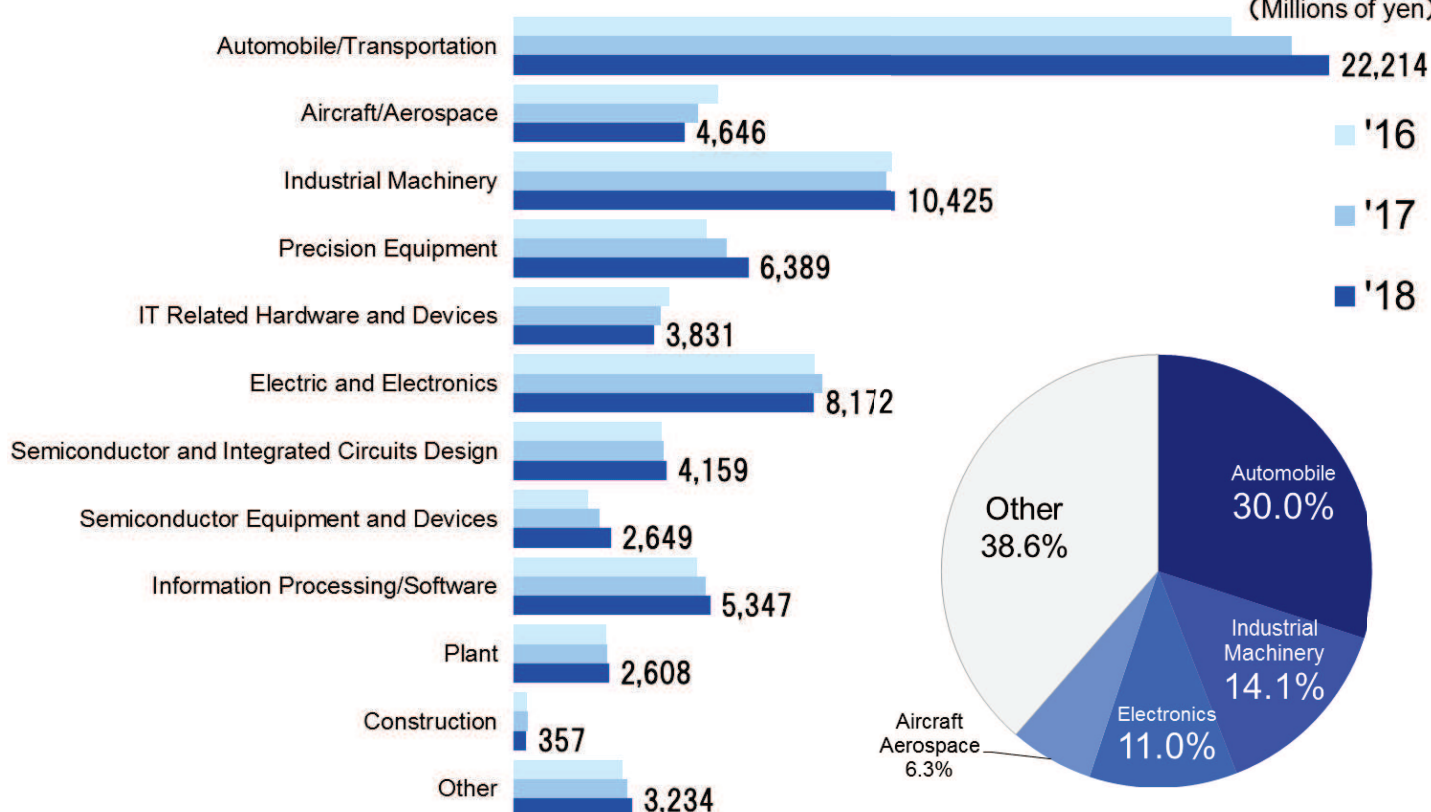
FY2013			FY2017			FY2018		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Denso	
2	Denso		2	Denso		2	Mitsubishi Heavy Industries	
3	Canon		3	Canon		3	Panasonic	
4	Nikon		4	Panasonic		4	Toyota Motor	
5	Panasonic		5	Toyota Motor		5	Sony Semiconductor Solutions	
6	Toyota Motor		6	Sony Semiconductor Solutions		6	Canon	
7	Kawasaki Heavy Industries		7	Nikon		7	Nikon	
8	Sony		8	Autoliv		8	Honda R&D	
9	Omron		9	Honda R&D		9	Olympus	
10	Toshiba		10	Omron		10	Omron	
Top 10 Total	16,342	27.8%	Top 10 Total	17,654	24.4%	Top 10 Total	17,910	24.2%
Top 20 Total	22,708	38.6%	Top 20 Total	25,282	35.0%	Top 20 Total	25,607	34.6%
Others	36,168	61.4%	Others	46,970	65.0%	Others	48,430	65.4%
Total	58,876	100.0%	Total	72,252	100.0%	Total	74,036	100.0%

23

# 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)

(Millions of yen)



24

## 2. Progress on Mid-term Management Plan

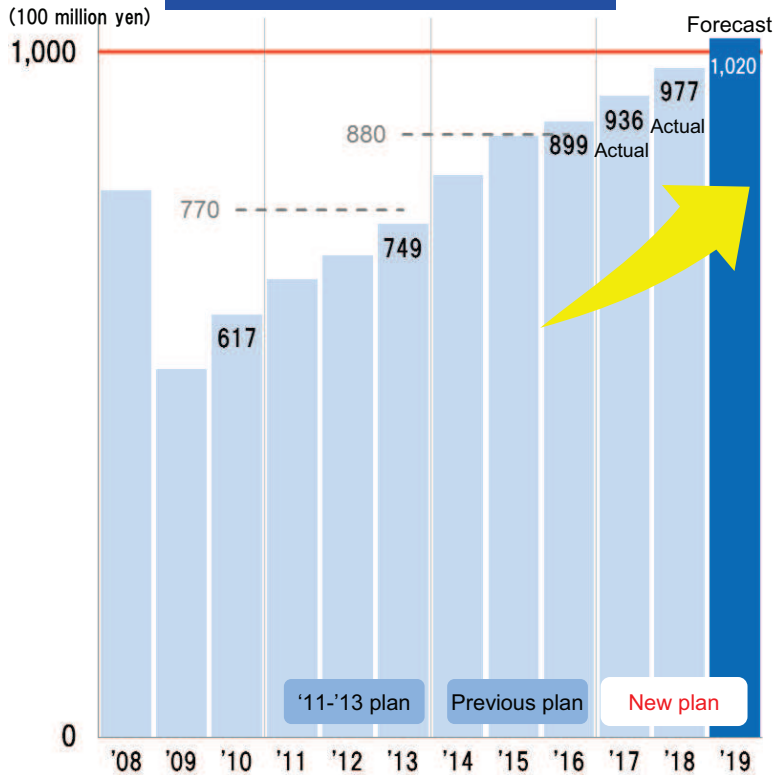
### Next Stage 1

### Next Stage 1 Forecast・Progress on Mid-term Management Plan

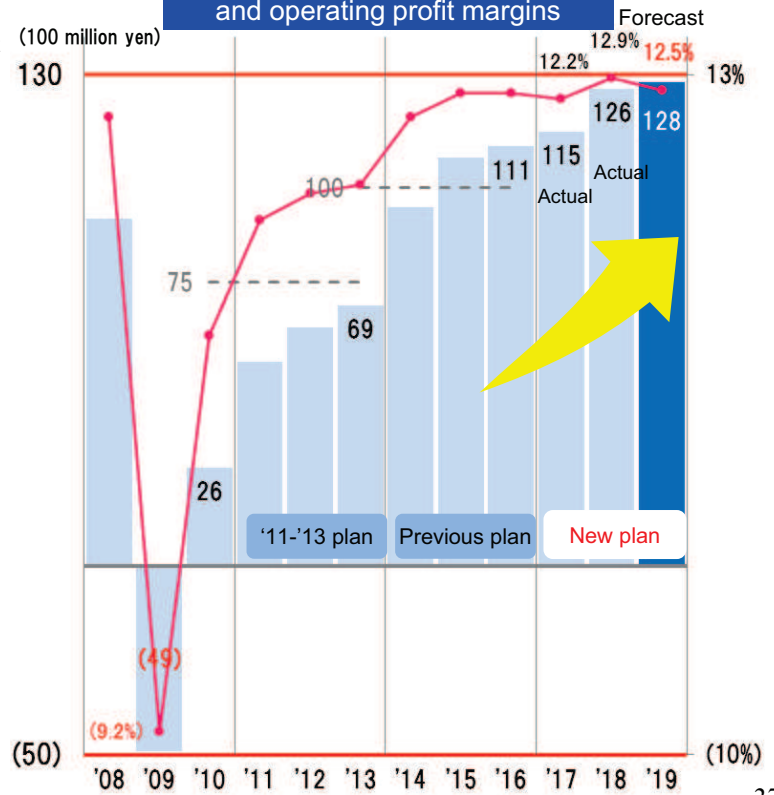
		FY2017	FY2018	FY2019	Mid-term Management Plan
(Billion Yen)		Actual	Actual	Forecast	Target
Group Consolidated	Net Sales	93.6	97.7	102.0	100.0
	Operating Profit	11.5	12.6	12.8	13.0
	Margin	12.2%	12.9%	12.5%	13.0%
	Profit	8.1	8.8	8.7	9.0
	ROE	20.9%	21.4%	20.2%	20.0%
Meitec	Net Sales	72.3	74.0	76.0	78.0
	Operating Profit	9.3	10.2	10.3	10.0
	Margin	12.9%	13.7%	13.6%	13.0%
Meitec Fielders	Net Sales	17.0	19.3	21.0	20.0
	Operating Profit	1.5	1.7	1.7	1.7
	Margin	8.6%	9.0%	8.1%	9.0%

- ✓ Our consolidated forecasts for the FY 2019 are net sales of 102.0 billion yen, operating profit of 12.8 billion yen, and operating profit margins of 12.5%.

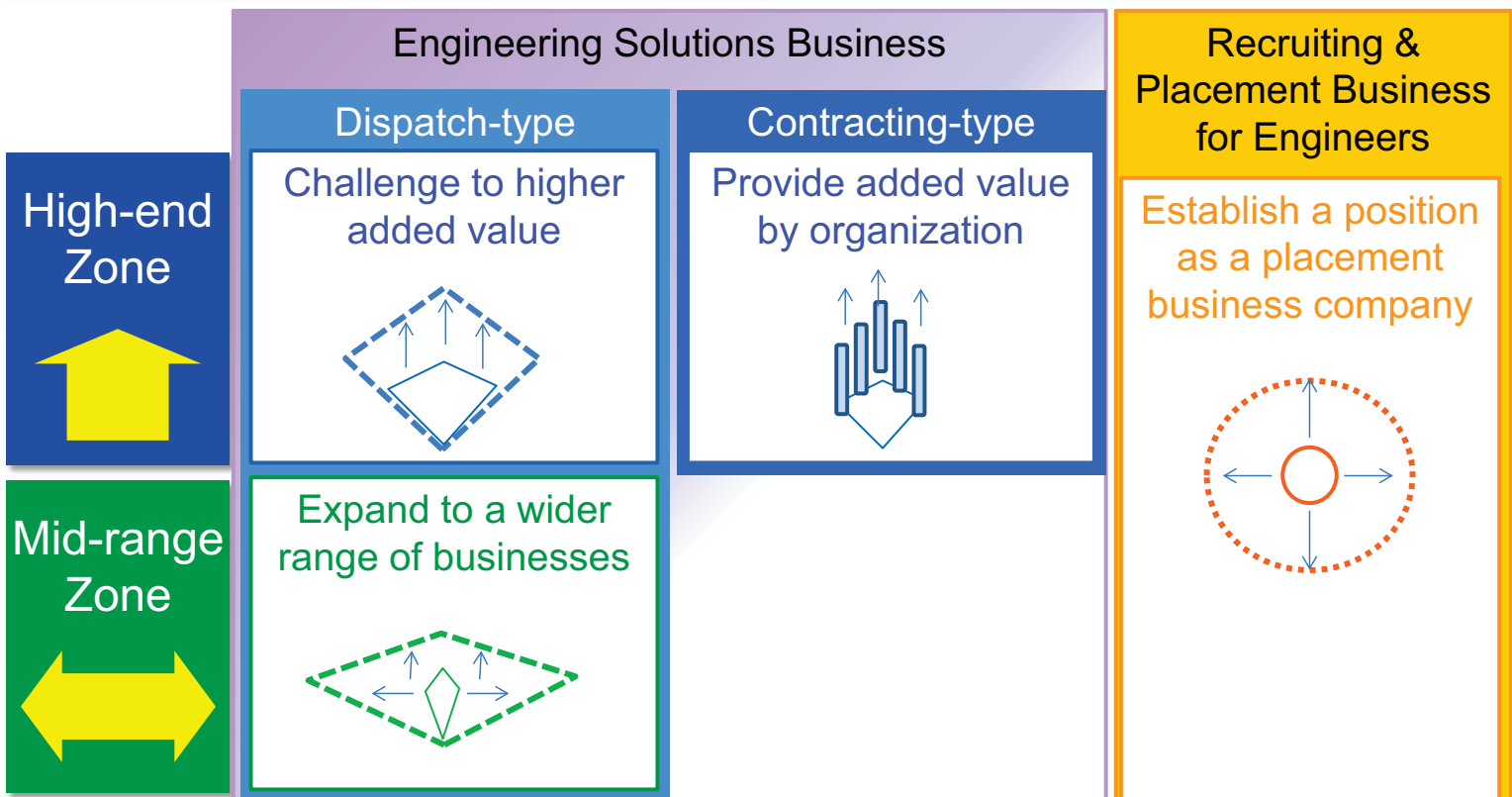
### Consolidated net sales



### Consolidated operating profit and operating profit margins



## Strengthen competitiveness for aggressive growth



**Engineering Solutions Business**

Dispatch-type	High-end Zone	<ol style="list-style-type: none"> <li>1.Strategy for High-end market expansion</li> <li>2.Strategy for market value improvement</li> <li>3.Strengthen common ground</li> </ol>	<ul style="list-style-type: none"> <li>✓ Raise value level of skills and jobs to promote market creation</li> <li>✓ Expand technical training that matches clients' needs and training for bolstering sales power</li> <li>✓ Expand scheme for hiring work-ready engineers</li> </ul>
		<ol style="list-style-type: none"> <li>1.Strategy for technological value improvement</li> <li>2.Improve technical solution capability</li> <li>3.Strengthen organizational structure</li> </ol>	<ul style="list-style-type: none"> <li>✓ Strengthen marketing based on a way to highlight key technical domains of competitive superiority</li> <li>✓ Bolster persuasiveness of proposals to customers through cooperation between engineers and sales people</li> </ul>

**Engineering Solutions Business**

Dispatch-type	Mid-range Zone	<ol style="list-style-type: none"> <li>1.Strategy for existing market expansion</li> <li>2.Strategy for new market development</li> <li>3.Strategy for strengthening business operation system</li> </ol>	<ul style="list-style-type: none"> <li>✓ Expand the fields of business and strengthen expansion of existing markets</li> <li>✓ Focus on particular product and technology fields and promote creation of new markets</li> </ul>
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**Recruiting & Placement Business for Engineers**

<ol style="list-style-type: none"> <li>1.Strategy for existing market expansion</li> <li>2.Strategy for new market development</li> <li>3.Function building strategy</li> </ol>	<ul style="list-style-type: none"> <li>✓ Reorganize the sales team and strengthen our capability to find and fill more job offers</li> <li>✓ Expand the number of job seekers by increasing the range of advertising tools, etc.</li> <li>✓ Identify additional focus areas and increase the total number of engineers assigned to clients</li> </ul>
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### 3. Forecast for the Fiscal Year Ending March 31, 2020

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**MEITEC**  
Engineering Firm at The Core

#### Forecast for the Fiscal Year Ending March 31, 2020 (Group Consolidated)

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**MEITEC**  
Engineering Firm at The Core

- ✓ Net sales is expected to rise 4.4% year on year to 102.0 billion yen, operating profit is expected to be up 1.3% YoY to 12.8 billion yen, and profit attributable to owners of parent is expected to fall 1.5% YoY to 8.7 billion yen.
- ✓ SG&A expenses increased 13.4% year on year ⇒ Due to the increase in hiring expenses and system costs, etc.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2020	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2019	YoY Amount	% Change	Forecast 2nd Half
Net sales	102,000	+4,263	+4.4%	49,700	+2,078	+4.4%	52,300
Cost of sales	74,000	+2,298	+3.2%	36,400	+1,111	+3.1%	37,600
SG&A Expenses	15,200	+1,800	+13.4%	7,500	+994	+15.3%	7,700
Operating profit	12,800	+164	+1.3%	5,800	(27)	(0.5%)	7,000
Operating profit margins	12.5%	(0.4%)		11.7%	(0.5%)		13.0%
Ordinary profit	12,800	+156	+1.2%	5,800	(30)	(0.5%)	7,000
Profit attributable to owners of parent	8,700	(129)	(1.5%)	3,800	(85)	(2.2%)	4,900
Earnings per Share	311.77	(3.66)		136.18	(2.21)		



## Forecast for the Fiscal Year Ending March 31, 2020 (Meitec)

- ✓ Net sales is expected to rise 2.7% year on year, operating profit is expected to be up 1.4% YoY, and profit attributable to owners of parent is expected to increase 1.7% YoY.
- ✓ SG&A expenses increased 10.2% year on year ⇒ Due to the increase in hiring expenses and system costs, etc.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2020	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2019	YoY Amount	% Change	Forecast 2nd Half
Net sales	76,000	+1,963	+2.7%	37,000	+883	+2.4%	39,000
Cost of sales	55,500	+879	+1.6%	27,300	+330	+1.2%	28,200
Cost of sales to Net sales	73.0%	(0.8%)		73.8%	(0.9%)		72.3%
SG&A Expenses	10,200	+941	+10.2%	5,100	+597	+13.3%	5,100
Operating profit	10,300	+142	+1.4%	4,600	(44)	(0.9%)	5,700
Operating profit margins	13.6%	(0.1%)		12.4%	(0.5%)		14.6%
Ordinary profit	11,200	+278	+2.6%	5,500	+111	+2.1%	5,700
Profit	7,900	+131	+1.7%	3,800	(8)	(0.2%)	4,100
Utilization ratio (Company-wide)	96.7%	(0.8%)		95.2%	(1.0%)		98.1%
Working Hours<h/day>	8.62	—		8.57	+0.01		8.68
Number of Recruitment	588	+68					
Newly graduated	418	+61					
Mid-career	170	+7					
Turnover Ratio	5.0%	—					
				Target of the New Graduates to be hired for April 2020		To Apr. 2019	
				420		+2	

33

## Forecast for the Fiscal Year Ending March 31, 2020 (Meitec Fielders)

- ✓ Net sales is expected to rise 8.6% year on year, operating profit is expected to decline 2.0% YoY, and profit attributable to owners of parent is expected to fall 7.1% YoY.
- ✓ SG&A expenses increased 20.3% year on year ⇒ Due to the increase in hiring expenses and system costs, etc.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2020	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2019	YoY Amount	% Change	Forecast 2nd Half
Net sales	21,000	+1,663	+8.6%	10,200	+885	+9.5%	10,800
Cost of sales	16,100	+1,158	+7.8%	7,900	+654	+9.0%	8,200
Cost of sales to Net sales	76.7%	(0.6%)		77.5%	(0.3%)		75.9%
SG&A Expenses	3,200	+539	+20.3%	1,500	+243	+19.3%	1,700
Operating profit	1,700	(34)	(2.0%)	800	(12)	(1.5%)	900
Operating profit margins	8.1%	(0.9%)		7.8%	(0.9%)		8.3%
Ordinary profit	1,700	(35)	(2.0%)	800	(12)	(1.6%)	900
Profit	1,200	(91)	(7.1%)	560	(1)	(0.3%)	640
Utilization ratio (Company-wide)	95.6%	(0.5%)		94.1%	(0.7%)		97.0%
Working Hours<h/day>	8.67	—		8.61	—		8.72
Number of Recruitment	478	(46)					
Newly graduated	198	(5)					
Mid-career	280	(41)					
Turnover Ratio	8.6%	—					
				Target of the New Graduates to be hired for April 2020		To Apr. 2019	
				240		+42	

34

## Mid-career (FY 2020/3)

- Hiring environment is expected to remain difficult as there is no end in sight to demand for hiring engineers by manufacturers and others.
- ✓ We will continue activities while maintaining our hiring standards.
- ✓ Bolster the ability to attract applicants by having people understand the fact that our business continually generates lifetime professional engineers

## New Graduates (Joined April 2020)

- In the continuing seller's market, companies are beginning their hiring activities earlier and competition for talent is intensifying.
- ✓ Show students the appeal of a lifetime professional engineering career through internship programs, etc.
- ✓ Continue hiring activities that value applicants' preferences
- ✖ Due to the nature of solutions provided by our engineer's involvement with the state-of-the-art technology and the latest product at the design and development department, hiring standard can not be lowered.

(person)	Fiscal Year Ending March 31, 2020					Fiscal Year Ending March 31, 2021	
	New Graduates April 2019 (Actual)	Mid-career		Total		New Graduates April 2020	
		<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year
Meitec	418	170	+7	588	+68	420	+2
Meitec Fielders	198	280	(41)	478	(46)	240	+42
Total	616	450	(34)	1,066	+22	660	+44

35

## Basic Policy Regarding Profit Distribution

- ✓ Revised upper limit for holding treasury shares on Nov. 2018: 5% of shares issued (Before revision: 2 million shares)

Revised Nov. 2018  
Revised May 2017  
Revised May 2011  
**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 related to performances : Equal or more than 50% of consolidated profit

Minimum Dividend : Consolidated Dividend on Equity ratio (DOE) 5%

**Dividend**

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

**Treasury  
shares  
acquisition,  
possession and  
retirement**

**Possess  
Maximum of 5% of shares issued**

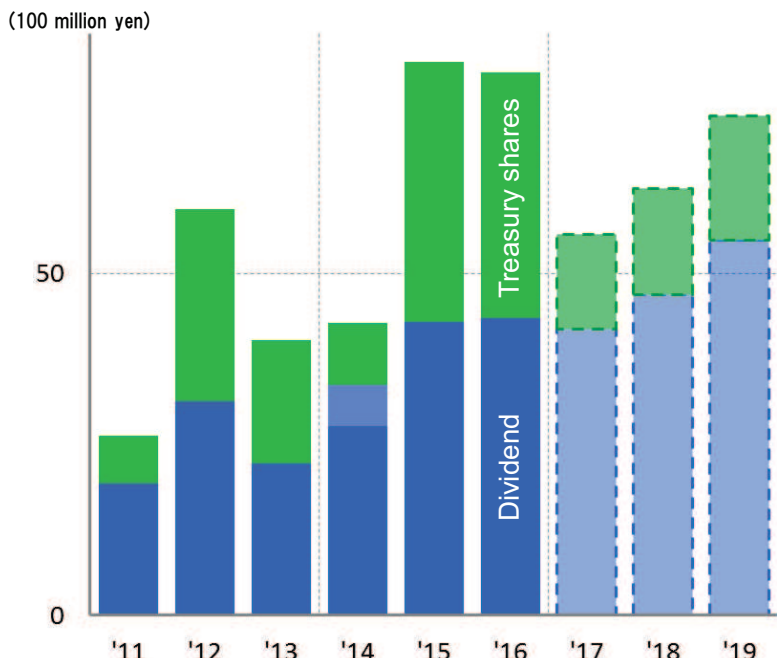
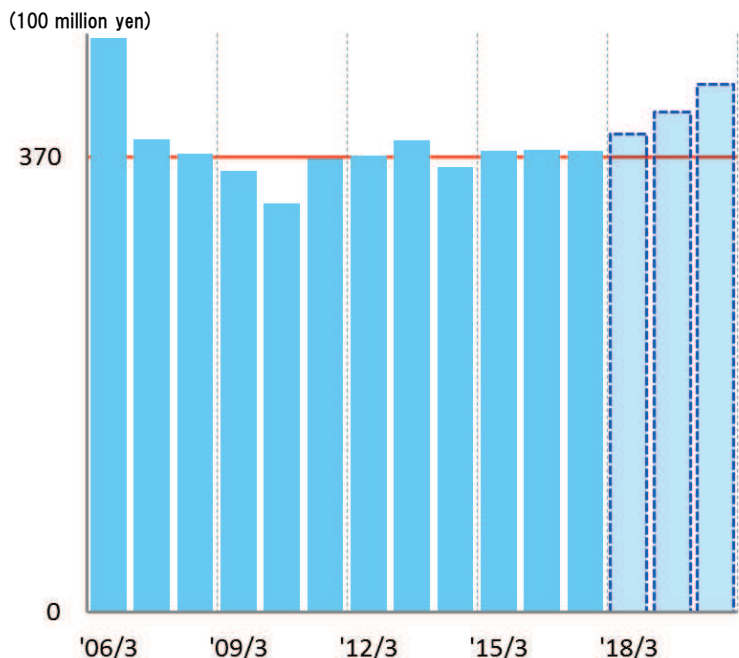
**Retired  
Excess above maxim to be retired  
by the end of the fiscal year**

- ✓ 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.

36

1. Enhance shareholders' equity in conjunction with the rise in the number of engineers, and increase shareholders' equity to roughly ¥40 billion\* at the end of March 2020, the final year of the Mid-term Management Plan  
(\*After deduction of year-end dividends)

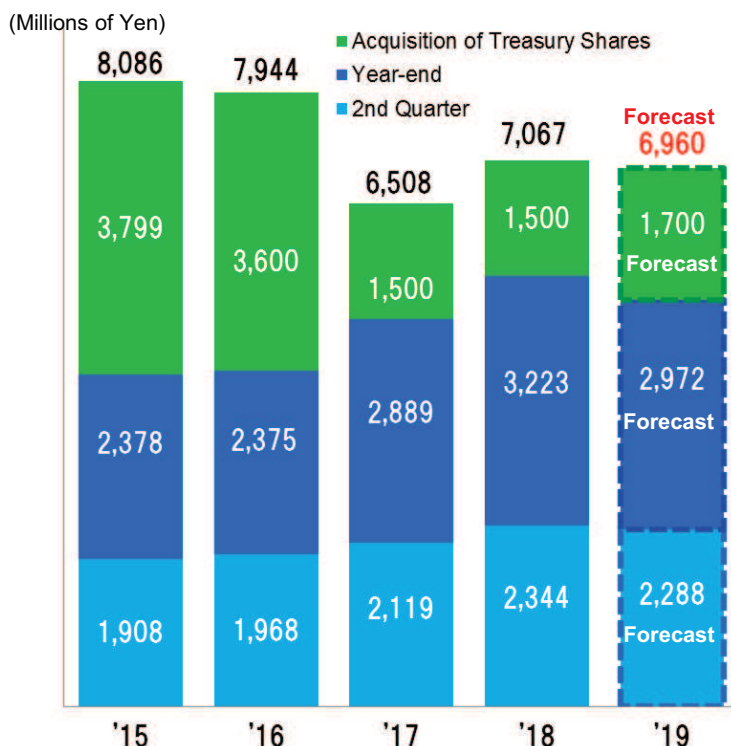
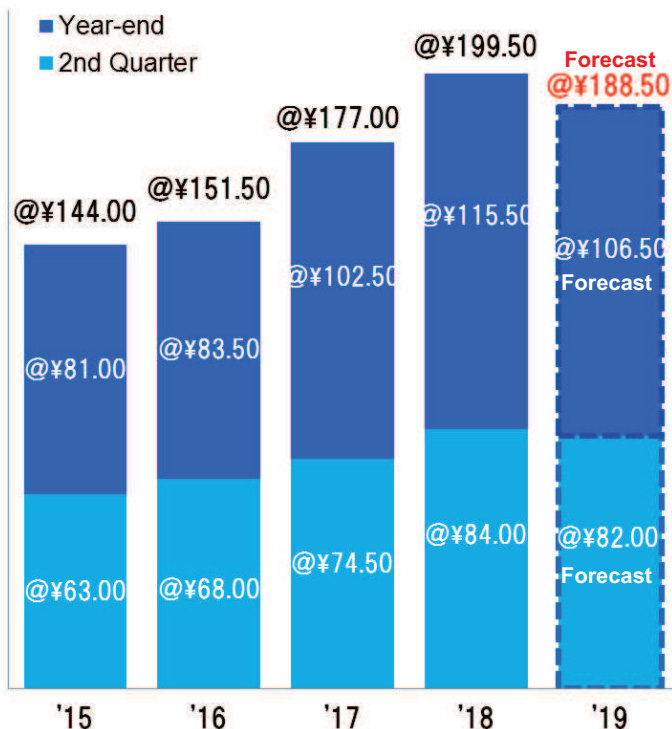
2. Total return ratio for 3 years is roughly 80%  
(1) Dividend payout ratio: 60%  
(2) Purchase of treasury shares: 20%  
(The breakdown reflects the dialogue with shareholders and investors)



37

## Results and Forecast of Profit Distribution

- ✓ The year-end dividend for FY2018 is 115.50 yen, which together with the interim dividend of 84.00 yen comes to an annual dividend of 199.50 yen.
- ✓ For FY2019, the total return ratio will be approximately 80% in line with the profit distribution plan of the Mid-term Management Plan  
Total return ratio 80% = (ordinary dividends 5.3 billion yen + purchase of treasury shares amount 1.7 billion yen) ÷ forecast profit 8.7 billion yen



38



## 4. Reference Materials

### TOP Message

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.

The Meitec Group will aim to become "The Only One" corporate group of professional engineers that plays a core role in the labor market through both people and technology. The Group will strengthen initiatives to achieve its Mid-term Management Plan "Next Stage 1" with a view to realizing sustainable growth.

Hideyo Kokubun  
President and CEO, COO  
MEITEC Group CEO

國分 秀世



# Results for the Fiscal Year Ended March 31, 2019

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	74,036	19,336	2,831	108	1,762
YoY Amount	+1,784	+2,354	(88)	—	+100
% Change	+2.5%	+13.9%	(3.0%)	+0.2%	+6.1%
Operating profit	10,157	1,734	172	(4)	559
YoY Amount	+815	+277	+48	+23	+14
% Change	+8.7%	+19.1%	+39.1%	—	+2.7%
Ordinary profit	10,921	1,735	172	(4)	559
Profit	7,768	1,291	109	(5)	361

41

# Forecast for the Fiscal Year Ending March 31, 2020

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	76,000	21,000	2,850	140	2,000
YoY Amount	+1,963	+1,663	+18	+31	+237
% Change	+2.7%	+8.6%	+0.6%	+28.9%	+13.4%
Operating profit	10,300	1,700	150	0	580
YoY Amount	+142	(34)	(22)	+4	+20
% Change	+1.4%	(2.0%)	(13.1%)	—	+3.6%
Ordinary profit	11,200	1,700	150	0	580
Profit	7,900	1,200	100	0	380

42

# Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec	FY2014	FY2015	FY2016	FY2017	FY2018			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	16,446	18,266	19,555	21,183	22,214	30.0%	+1,031	+4.9%
Aircraft/Aerospace	5,265	5,629	5,565	5,026	4,646	6.3%	(380)	(7.6%)
Industrial Machinery	9,631	10,215	10,331	10,123	10,425	14.1%	+301	+3.0%
Precision Equipment	4,762	4,982	5,245	5,809	6,389	8.6%	+579	+10.0%
IT Related Hardware and Devices	5,204	4,872	4,254	4,005	3,831	5.2%	(173)	(4.3%)
Electric and Electronics	8,032	8,270	8,193	8,405	8,172	11.0%	(233)	(2.8%)
Semiconductors and Integrated Circuits Design	4,104	4,280	4,024	4,088	4,159	5.6%	+71	+1.7%
Semiconductor Equipment and Devices	1,792	1,919	2,043	2,345	2,649	3.6%	+304	+13.0%
Information Processing/Software	4,365	4,886	5,008	5,233	5,347	7.2%	+113	+2.2%
Plant	1,903	2,346	2,518	2,547	2,608	3.5%	+61	+2.4%
Construction	368	374	373	389	357	0.5%	(31)	(8.1%)
Others	2,798	2,835	2,968	3,094	3,234	4.4%	+139	+4.5%
Total	64,675	68,878	70,083	72,252	74,036	100.0%	+1,784	+2.5%

43

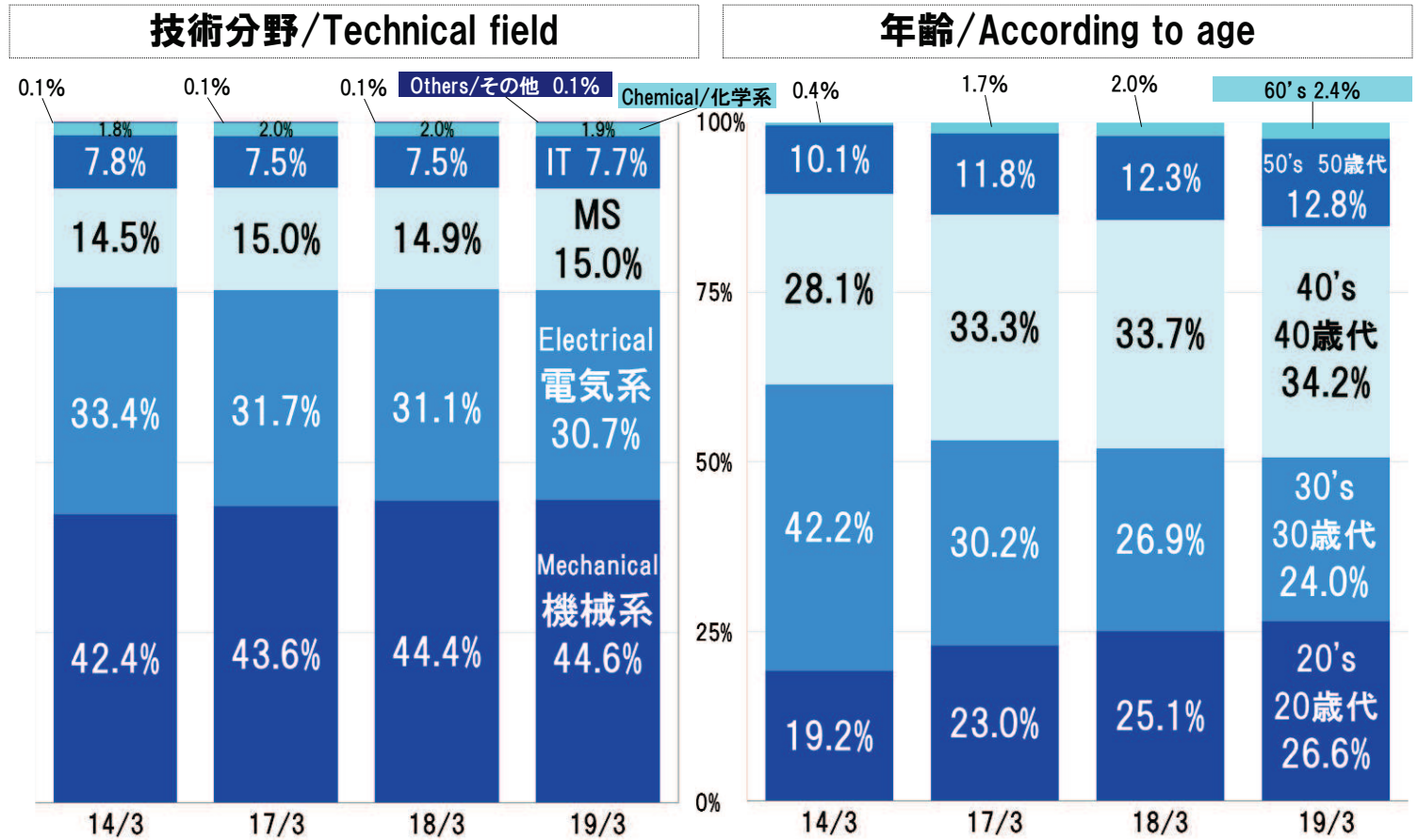
# Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

Meitec Fielders	FY2014	FY2015	FY2016	FY2017	FY2018			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	4,241	4,981	5,455	5,843	6,406	33.1%	+562	+9.6%
Aircraft/Aerospace	207	251	366	388	359	1.9%	(28)	(7.4%)
Industrial Machinery	1,770	1,929	2,157	2,621	3,280	17.0%	+658	+25.1%
Precision Equipment	1,625	1,666	1,760	2,149	2,395	12.4%	+245	+11.4%
IT Related Hardware and Devices	397	452	565	651	693	3.6%	+42	+6.5%
Electric and Electronics	1,568	1,656	1,827	1,984	2,169	11.2%	+185	+9.4%
Semiconductors and Integrated Circuits Design	457	505	511	610	690	3.6%	+79	+13.1%
Semiconductor Equipment and Devices	403	536	672	950	1,311	6.8%	+361	+38.0%
Information Processing/Software	342	341	336	466	513	2.7%	+46	+10.1%
Plant	389	473	561	588	601	3.1%	+13	+2.3%
Construction	26	16	22	83	103	0.5%	+20	+24.3%
Others	481	516	628	642	809	4.2%	+167	+26.1%
Total	11,911	13,327	14,865	16,981	19,336	100.0%	+2,355	+13.9%

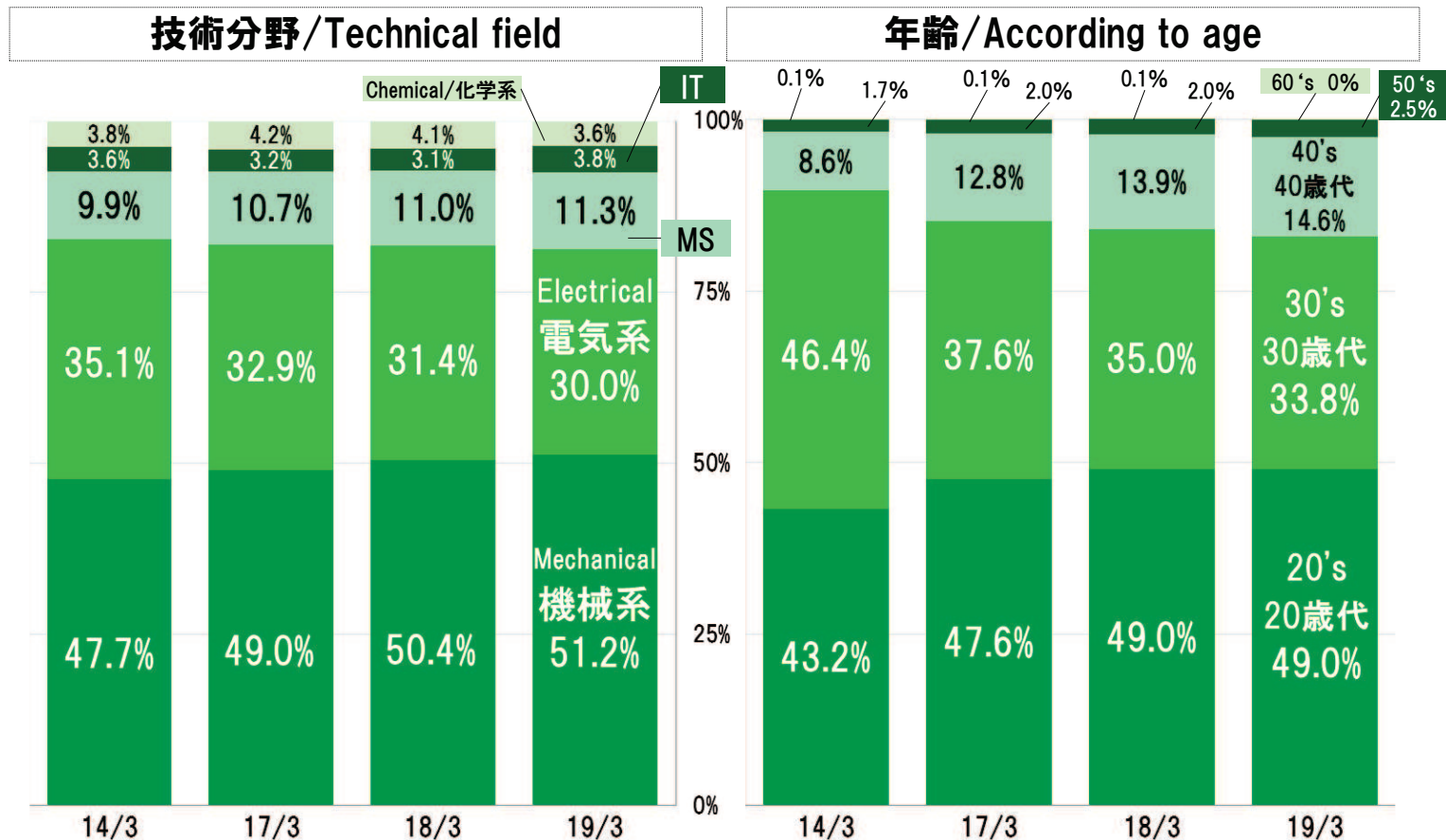
44

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



MS: Micro Computer System

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



MS: Micro Computer System



# Trend of Performances (Group Consolidated)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net sales	71,255	79,120	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
Cost of sales	49,648	54,460	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
Cost of sales to Net sales	69.7%	68.8%	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%
Gross profit	21,606	24,660	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
Selling, general and administrative expenses	9,339	12,371	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
SG&A expenses to Net sales	13.1%	15.6%	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%
Operating profit	12,267	12,289	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
Operating profit margins	17.2%	15.5%	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%
Non-operating income	106	87	137	74	84	87	4,729	2,146	114	97	50	113	29	20	19	15
Non-operating expenses	90	185	59	169	115	107	77	178	32	24	51	10	58	17	11	7
Ordinary profit	12,283	12,190	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
Ordinary profit margins	17.2%	15.4%	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%
Extraordinary income	149	393	538	5	6	13	32	378	—	58	—	20	1,084	31	337	26
Extraordinary loss	477	2,682	2,235	5,092	1,826	1,094	130	234	4	215	146	3,621	65	45	262	18
Profit before income taxes	11,955	9,900	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
Total income taxes and others	5,246	5,192	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
Profit attributable to owners of parent	6,709	4,707	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
Profit margins	9.4%	6.0%	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%

47

# Trend of Performances (Meitec)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net sales	59,518	61,109	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
Cost of sales	40,927	42,087	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
Cost of sales to Net sales	68.8%	68.9%	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%
Gross profit	18,591	19,021	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
Selling, general and administrative expenses	7,833	7,802	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
SG&A expenses to Net sales	13.2%	12.8%	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%
Operating profit	10,757	11,219	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
Operating profit margins	18.1%	18.4%	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%
Non-operating income	324	530	458	4,988	356	564	3,840	1,976	389	314	426	523	517	601	769	769
Non-operating expenses	90	35	33	109	48	76	53	150	14	19	426	10	52	16	6	6
Ordinary interests in income	10,991	11,714	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
Ordinary profit margins	18.5%	19.2%	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%
Extraordinary income	61	525	102	5	3	7	2	3	—	462	—	324	1,088	200	364	16
Extraordinary loss	412	800	132	10,202	2,084	2,912	626	318	66	228	372	3,673	50	222	261	52
Profit before income taxes	10,641	11,439	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
Total income taxes	4,597	4,586	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
Profit	6,044	6,853	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
Profit margins	10.2%	11.2%	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%

48



# Trend of Performances (Meitec Fielders)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net sales	8,692	9,729	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
Cost of sales	6,428	7,234	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
Cost of sales to Net sales	74.0%	74.4%	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%
Gross profit	2,264	2,495	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
Selling, general and administrative expenses	989	1,174	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
SG&A expenses to Net sales	11.4%	12.1%	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%
Operating profit	1,275	1,321	1,369	1,308	1,310	819	(1,461)	575	537	648	856	1,073	1,204	1,346	1,456	1,734
Operating profit margins	14.7%	13.6%	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%
Non-operating income	5	6	3	3	10	6	848	182	3	3	1	—	—	1	—	1
Non-operating expenses	—	—	—	1	1	—	5	1	—	—	15	—	—	1	4	—
Ordinary profit	1,280	1,328	1,373	1,310	1,319	825	(618)	757	540	651	841	1,074	1,205	1,346	1,452	1,735
Ordinary profit margins	14.7%	13.6%	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%
Extraordinary income	88	5	6	—	—	—	—	1	—	—	—	—	—	—	1	—
Extraordinary loss	64	—	3	4	5	13	2	1	—	—	—	5	7	—	—	—
Profit before income taxes	1,304	1,333	1,376	1,306	1,314	811	(620)	756	540	651	841	1,068	1,198	1,346	1,453	1,735
Total income taxes	562	544	560	537	544	344	313	(187)	264	272	358	420	412	301	422	444
Profit	742	789	816	768	769	467	(933)	943	275	378	483	648	786	1,045	1,031	1,291
Profit margins	8.5%	8.1%	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%

49

# Trend of Performances (Meitec Next)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net sales				8	252	480	334	438	593	734	872	1,131	1,321	1,483	1,662	1,762
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
Selling, general and administrative expenses				207	470	559	349	333	446	512	577	746	887	966	1,116	1,203
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%
Operating profit				(198)	(217)	(78)	(14)	104	147	221	295	385	433	517	545	559
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%
Non-operating income				—	—	—	2	2	—	—	—	—	—	—	—	—
Non-operating expenses				—	—	—	—	—	—	—	—	—	—	—	—	—
Ordinary profit				(198)	(217)	(78)	(12)	106	147	221	295	385	433	517	545	559
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%
Extraordinary income				—	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary loss				—	—	—	—	—	—	—	—	—	—	—	—	—
Profit before income taxes				(198)	(217)	(78)	(13)	106	147	221	295	385	433	517	544	559
Total income taxes				—	—	1	—	—	—	19	95	141	145	182	193	198
Profit				(199)	(217)	(79)	(14)	105	147	201	200	243	288	334	350	361
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%

50

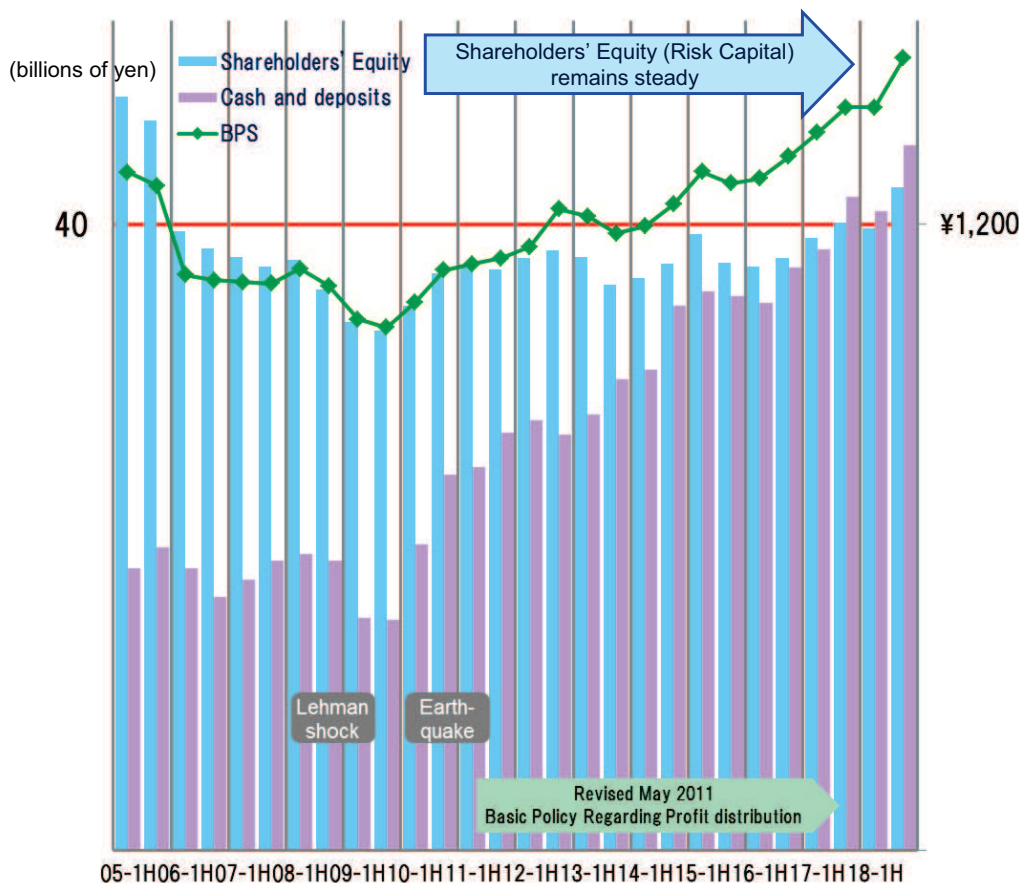
# Trend of Balance Sheets (Group Consolidated)

(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
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
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
<b>Total current assets</b>	<b>35,564</b>	<b>35,356</b>	<b>33,295</b>	<b>28,444</b>	<b>37,661</b>	<b>40,643</b>	<b>41,802</b>	<b>44,998</b>	<b>51,639</b>	<b>53,104</b>	<b>54,742</b>	<b>59,325</b>	<b>60,036</b>
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
<b>Total non-current assets</b>	<b>21,914</b>	<b>22,428</b>	<b>20,934</b>	<b>19,180</b>	<b>18,053</b>	<b>16,915</b>	<b>16,199</b>	<b>16,447</b>	<b>13,458</b>	<b>11,363</b>	<b>11,634</b>	<b>11,608</b>	<b>14,579</b>
<b>Total assets</b>	<b>57,479</b>	<b>57,784</b>	<b>54,230</b>	<b>47,625</b>	<b>55,714</b>	<b>57,559</b>	<b>58,002</b>	<b>61,445</b>	<b>65,098</b>	<b>64,468</b>	<b>66,377</b>	<b>70,934</b>	<b>74,615</b>
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
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
<b>Total liabilities</b>	<b>18,795</b>	<b>20,186</b>	<b>18,061</b>	<b>14,181</b>	<b>18,619</b>	<b>20,349</b>	<b>19,579</b>	<b>25,257</b>	<b>27,532</b>	<b>26,862</b>	<b>28,523</b>	<b>30,794</b>	<b>32,244</b>
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
Other net assets	(461)	(449)	(577)	(658)	(651)	(808)	(841)	(2,111)	(2,054)	(2,367)	(2,116)	(1,939)	(1,802)
<b>Total net assets</b>	<b>38,683</b>	<b>37,598</b>	<b>36,169</b>	<b>33,443</b>	<b>37,094</b>	<b>37,209</b>	<b>38,422</b>	<b>36,188</b>	<b>37,565</b>	<b>37,605</b>	<b>37,854</b>	<b>40,139</b>	<b>42,371</b>

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

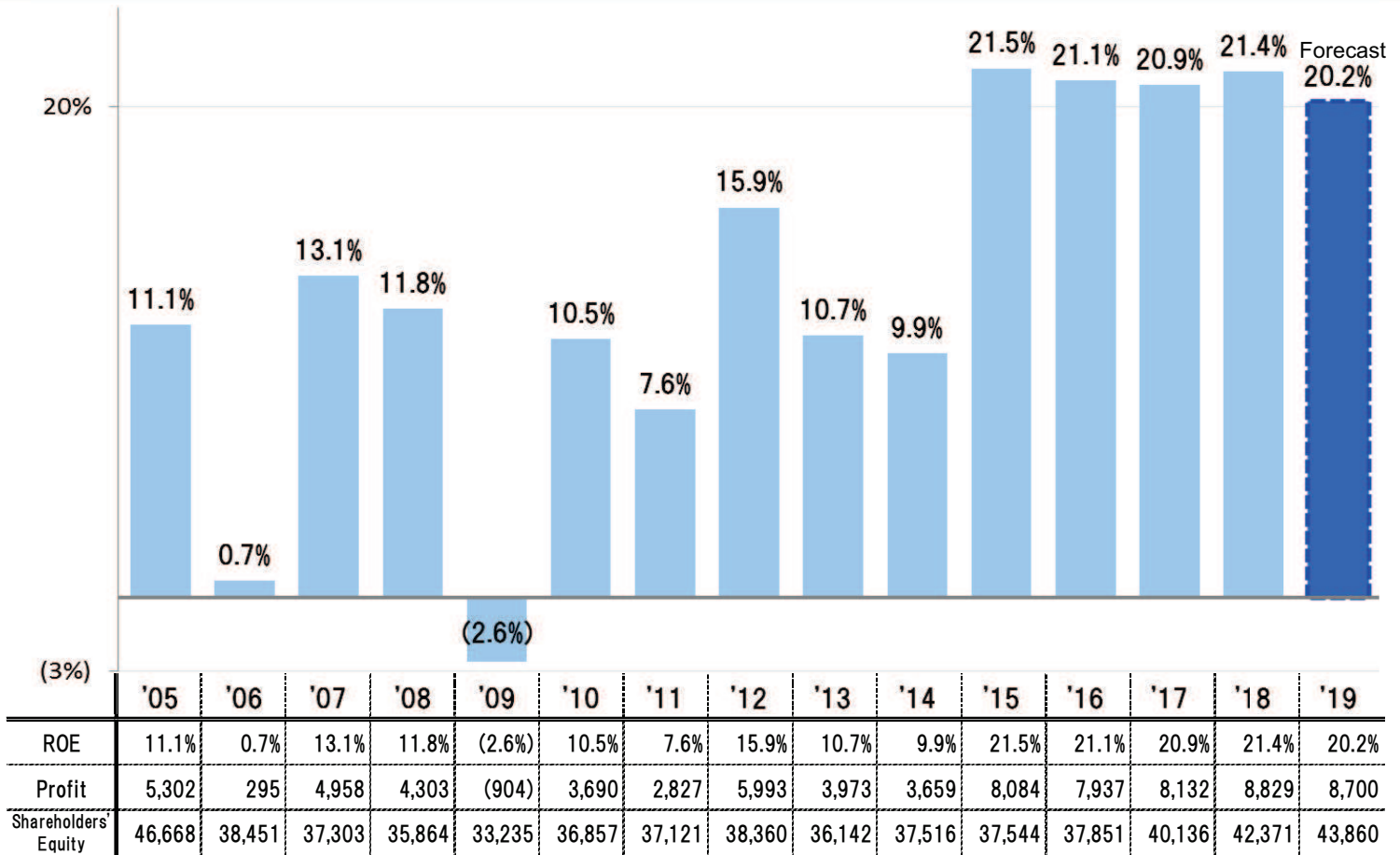
51

## 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.

52



53

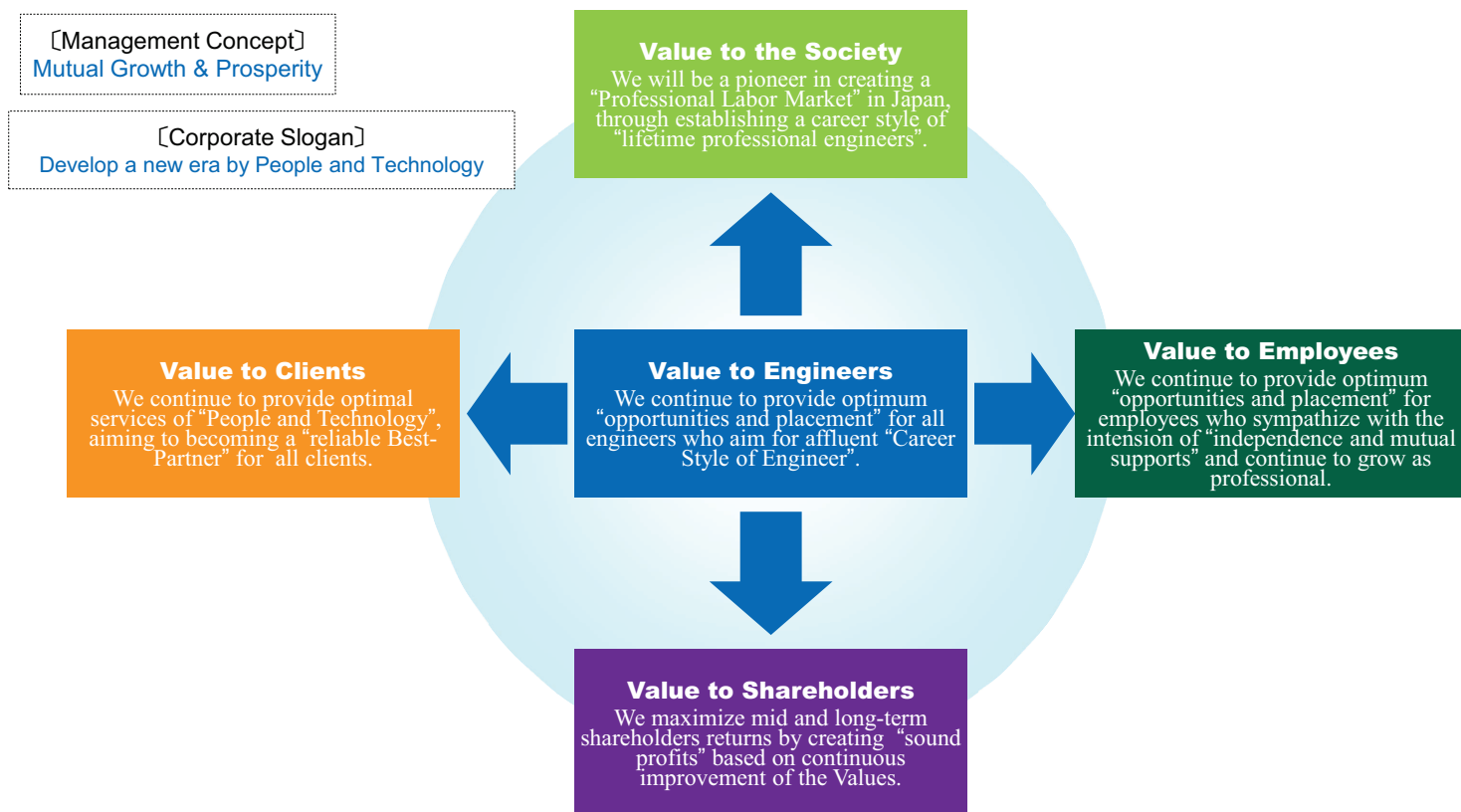
# Trend of Profit Distributions and Forecast

(Fractions of one million yen are rounded)														Actual	Forecast	
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	
Total Return Ratio	159.0%	2,800.4%	112.7%	123.6%	—	24.7%	92.9%	99.0%	101.2%	116.8%	100.0%	100.1%	80.0%	80.0%	80.0%	
Dividend Payout ratio	65.1%	1,085.7%	50.5%	58.9%	—	24.7%	68.5%	53.2%	56.1%	92.4%	53.5%	55.2%	61.8%	63.3%	60.5%	
Dividend on Equity	7.1%	7.4%	6.5%	6.9%	2.4%	2.6%	5.2%	8.4%	6.0%	9.2%	11.4%	11.6%	12.9%	13.6%		
Annual Dividends	Per Share	@¥90.50	@¥89.00	@¥72.00	@¥75.00	@¥24.50	@¥27.50	@¥58.50	@¥99.00	@¥72.00	@¥111.00	@¥144.00	@¥151.50	@¥177.00	@¥199.50	@¥188.50
	Millions of Yen	3,329	3,162	2,488	2,518	812	911	1,925	3,134	2,220	3,373	4,286	4,344	5,008	5,567	5,260
2nd Quarter	Per Share	@¥44.00	@¥44.00	@¥37.50	@¥47.00	@¥24.50		@¥29.00	@¥30.00	@¥31.50	@¥44.00	@¥63.00	@¥68.00	@¥74.50	@¥84.00	@¥82.00
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,968	2,119	2,344	2,288
Year-end	Per Share	@¥46.50	@¥45.00	@¥34.50	@¥28.00		@¥27.50	@¥29.50	@¥69.00	@¥40.50	@¥67.00	@¥81.00	@¥83.50	@¥102.50	@¥115.50	@¥106.50
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,375	2,889	3,223	2,972
Acquisition of Treasury Shares	Thousands of shares	1,405	1,353	857	1,174			421	1,506	641	269	921	915	257	280	
	Millions of Yen	5,100	5,099	3,100	2,800			700	2,800	1,800	899	3,799	3,600	1,500	1,500	1,700
Total Shareholders Return	Millions of Yen	8,429	8,261	5,588	5,318	812	911	2,625	5,934	4,020	4,273	8,086	7,944	6,508	7,067	6,960
Retirement of Treasury Stock	Thousands of shares	1,562	1,400		342			400	1,700	500	300	900	1,300		700	
Stock Price TSE#9744	As of April 1	¥3,830	¥3,870	¥3,860	¥3,040	¥1,242	¥1,893	¥1,621	¥1,681	¥2,193	¥2,857	¥3,965	¥3,865	¥4,505	¥5,960	¥5,130
	As of March 31	¥3,870	¥3,800	¥3,020	¥1,216	¥1,831	¥1,664	¥1,669	¥2,343	¥2,930	¥4,025	¥3,935	¥4,520	¥5,890	¥5,030	
Earnings per Share		@¥138.93	@¥8.20	@¥142.64	@¥127.31	@¥(27.30)	@¥111.33	@¥85.45	@¥186.08	@¥128.30	@¥120.12	@¥269.24	@¥274.32	@¥286.64	@¥315.43	@¥311.77
Net Assets per Share		@¥1,274.10	@¥1,092.80	@¥1,086.71	@¥1,081.85	@¥1,002.58	@¥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	

54

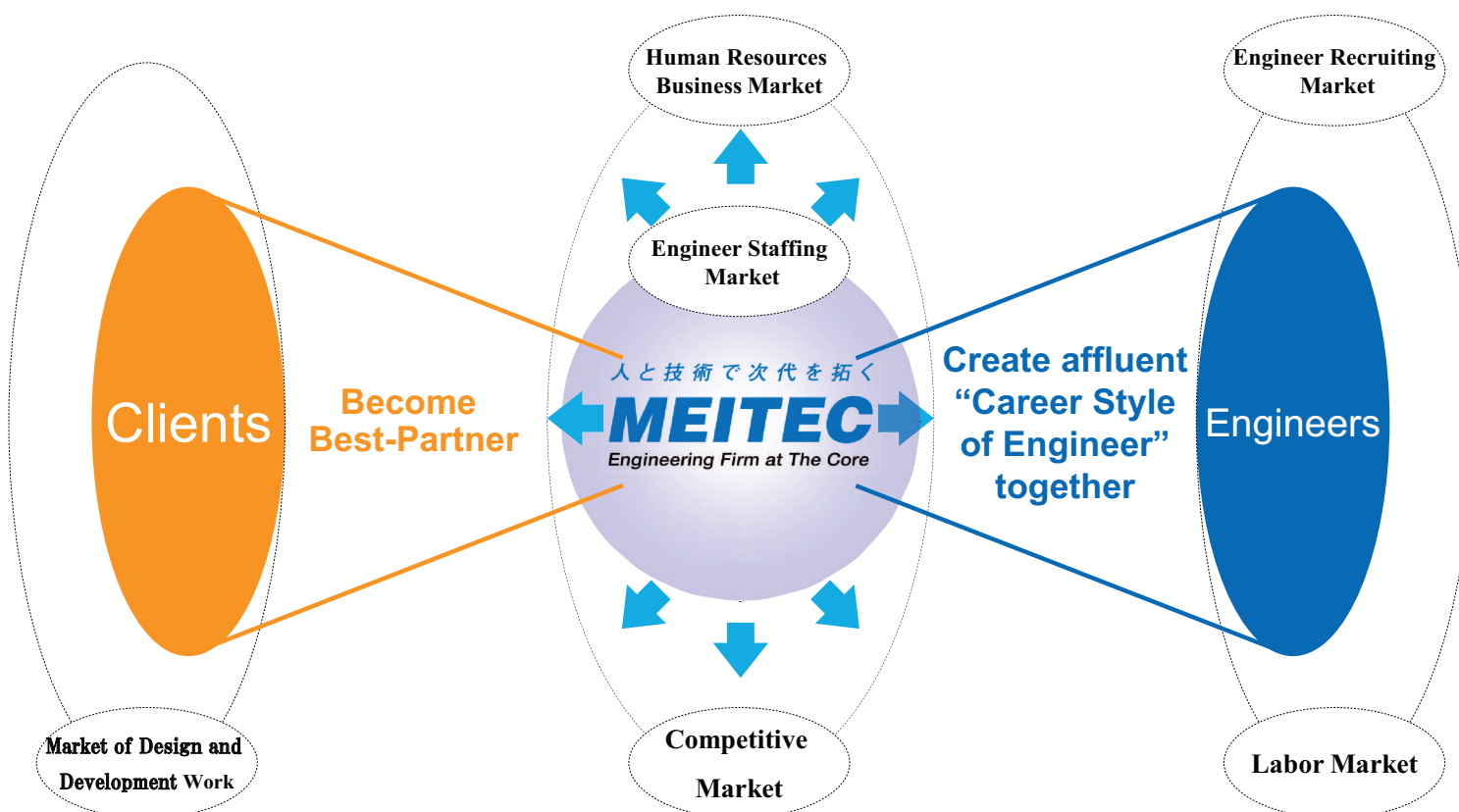
# “Ideal State of the Meitec Group”

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.



55

# Target of Providing the Value



56

## *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.



57

## *Engineering Firm*

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“Engineering Firm” in our description means that all the members of the Meitec Group belong to a group of engineering professionals who improve each other and keep growing with the spirit of “independence and mutual support.”

## *The Core*

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The Core in how we see ourselves means that we are a group of companies that produces “important and indispensable” value for the technological innovation of manufacturers.

The Core in how we see ourselves also means that we are a group of companies that is able to offer an “important and indispensable” way of working, as engineers who consider their profession as the core of society.

58



## 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, 2019)

- Directors 8 (of which outside 2, independent 2)
- Audit & supervisory board members 4 (of which outside 4, independent 4)

\*The Company designates all the outside directors/audit & supervisory board members (executives) who satisfy the qualification for independent executives as independent executives.

## 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)

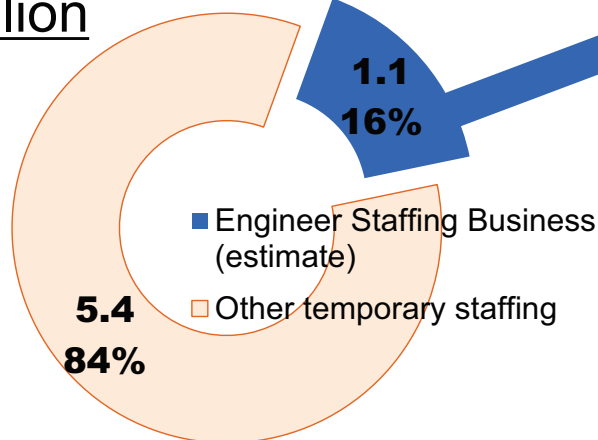
59

## Market of Engineer Staffing Business (estimate)

- ✓ Calculation of estimates based on statistics following the revisions to the Worker Dispatching Act.

### Annual sales of the Temporary Staffing Market (FY2017)

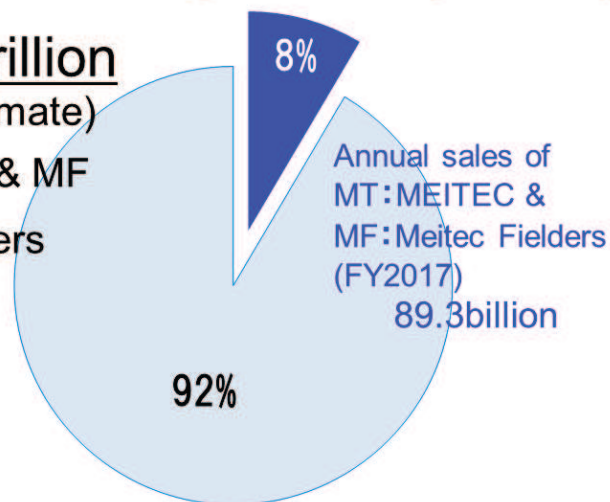
6.5trillion



### Engineer Staffing Business (estimate)

1.1trillion (estimate)

- MT & MF
- Others



### March-2018

Meitec

¥5,235

Meitec Fielders

¥3,715

Engineer Staffing (estimate)

approx.¥3,700

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

60

# Shareholders by Business Segments

Shareholder Segment	(As of the Fiscal year ended March 31, 2019)			
	Shareholders	%	Shares Held	%
Banks	9	0.2%	503,511	1.7%
Trust Banks	17	0.3%	8,824,600	30.1%
Life and nonlife insurance companies	25	0.5%	4,040,383	13.8%
Securities financing and other financial companies	8	0.2%	46,860	0.2%
Securities companies	33	0.6%	584,217	2.0%
Business concerns and other companies	78	1.5%	166,659	0.6%
Overseas companies and investors	233	4.6%	10,918,673	37.3%
Individuals and others	4,696	92.1%	4,215,097	14.4%
<b>Total</b>	<b>5,099</b>	<b>100.0%</b>	<b>29,300,000</b>	<b>100.0%</b>

61

# Company Information

<b>Tokyo Headquarters</b>	<b>Taito-ku, Tokyo</b>
<b>Nagoya Headquarters</b>	<b>Nishi-ku Nagoya</b>
<b>Stock listings</b>	<b>Tokyo Stock Exchange, 1st Section (No. 9744)</b>
<b>Incorporated</b>	<b>July 17, 1974</b>
<b>C l i e n t s</b>	<b>Approximately 1,200 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange</b>
<b>B r a n c h e s</b>	<b>35 Sales offices, including Tokyo, Osaka, Nagoya, and other major Japanese cities</b>
<b>Group Companies</b>	<p>[Engineering Solutions Business]</p> <ul style="list-style-type: none"> <li>■ MEITEC FIELDERS INC.</li> <li>■ MEITEC CAST INC.</li> <li>■ MEITEC EX CORPORATION</li> <li>■ MEITEC BUSINESS SERVICE CORPORATION</li> </ul> <p>[Recruiting &amp; Placement Business for engineers]</p> <ul style="list-style-type: none"> <li>■ MEITEC NEXT CORPORATION</li> </ul>

62