

SUMMARY OF THE Q&A SESSION
AT THE IR MEETING FOR THE 2ND QUARTER ENDED SEPTEMBER 30, 2018

MEITEC CORPORATION

1. Date: November 6, 2018, 16:00–16:40
2. Place: 10th Floor, Marunouchi Conference Square M+
3. Q&A:

Q. Regarding SG&A expenses, at the beginning of the period Meitec planned to hire an adequate number of engineers and sales staff, but Meitec's SG&A expenses for the first half were lower than planned. Could you provide the reason for this? Was it possible to hire an adequate number of people without incurring the planned amount of SG&A expenses, or did you not effectively use the funds allocated for SG&A expenses?

Also, Meitec stated that it would use funds allocated for SG&A expenses to pay for hiring and yet the plan for the SG&A expenses for the second half has not been revised. Could you explain your reasoning for this?

A. One of the primary reasons that SG&A expenses for the first half were lower than planned is that, ultimately, we have not yet hired the number of people stated in the hiring plan. The Company's hiring policy, which applies not only to technical staff and engineers, but to all hires including sales staff and administrative staff, is to hire talented personnel that can improve a corporation's competitive advantage. As such, the reason for the lower-than-planned hiring is that it was not possible to hire enough people that met this standard.

Also, as the hiring plan during the second half has not been changed, the plan for the SG&A expenses for the second half has also not been revised.

Q. The number of prospective employees who will join Meitec in April 2019 is 424. Taking this into consideration, it seems as though Meitec's pace is picking up a little bit every year. If there is a primary reason for the hiring of new graduates to be going well, please explain what it is.

A. I believe that those who wish to become an engineer and be involved in creating new things and working with technology have begun to understand, to a certain degree, the appeal of the work style that is possible if they are hired by the Meitec Group, a work style that will enable them to have stable employment while being involved in a wide range of job types, product fields and technologies.

Also, recently, there has been an increase in the number of university professors that have previous work experience at private technology companies and some of them have been involved in development with engineers from the Company. As a result, there has been an increase in cases where these professors, when speaking to students, have praised how trustworthy and unique the Company is. A great number of people have started out as engineers working for the Meitec Group. We will continue promoting the fact that Meitec is operated in a manner that enables engineers to grow to

become a driving force behind future Japanese companies and invention.

Q. Regarding sales by industrial segment (on page 22 of explanatory materials), sales growth in the automobile/transportation segment is said to have been pronounced; in what part of the automobile industry is demand high?

A. In the automobile/transportation segment there are three major keywords: “electrification,” “automated driving,” and “connected.” Development projects based on these three keywords have increased dramatically. Also, in relation to these projects, demand for both dispatched and contract workers is increasing from clients in creative fields that have high added value.

Q. Aside from automobile/transportation, it seems that there has been some sales growth in precision equipment. Could you go into detail about this?

A. There are several keywords that serve as themes for technological development around the world, such as “AI,” “IoT,” “robotics,” and “fintech.” Furthermore, there are now efforts being made to achieve full automation, which enables even greater productivity than partial automation.

Amid various technological changes, we are striving to meet the needs of our clients by making the most of the Company’s strength, which is combining new key technologies with existing core technologies.

Q. With reductions in overtime hours there seems to be a trend toward fewer working hours. Do you think working hours have reached their lowest, or will they continue to decrease?

A. In our May 2018 announcement of results we explained our impression that working hours have decreased as far as they are going to, and this impression remains unchanged. Having said that, natural disasters such as typhoons were a major contributor to decreased working hours in the first half. We intend to pay close attention to working hours going forward, while keeping factors such as natural disasters in mind.

Q. Do you think that the manufacturing industry’s investment in technological development will continue to grow, or will it stabilize and remain steady at its current high level? Do you think that the tightening of the labor market caused by a past shortage of human resources is starting to relax?

A. The Company’s business differs from staffing services that simply provide labor in a given field of work. The Company’s business is, instead, a technology provision service that combines technologies and increases output in relation to clients’ product design and development of products. As such, I don’t think that there will be any lack of work going forward.

Accordingly, I believe that it is important for the Company to polish its skills and focus on steady growth. Even if there are minor changes to business conditions in the future, the impact on the Company will not be significant.

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