

Daiwa Frontier Seminar 2018

September 11, 2018

Meitec Corporation

9744 TSE 1ST Section

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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人と技術で次代を拓く

MEITEC
Engineering Firm at The Core

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



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.



5

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.

6

Top 10 Clients by Sales (Meitec)

✓ Due to confidentiality reasons we refrain from disclosing matters and specific figures related to clients (individual companies)

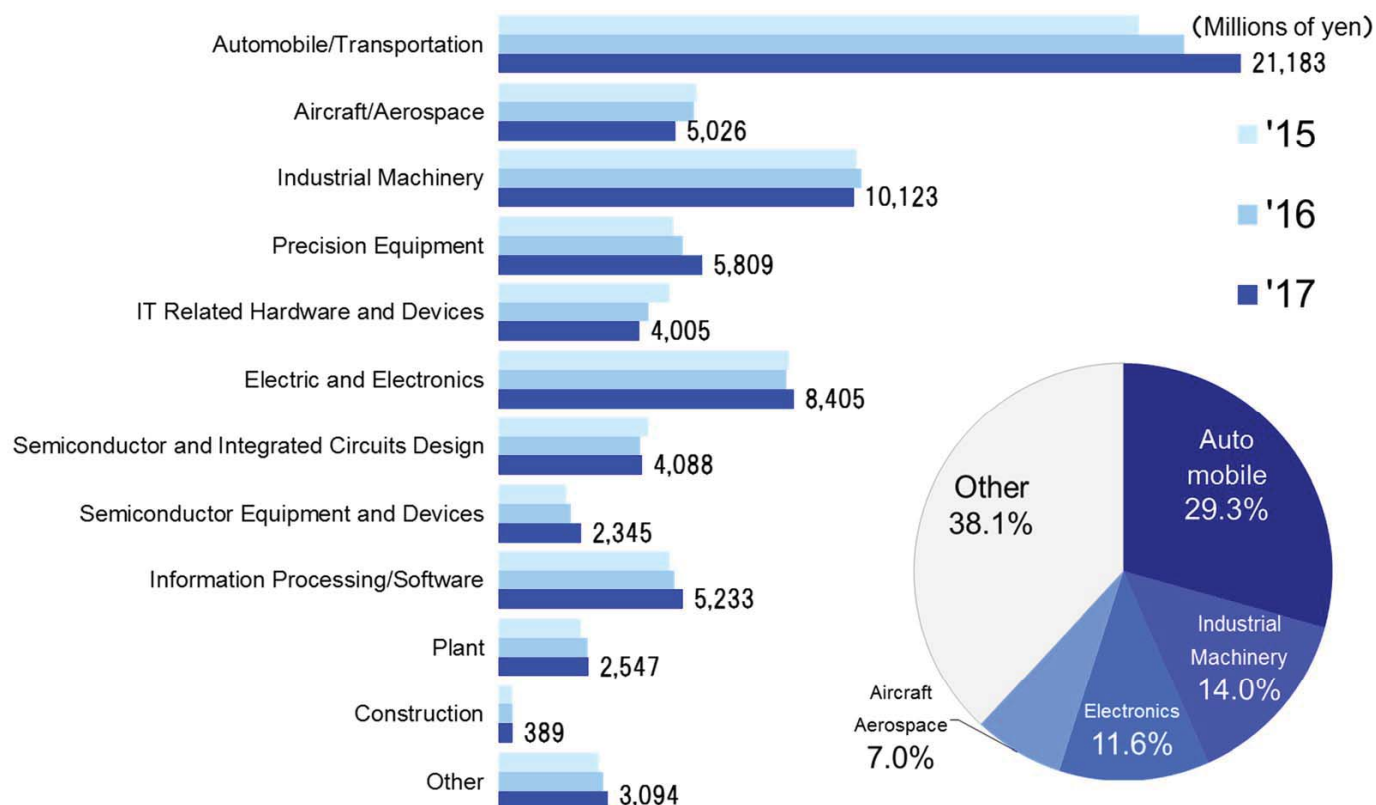
(Millions of yen)

FY2012			FY2016			FY2017		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Nikon		2	Denso		2	Denso	
3	Panasonic		3	Canon		3	Canon	
4	Denso		4	Panasonic		4	Panasonic	
5	Canon		5	Toyota Motor		5	Toyota Motor	
6	Toyota Motor		6	Nikon		6	Sony Semiconductor Solutions	
7	Sony		7	Sony Semiconductor Solutions		7	Nikon	
8	Kawasaki Heavy Industries		8	Kawasaki Heavy Industries		8	Autoliv	
9	Toshiba		9	Mitsubishi Aircraft		9	Honda R&D	
10	Omron		10	Omron		10	Omron	
Top 10 Total	16,153	28.9%	Top 10 Total	17,673	25.2%	Top 10 Total	17,654	24.4%
Top 20 Total	22,239	39.8%	Top 20 Total	24,788	35.4%	Top 20 Total	25,282	35.0%
Others	33,583	60.2%	Others	45,295	64.6%	Others	46,970	65.0%
Total	55,822	100.0%	Total	70,083	100.0%	Total	72,252	100.0%

7

Sales by the Industrial Segments (Meitec)

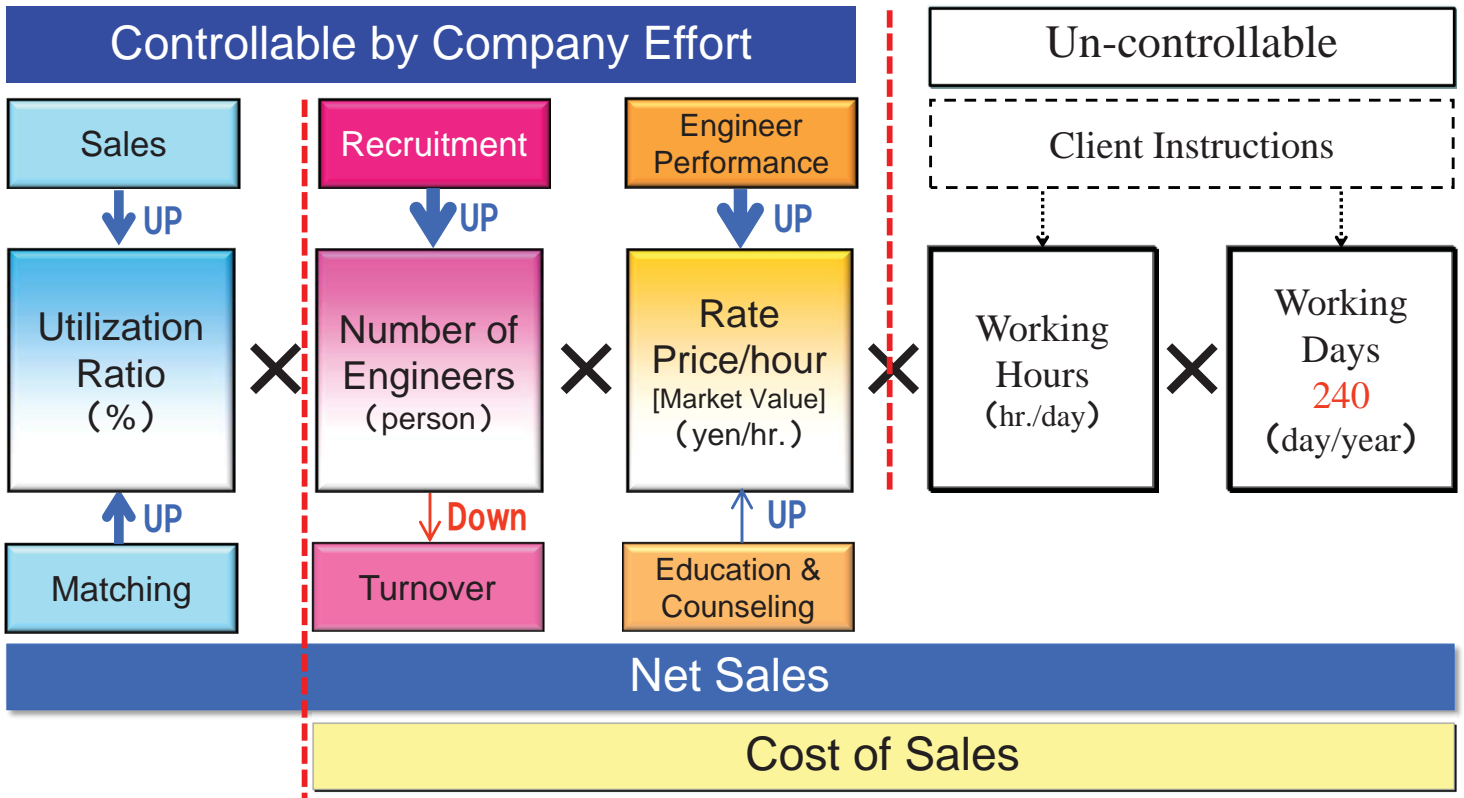
✓ Due to confidentiality reasons we refrain from disclosing the breakdown and outlook for specific clients (individual companies) (figures are stated in Reference Materials)



8

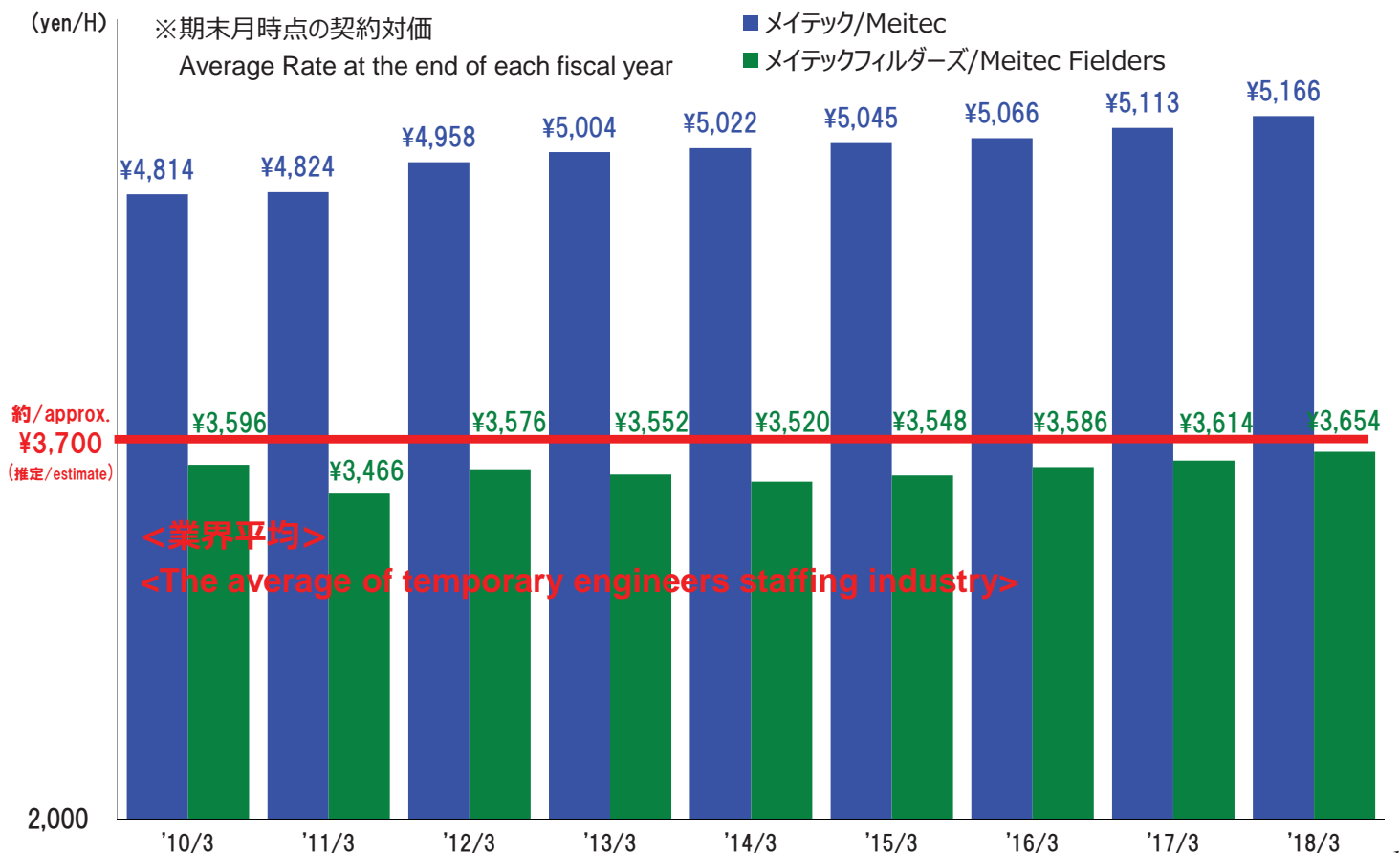
Sales and Cost (Dispatch-type)

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



9

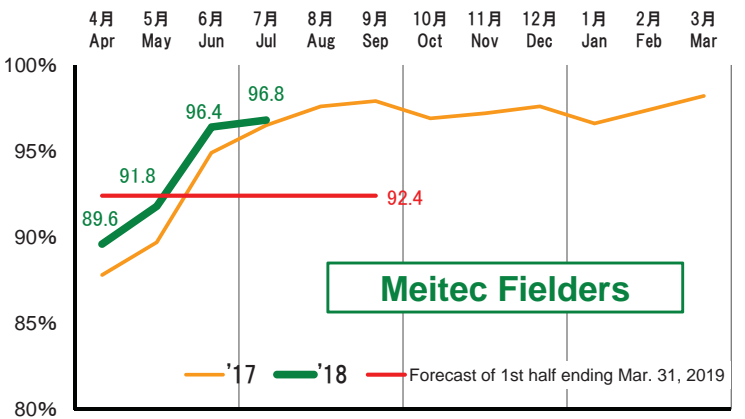
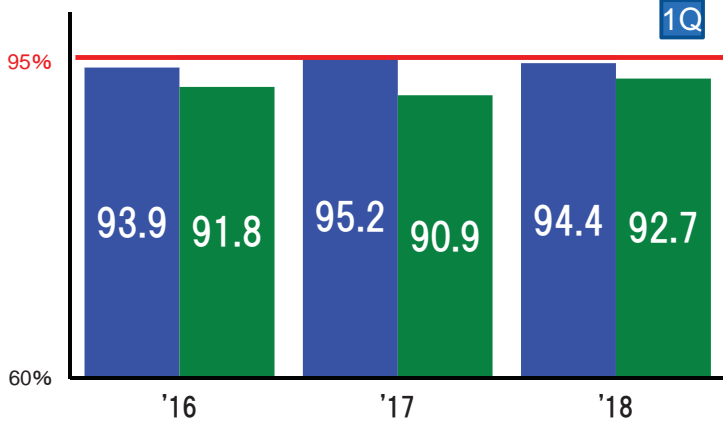
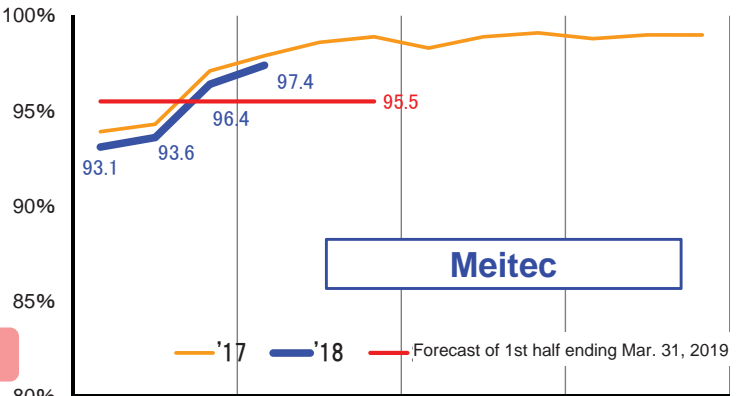
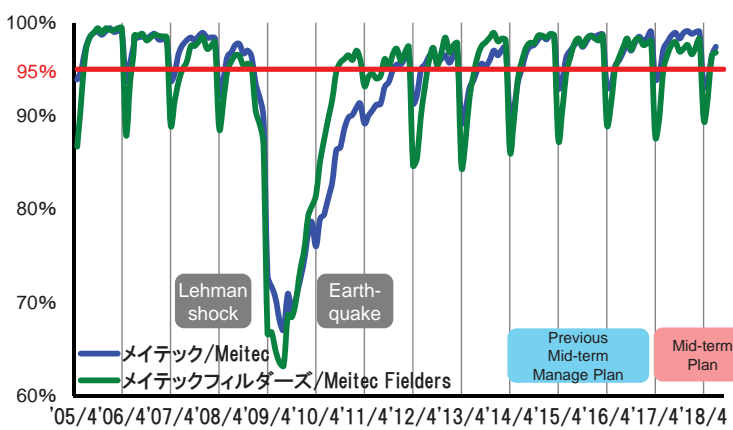
Trend in Average Rate = (Market Value)



10

Utilization Ratio

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

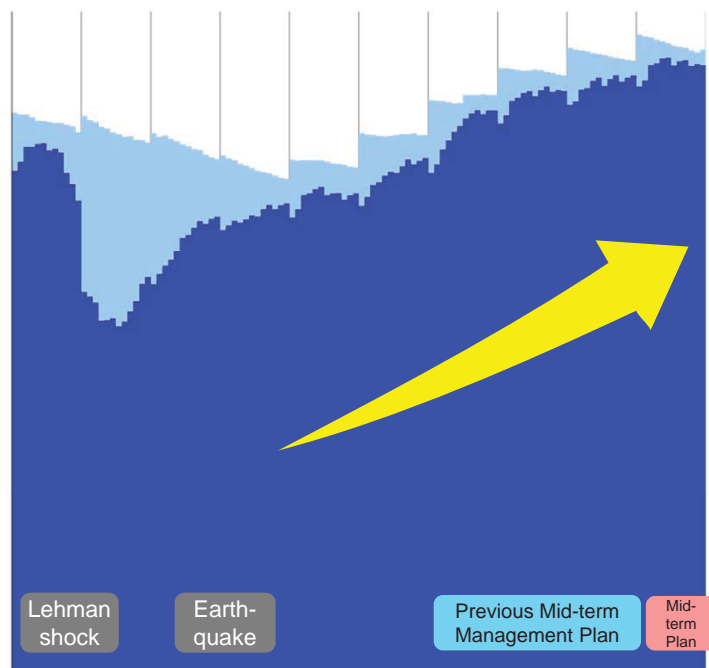


11

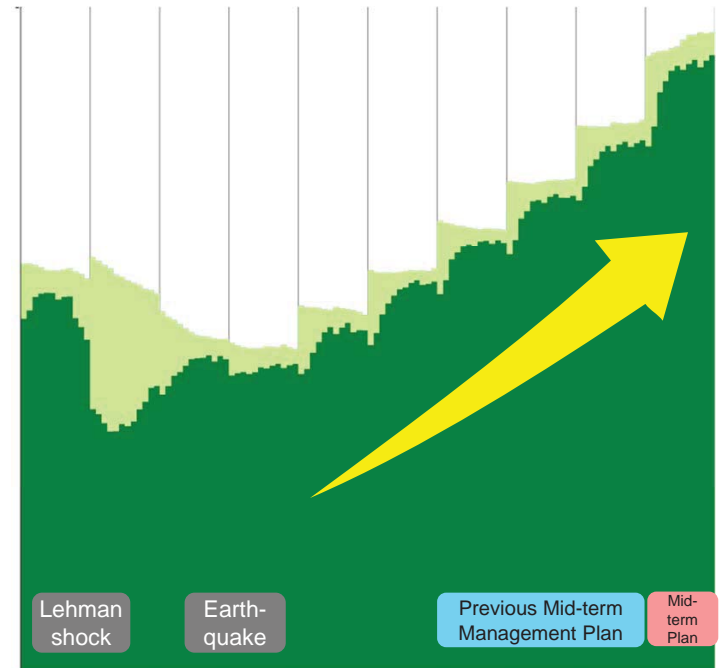
Number of Engineers Assigned to the Clients (Key factor of Sales)

✓ 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.

Meitec



Meitec Fielders

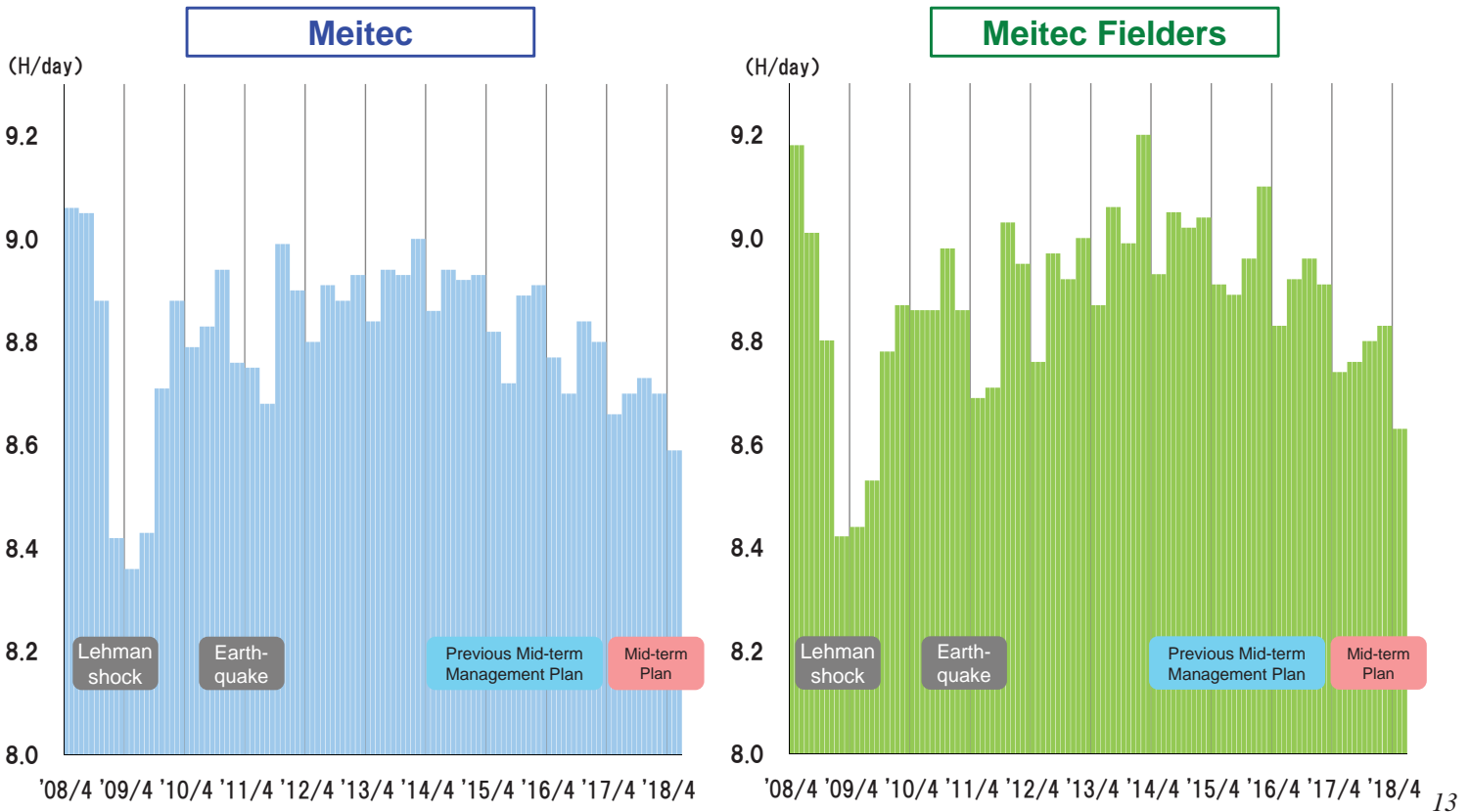


08 '09 '10 '11 '12 '13 '14 '15 '16 '17
■ 未稼働エンジニア/Unassigned ■ 稼働エンジニア/Number of engineers assigned to the clients

08 '09 '10 '11 '12 '13 '14 '15 '16 '17
■ 未稼働エンジニア/Unassigned ■ 稼働エンジニア/Number of engineers assigned to the clients

12

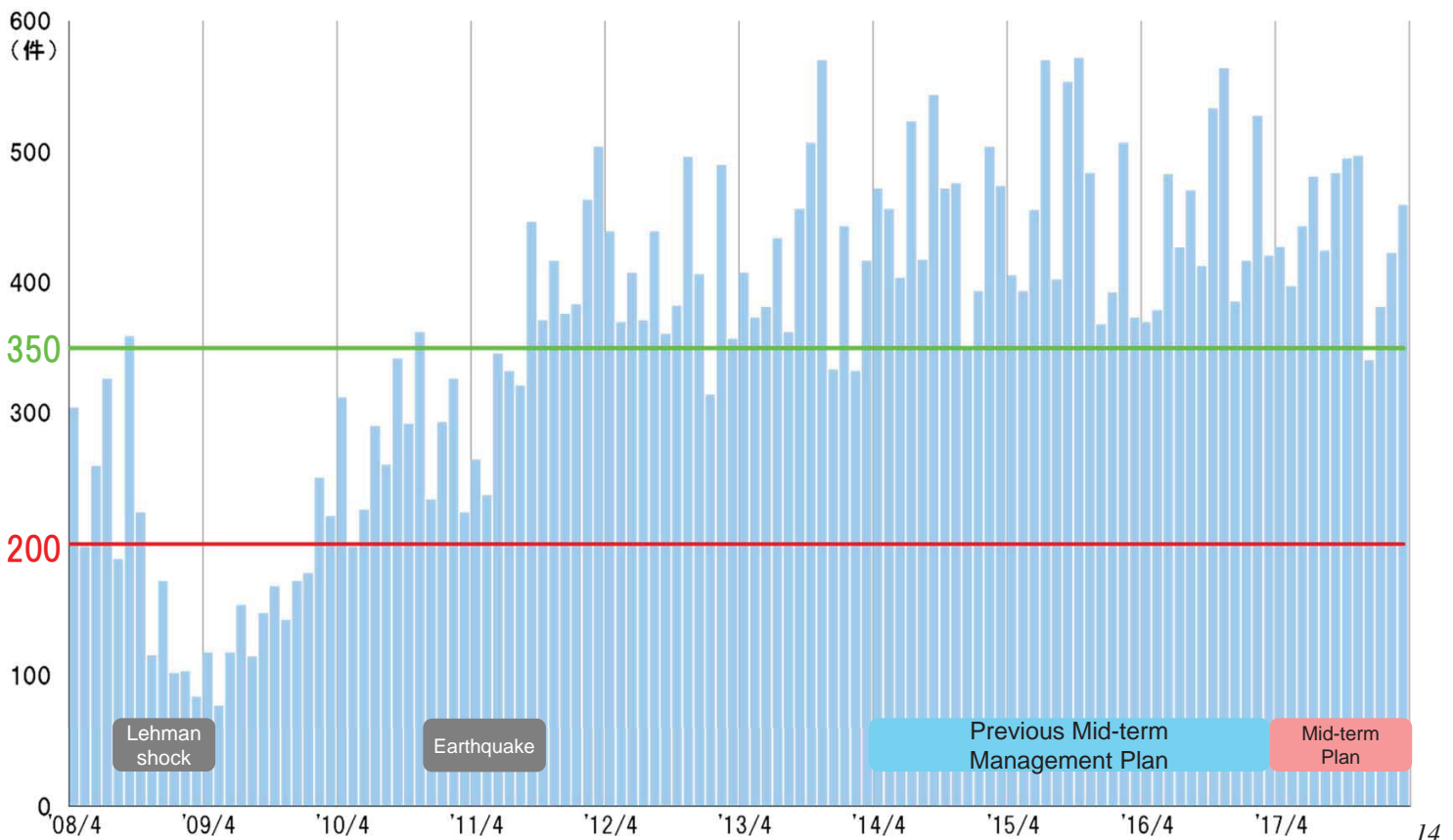
✓ Working hours declined year-on-year due to the reduction in overtime hours.



13

Trend in New Orders by Month (Meitec)

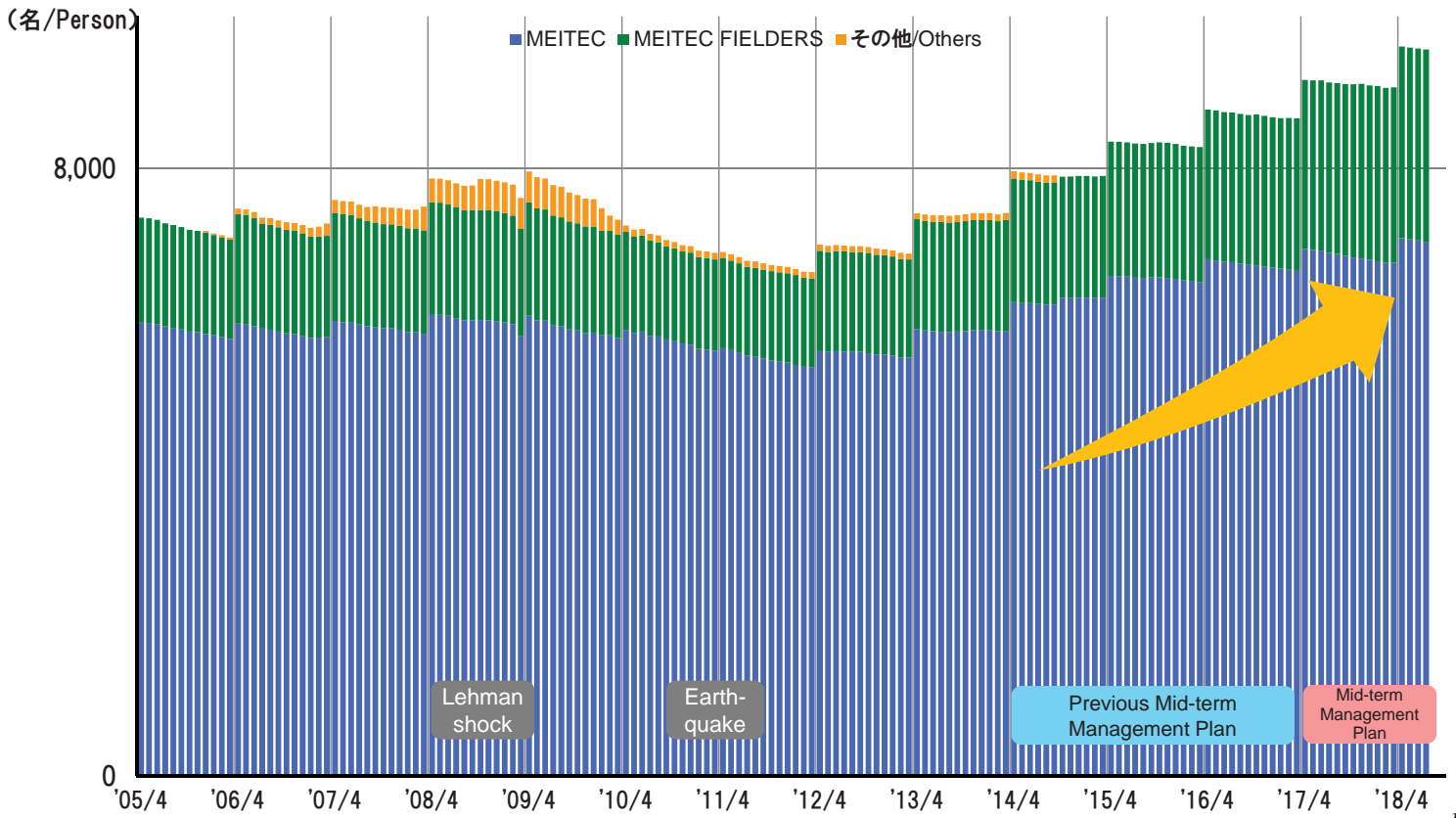
✓ New orders at Meitec remain at a level above 350 orders per month



14

Number of Engineers (Group Consolidated)

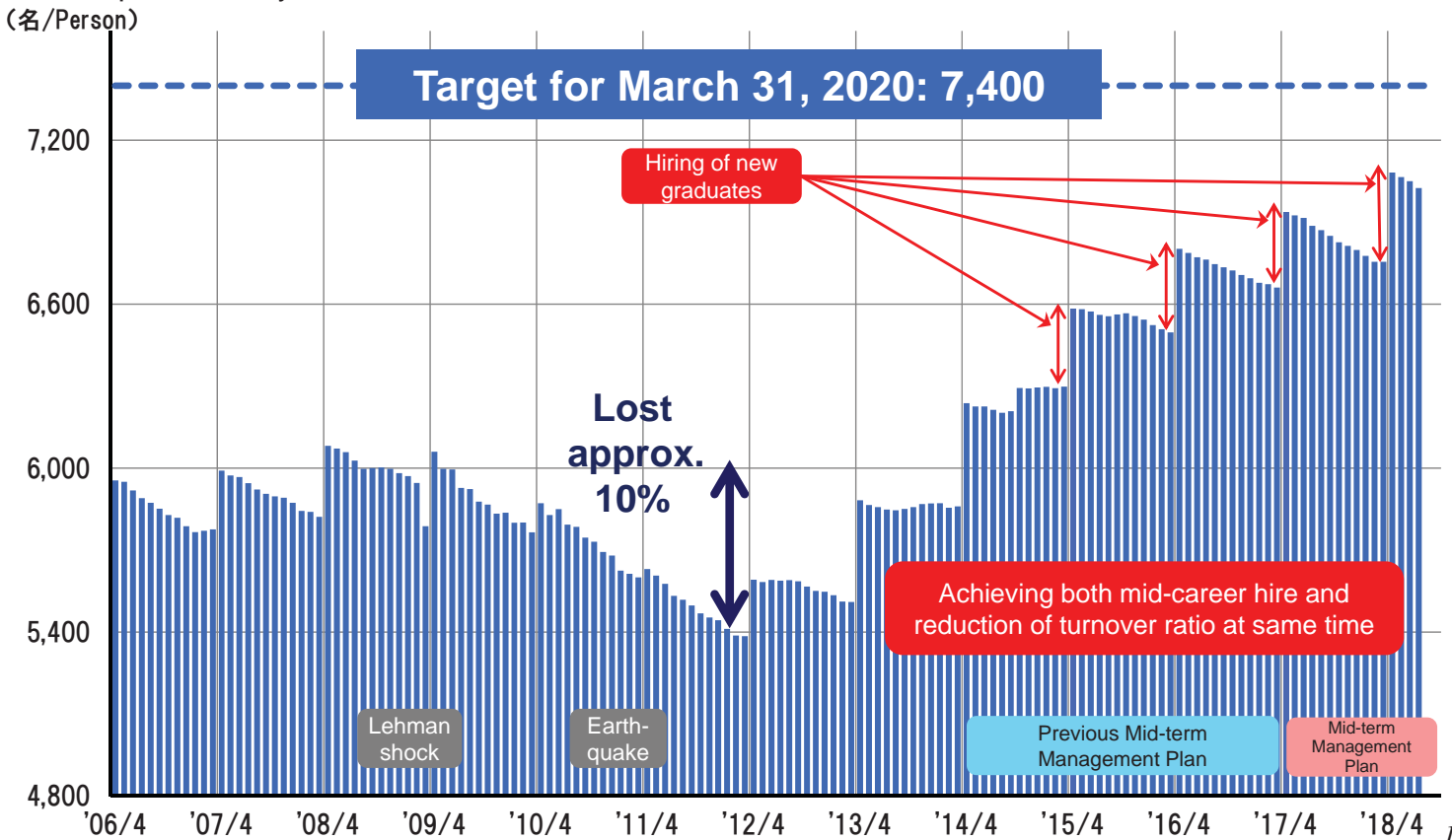
✓ The number of engineers as of July 31, 2018 was 9,567, an increase of 435 engineers, or 4.8%, compared to July 31, 2017.



15

Number of Engineers (Meitec)

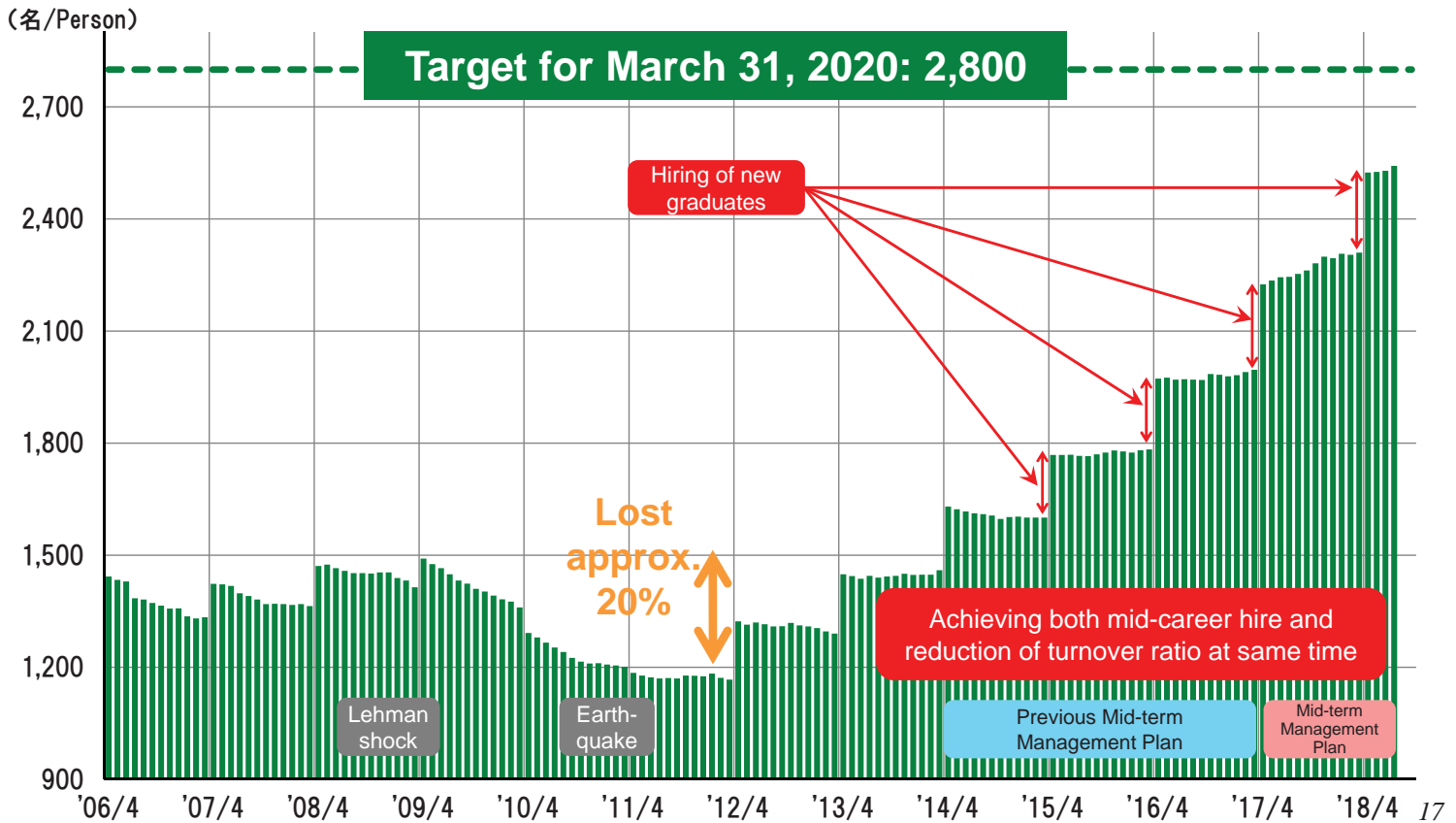
✓ The number of engineers as of July 31, 2018 was 7,025, an increase of 138 engineers, or 2.0%, compared to July 31, 2017.



16

Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of July 31, 2018 was 2,542, an increase of 297 engineers, or 13.2%, compared to July 31, 2017.



Hiring Target for the Fiscal Year Ending March 31, 2019

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 market for career change continues to be intensifying.
- ✓ 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 2019)

- Since 2012, there has been a continual increase in the number of hiring companies and the number of planned hires, which has kept the environment highly competitive
- ✓ Focus to promote understanding the career path to the lifetime engineer (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, 2019					Fiscal Year Ending March 31, 2020	
	New Graduates April 2018 (Actual)	Mid-career		Total		New Graduates April 2019	
		<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year
Meitec	357	160	+22	517	+71	400	+43
Meitec Fielders	203	280	(24)	483	(34)	240	+37
Total	560	440	(2)	1,000	+37	640	+80

Mid-term Management Plan of Meitec Group 2017-2019

Next Stage 1

Next Stage 1

Performance Targets for the Fiscal Year

Ending March 31, 2020

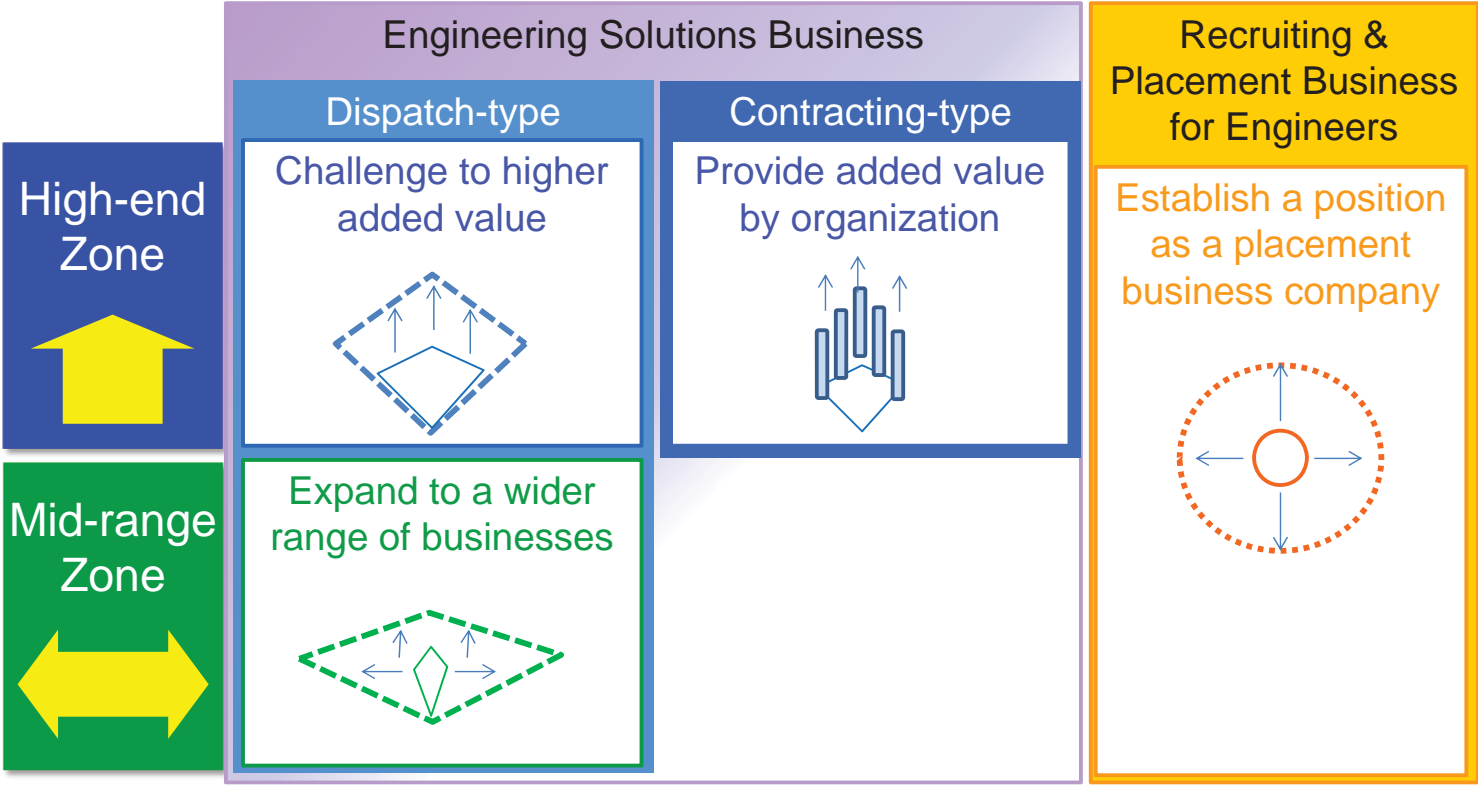
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Strengthen competitiveness for aggressive growth

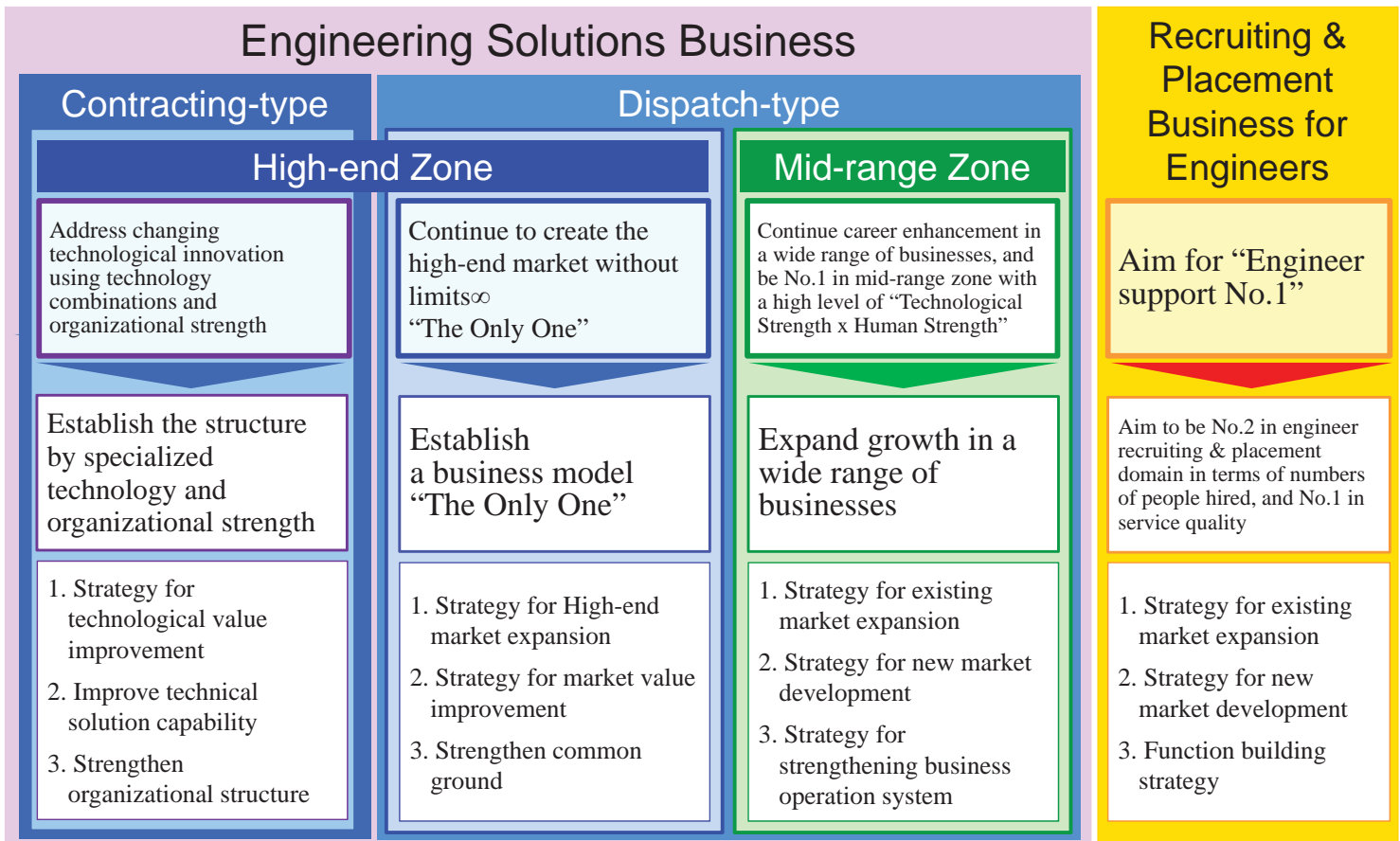
FY2019 Mid-term Management Plan	Group Consolidated	billion yen		
		Engineering Solutions Business		Recruiting&Placement Business for Engineers
		Meitec	Meitec Fielders	
Net Sales	100.0	78.0	20.0	2.4
Operating Profit	13.0	10.0	1.7	0.6
Margin	13%	13%	9%	25%
Profit	9.0			
ROE	20%			

✓ We have slightly revised the Basic Policy Regarding Profit Distribution, and have formulated a 3-year profit distribution plan.

Strengthen competitiveness for aggressive growth



Next Stage 1 Strategies by Each Businesses -Goals for the future of the business-



Forecast for the Fiscal Year Ending March 31, 2019 (Group Consolidated)

- ✓ Net sales is expected to rise 3.6% year on year to 97.0 billion yen, operating profit is expected to be up 1.2% YoY to 11.6 billion yen, and profit attributable to owners of parent is expected to fall 4.1% YoY to 7.8 billion yen.
- ✓ SG&A expenses increased 13.1% year on year, due to the increase in the number of target engineer hires, the addition of salespeople and other staff, and other factors.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2019	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2018	YoY Amount	% Change	Forecast 2nd Half
Net sales	97,000	+ 3,381	+ 3.6%	47,600	+ 1,732	+ 3.8%	49,400
Cost of sales	70,800	+ 1,549	+ 2.2%	35,000	+ 950	+ 2.8%	35,800
SG&A Expenses	14,600	+ 1,689	+ 13.1%	7,100	+ 724	+ 11.4%	7,500
Operating profit	11,600	+ 141	+ 1.2%	5,500	+ 57	+ 1.0%	6,100
Operating profit margins	12.0%	(0.2%)		11.6%	(0.3%)		12.0%
Ordinary profit	11,600	+ 134	+ 1.2%	5,500	+ 52	+ 1.0%	6,100
Profit attributable to owners of parent	7,800	(332)	(4.1%)	3,600	+ 73	+ 2.1%	4,200
Earnings per Share	276.74	(9.90)		127.72	+ 8.89		

23

Forecast for the Fiscal Year Ending March 31, 2019 (Meitec)

- ✓ Net sales is expected to rise 1.6% year on year, operating profit is expected to decline 0.5% YoY, and profit attributable to owners of parent is expected to fall 6.2% YoY.
- ✓ SG&A expenses increased 10.5% year on year, due to the increase in the number of target engineer hires, the addition of salespeople and other staff, and other factors.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2019	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2018	YoY Amount	% Change	Forecast 2nd Half
Net sales	73,400	+ 1,147	+ 1.6%	36,200	+ 655	+ 1.8%	37,200
Cost of sales	54,100	+ 238	+ 0.4%	26,900	+ 298	+ 1.1%	27,200
Cost of sales to Net sales	73.7%	(0.8%)		74.3%	(0.5%)		73.1%
SG&A Expenses	10,000	+ 951	+ 10.5%	4,900	+ 387	+ 8.6%	5,100
Operating profit	9,300	(42)	(0.5%)	4,400	(30)	(0.7%)	4,900
Operating profit margins	12.7%	(0.2%)		12.2%	(0.3%)		13.2%
Ordinary profit	10,000	(105)	(1.0%)	5,100	(79)	(1.5%)	4,900
Profit	7,000	(461)	(6.2%)	3,600	(8)	(0.2%)	3,400
Utilization ratio (Company-wide)	96.5%	(1.3%)		95.5%	(1.3%)		97.5%
Working Hours〈h/day〉	8.70	—		8.68	—		8.71
Number of Recruitment	517	+ 71					
Newly graduated	357	+ 49		Target of the New Graduates to be hired for April 2019		To Apr. 2018	
Mid-career	160	+ 22		400		+ 43	
Turnover Ratio	5.1%	—					

24

Forecast for the Fiscal Year Ending March 31, 2019 (Meitec Fielders)

- ✓ Net sales is expected to rise 10.7% year on year, operating profit is expected to be up 9.8% YoY, and profit attributable to owners of parent is expected to fall 3.1% YoY.
- ✓ SG&A expenses increased 14.8% year on year, due to the increase in the number of target engineer hires, the addition of salespeople and other staff, and other factors.

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2019	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2018	YoY Amount	% Change	Forecast 2nd Half
Net sales	18,800	+1,818	+10.7%	9,100	+936	+11.5%	9,700
Cost of sales	14,500	+1,326	+10.1%	7,100	+742	+11.7%	7,400
Cost of sales to Net sales	77.1%	(0.5%)		78.0%	+0.1%		76.3%
SG&A Expenses	2,700	+348	+14.8%	1,300	+170	+15.1%	1,400
Operating profit	1,600	+142	+9.8%	700	+22	+3.4%	900
Operating profit margins	8.5%	(0.1%)		7.7%	(0.6%)		9.3%
Ordinary profit	1,600	+147	+10.1%	700	+25	+3.8%	900
Profit	1,000	(31)	(3.1%)	450	(12)	(2.7%)	550
Utilization ratio (Company-wide)	94.7%	(1.0%)		92.4%	(1.7%)		96.9%
Working Hours〈h/day〉	8.78	—		8.75	—		8.81
Number of Recruitment	483	(34)					
Newly graduated	203	(10)					
Mid-career	280	(24)					
Turnover Ratio	8.8%	—					
				Target of the New Graduates to be hired for April 2019	To Apr. 2018		
				240	+37		

25

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2019 (Group Consolidated)

- ✓ Net sales rose 4.4 % year on year and operating profit was up 9.1%
- ✓ Cost of sales to Net sales was down 0.4% YoY ←Due to the improvement of the utilization ratio of Meitec Fielders

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2017	1Q ended June. 30, 2018	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2018	% Change
Net sales	22,763	23,755	+991	+4.4%	47,600	49.9%
Cost of sales	16,801	17,426	+624	+3.7%	35,000	
Cost of sales to Net sales	73.8%	73.4%	(0.4%)			
SG&A Expenses	3,208	3,324	+116	+3.6%	7,100	
Operating profit	2,753	3,004	+250	+9.1%	5,500	54.6%
Operating profit margins	12.1%	12.6%	+0.5%		11.6%	
Ordinary profit	2,752	3,006	+253	+9.2%	5,500	54.7%
Extraordinary income & loss	(10)	(1)	+8			
Profit before income taxes	2,742	3,005	+262	+9.6%		
Profit attributable to owners of parent	1,695	1,899	+204	+12.0%	3,600	52.8%
Profit margins	7.4%	8.0%	+0.6%			

26

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 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

Purchase of treasury Shares

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

Retain Maximum of 2 million shares

Retired Excess above maximum to be retired

- ✓ 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.

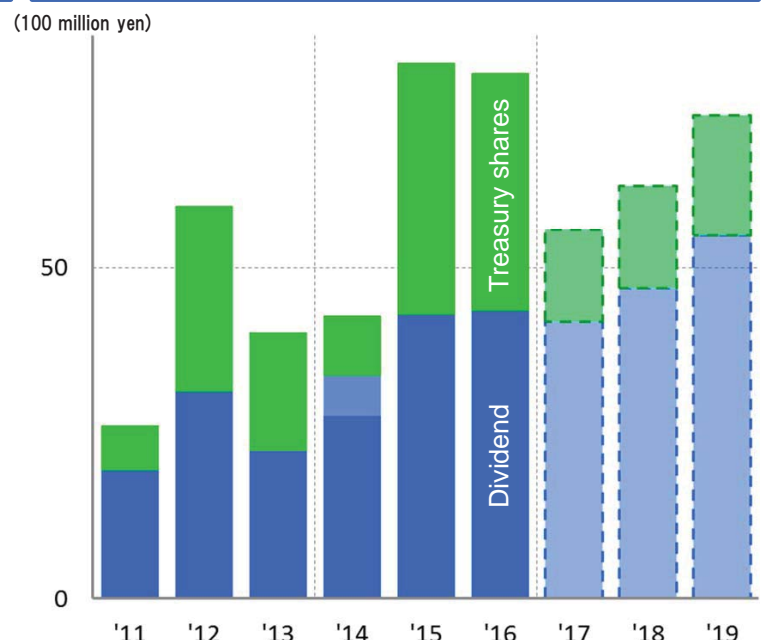
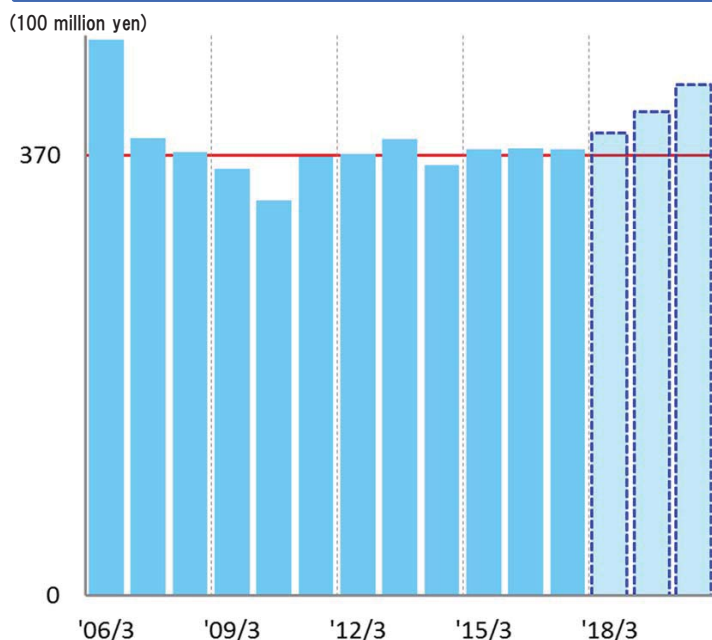
27

Plan of Profit Distribution for 3 years

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

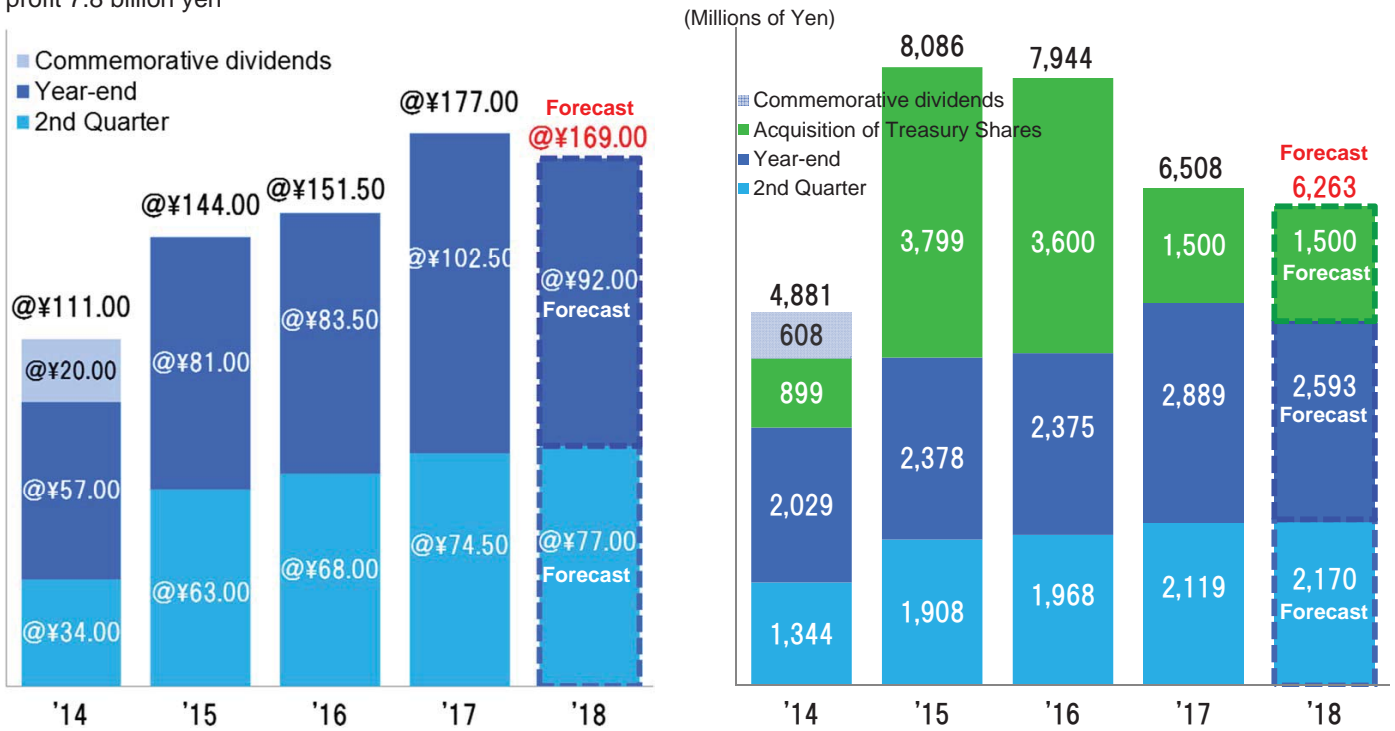
(*After deduction of year-end dividends)

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)



28

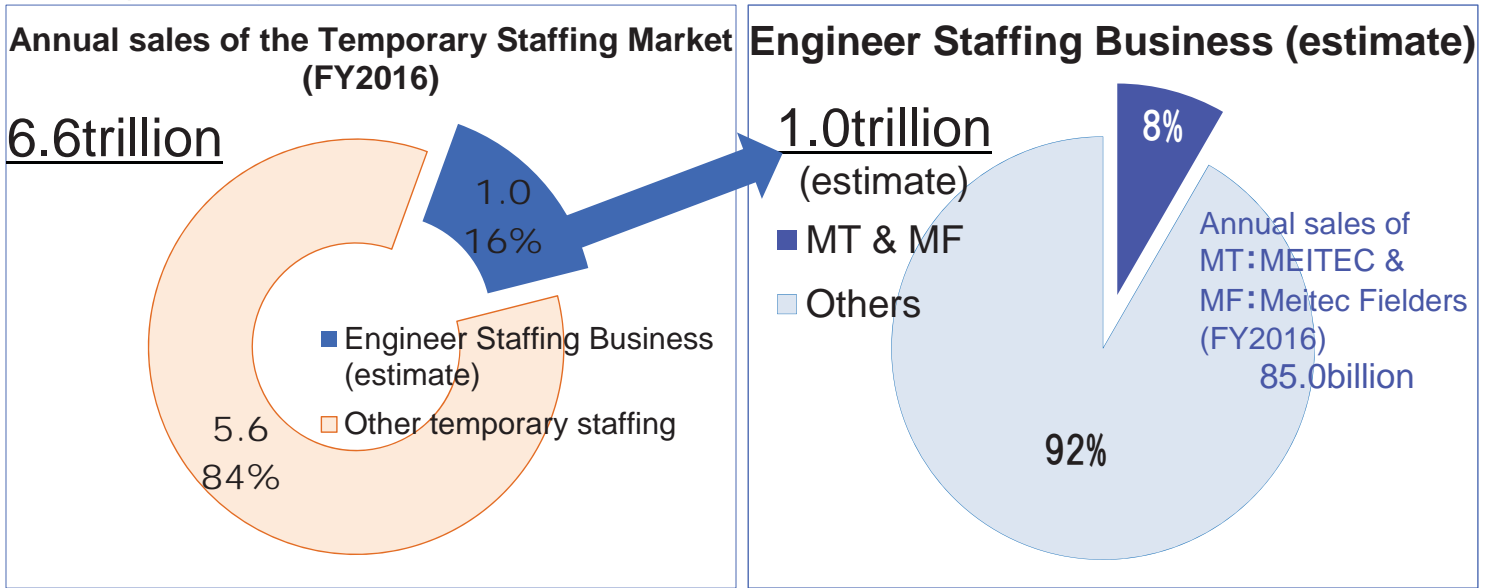
- ✓ The year-end dividend for FY2017 is 102.50 yen, which together with the interim dividend of 74.50 yen comes to an annual dividend of 177 yen
- ✓ For FY2018, the total return ratio will be approximately 80% in line with the profit distribution plan of the Mid-term Management Plan
 Total return ratio 80% = (ordinary dividends 4.8 billion yen + purchase of treasury shares amount 1.5 billion yen) ÷ forecast profit 7.8 billion yen



3. Reference Materials

Market of Engineer Staffing Business (estimate)

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

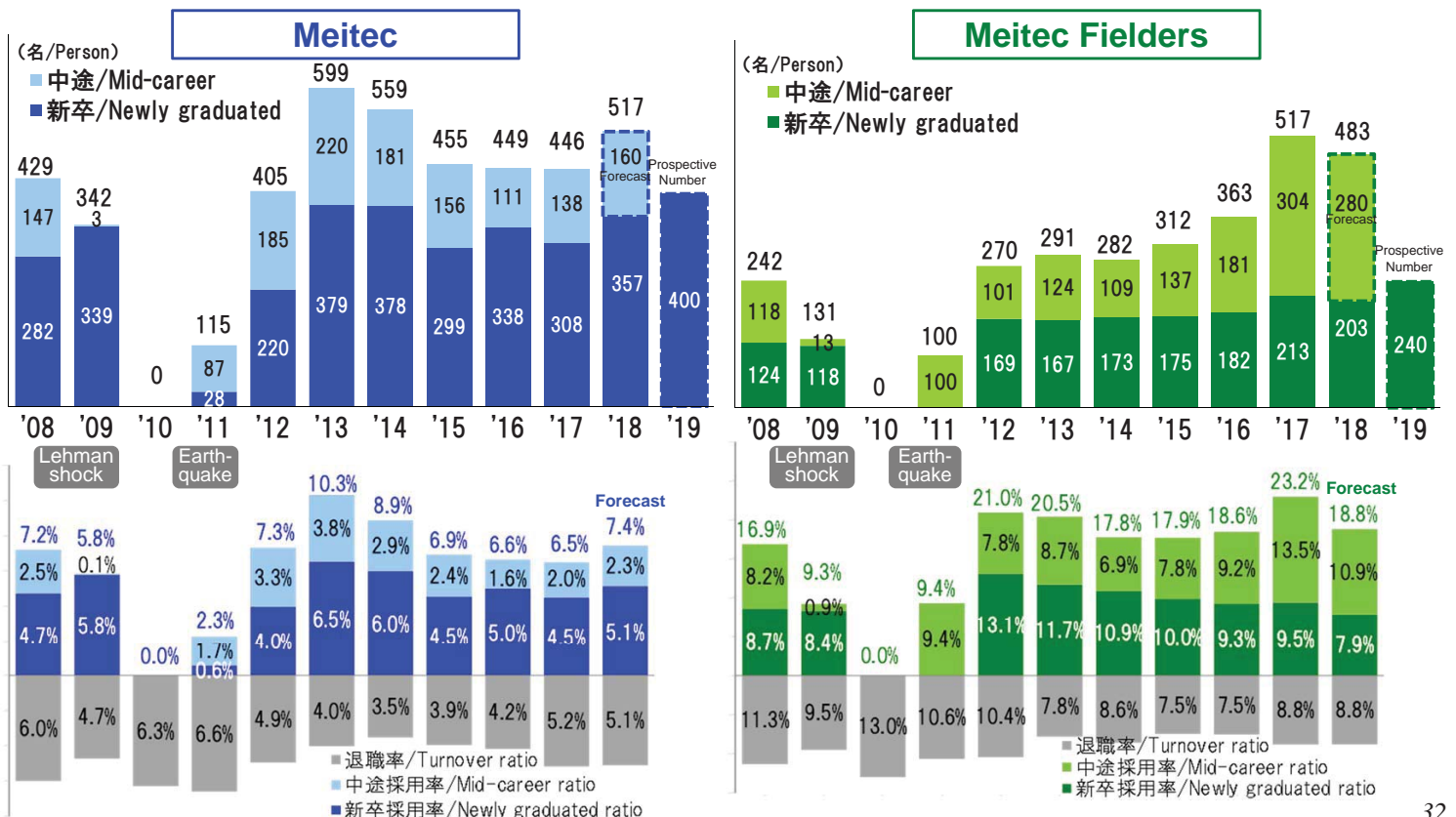


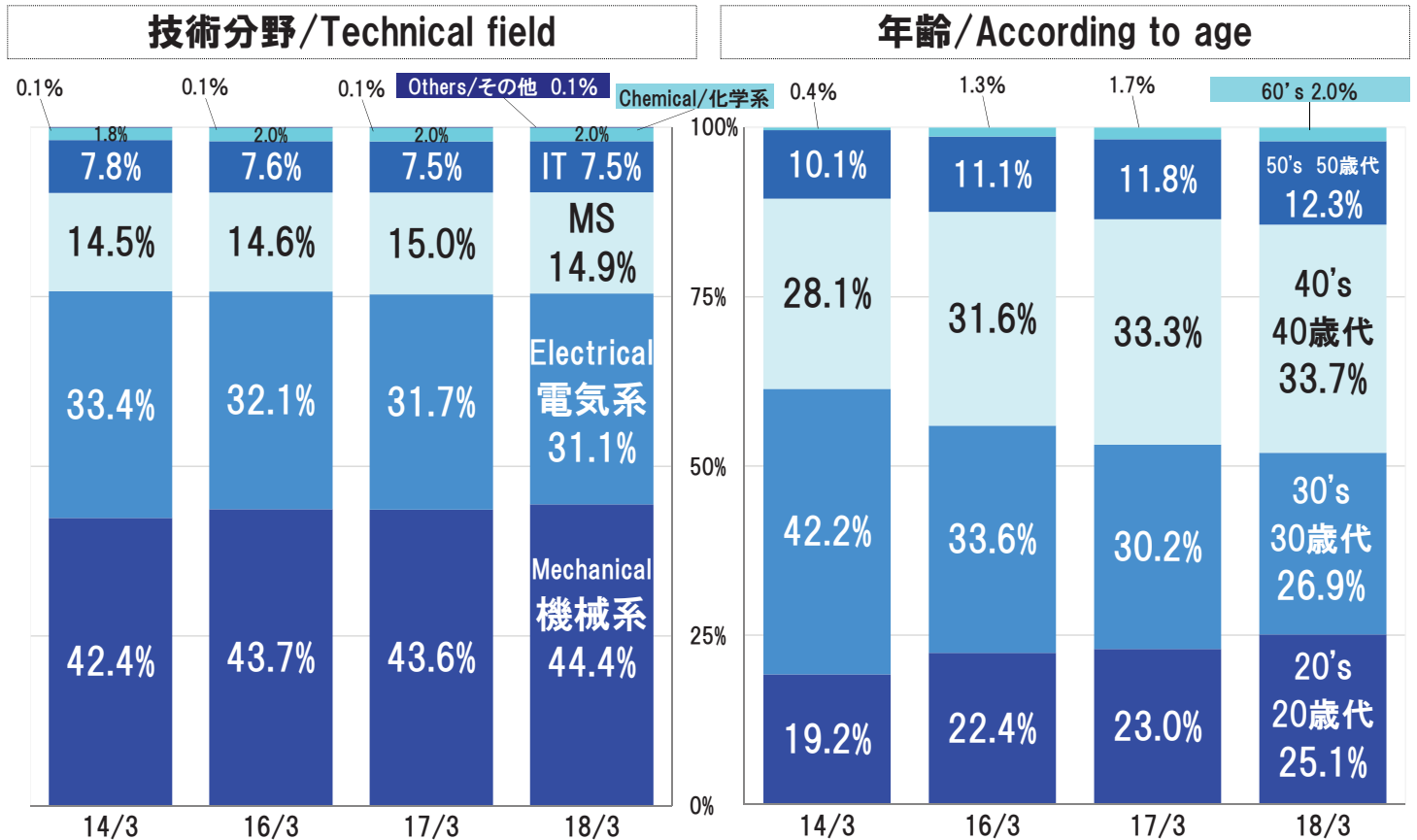
Meitec (Mar-2017)	Engineer Staffing (estimate)	Old Specified Temporary Staffing	
			Indefinite
¥5,113	approx. ¥3,700	approx. ¥3,150	approx. ¥3,230

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

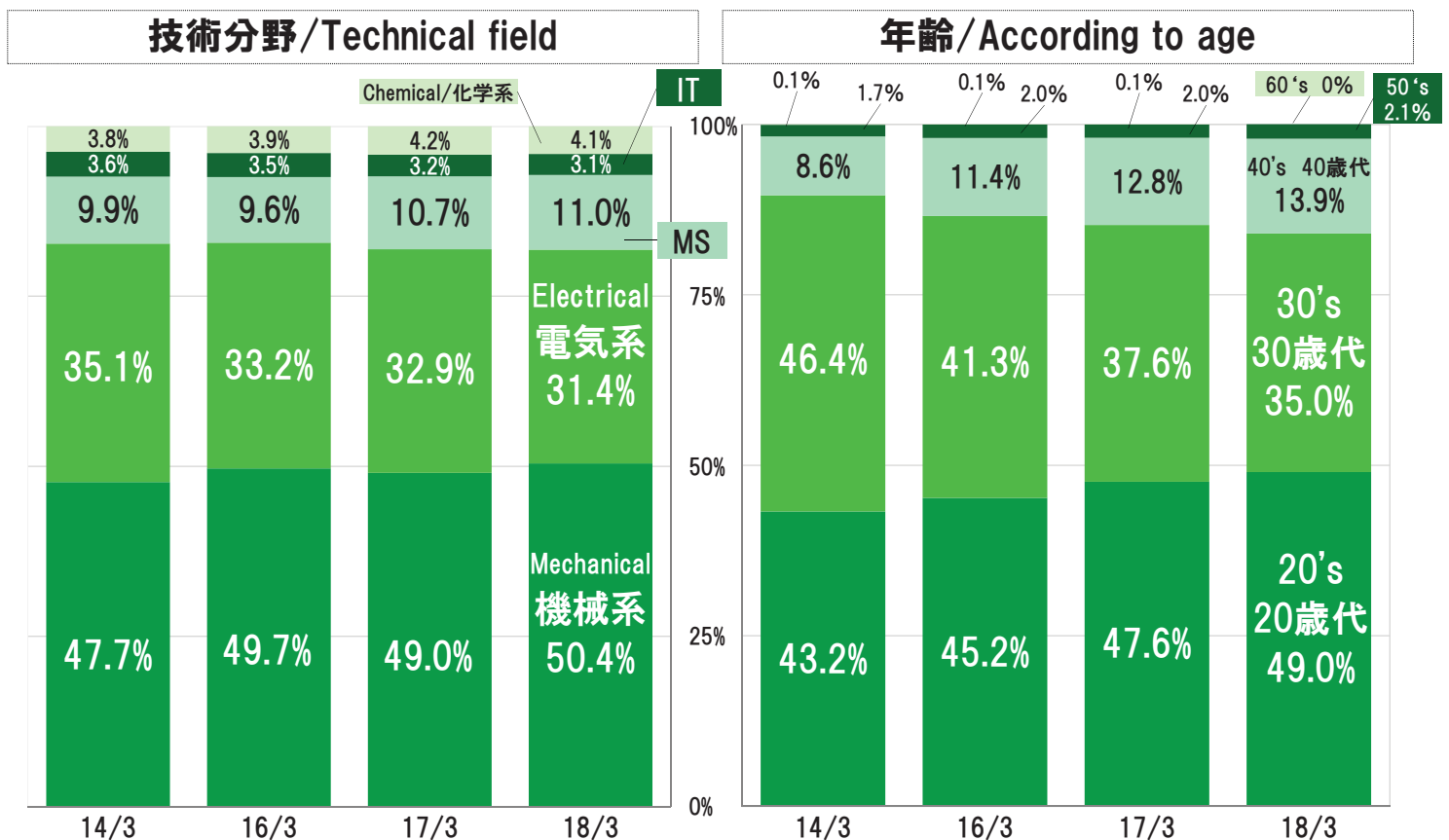
Recruitment and Turnover

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





MS: Micro Computer System



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
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
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
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%
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
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
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%
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
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%
Non-operating income	106	87	137	74	84	87	4,729	2,146	114	97	50	113	29	20	19
Non-operating expenses	90	185	59	169	115	107	77	178	32	24	51	10	58	17	11
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
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%
Extraordinary income	149	393	538	5	6	13	32	378	—	58	—	20	1,084	31	337
Extraordinary loss	477	2,682	2,235	5,092	1,826	1,094	130	234	4	215	146	3,621	65	45	262
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
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
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
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%

35

Trend of Performances (Meitec)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
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
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%
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
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
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%
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
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%
Non-operating income	324	530	458	4,988	356	564	3,840	1,976	389	314	426	523	517	601	769
Non-operating expenses	90	35	33	109	48	76	53	150	14	19	426	10	52	16	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
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%
Extraordinary income	61	525	102	5	3	7	2	3	—	462	—	324	1,088	200	364
Extraordinary loss	412	800	132	10,202	2,084	2,912	626	318	66	228	372	3,673	50	222	261
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
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
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
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%

36

Trend of Performances (Meitec Fielders)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
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
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%
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
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
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%
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
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%
Non-operating income	5	6	3	3	10	6	848	182	3	3	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
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%
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
Total income taxes	562	544	560	537	544	344	313	(187)	264	272	358	420	412	301	422
Profit	742	789	816	768	769	467	(933)	943	275	378	483	648	786	1,045	1,031
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%

37

Trend of Performances (Meitec Next)

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

38

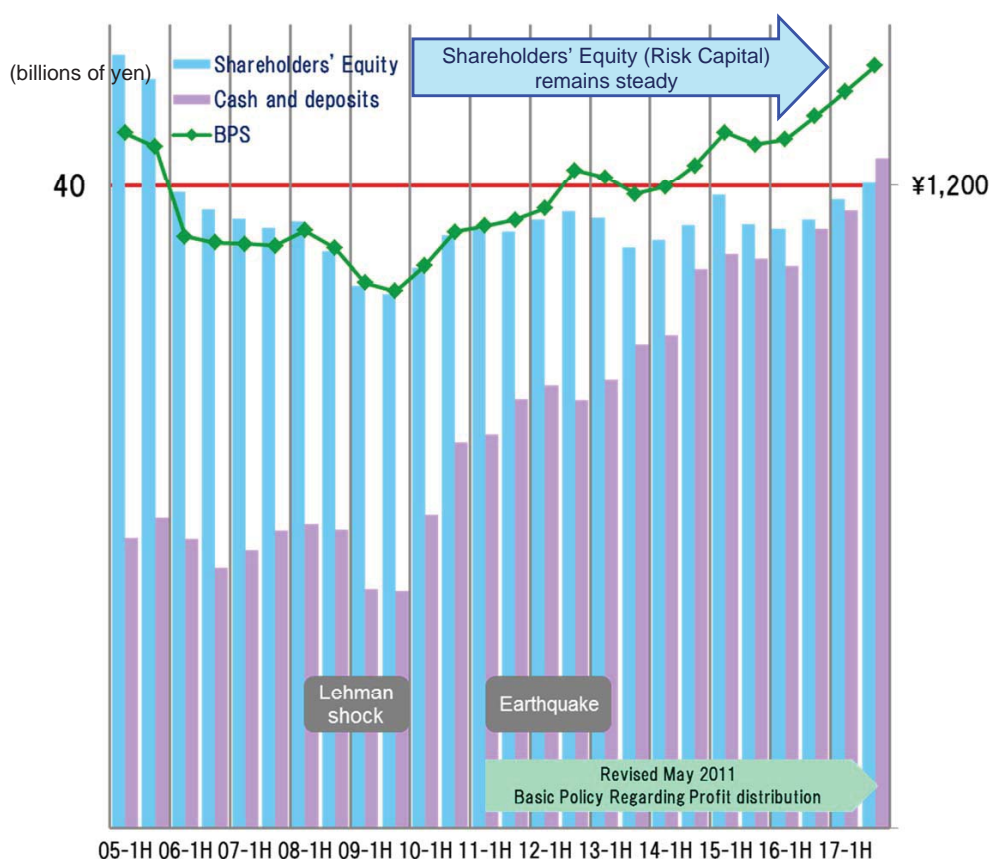
Trend of Balance Sheets (Group Consolidated)

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

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

39

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.

40

Trend of Profit Distributions and Forecast

(Fractions of one million yen are rounded)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Actual FY2017	Forecast FY2018	
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%	80.3%	
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%	61.1%	
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%		
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	@¥169.00
	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	4,763
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	@¥77.00
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,968	2,119	2,170
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	@¥92.00
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,375	2,889	2,593
Acquisition of Treasury Shares	Thousands of shares	1,405	1,353	857	1,174			421	1,506	641	269	921	915	257	
	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
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	6,263
Retirement of Treasury Stock	Thousands of shares	1,562	1,400		342			400	1,700	500	300	900	1,300		
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
	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	
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	@¥276.74
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	

41

Corporate Governance

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, 2018)

- 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: April 1, 2016	
CEO, MEITEC Group President and CEO, COO	Yearly payment	¥28,800K (Monthly ¥2,400K)
(COO)		
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)

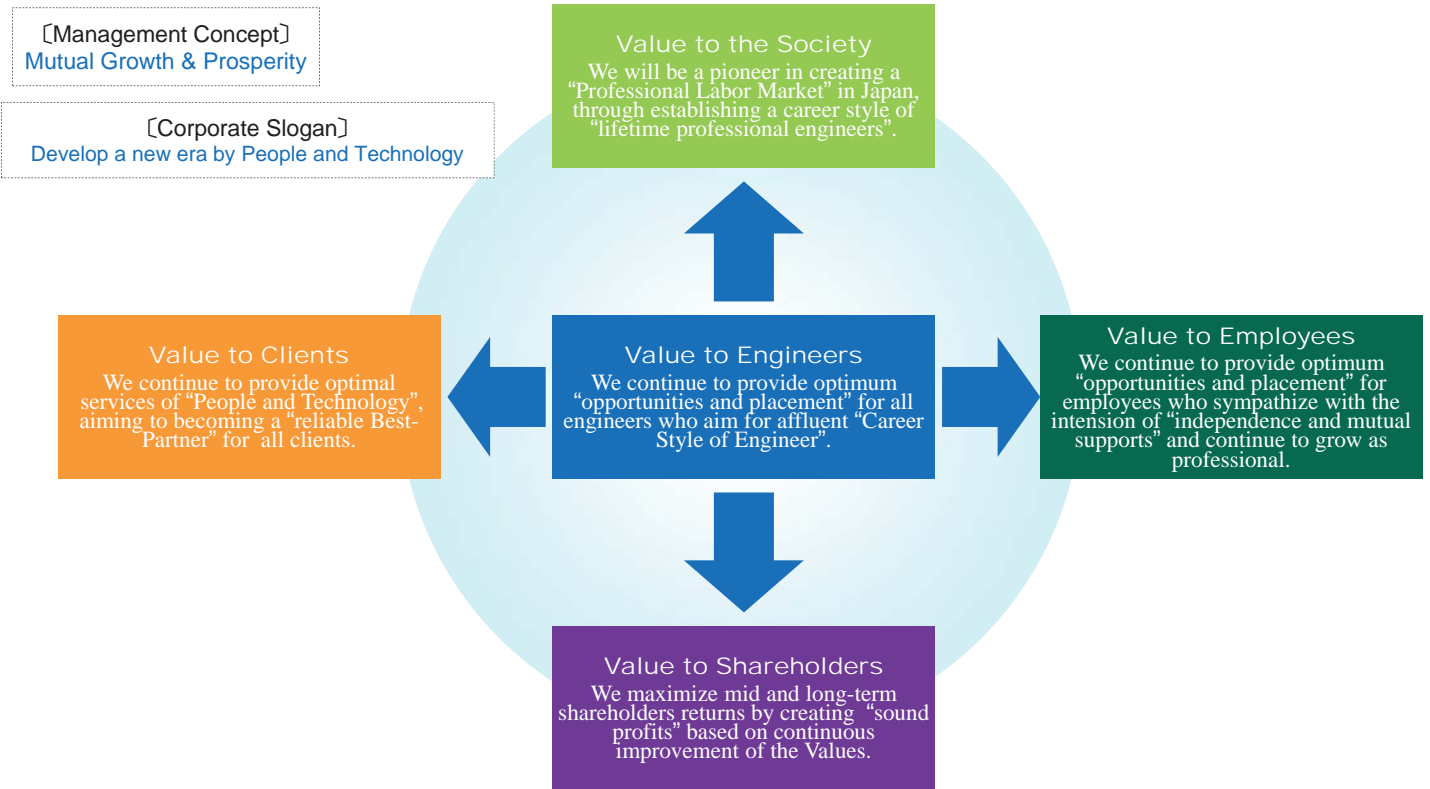
Performance-linked remuneration etc.

	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)

42

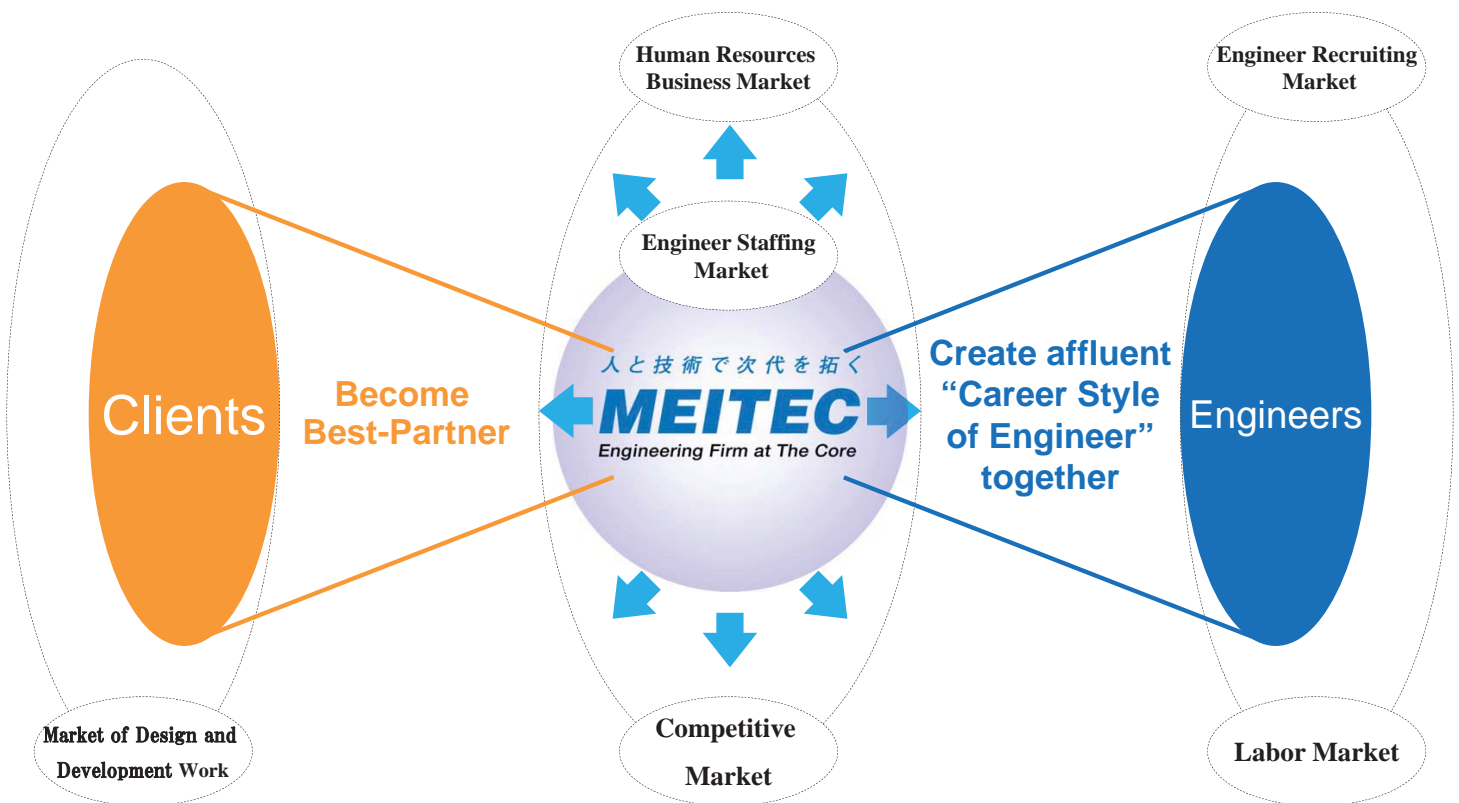
“Ideal State of the Meitec Group”

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.



43

Target of Providing the Value



44

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 1,000 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange
B r a n c h e s	34 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

人と技術で次代を拓く

MEITEC

Engineering Firm at The Core