

Daiwa Investment Conference Tokyo 2018

March 8, 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.

IR Contact

E-mail : ir@meitec.com

Tel : 03-6778-5023

人と技術で次代を拓く

MEITEC
Engineering Firm at The Core

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.

In fiscal 2017, the Meitec Group launched its new Mid-term Management Plan "Next Stage 1" toward further growth. The 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.

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)

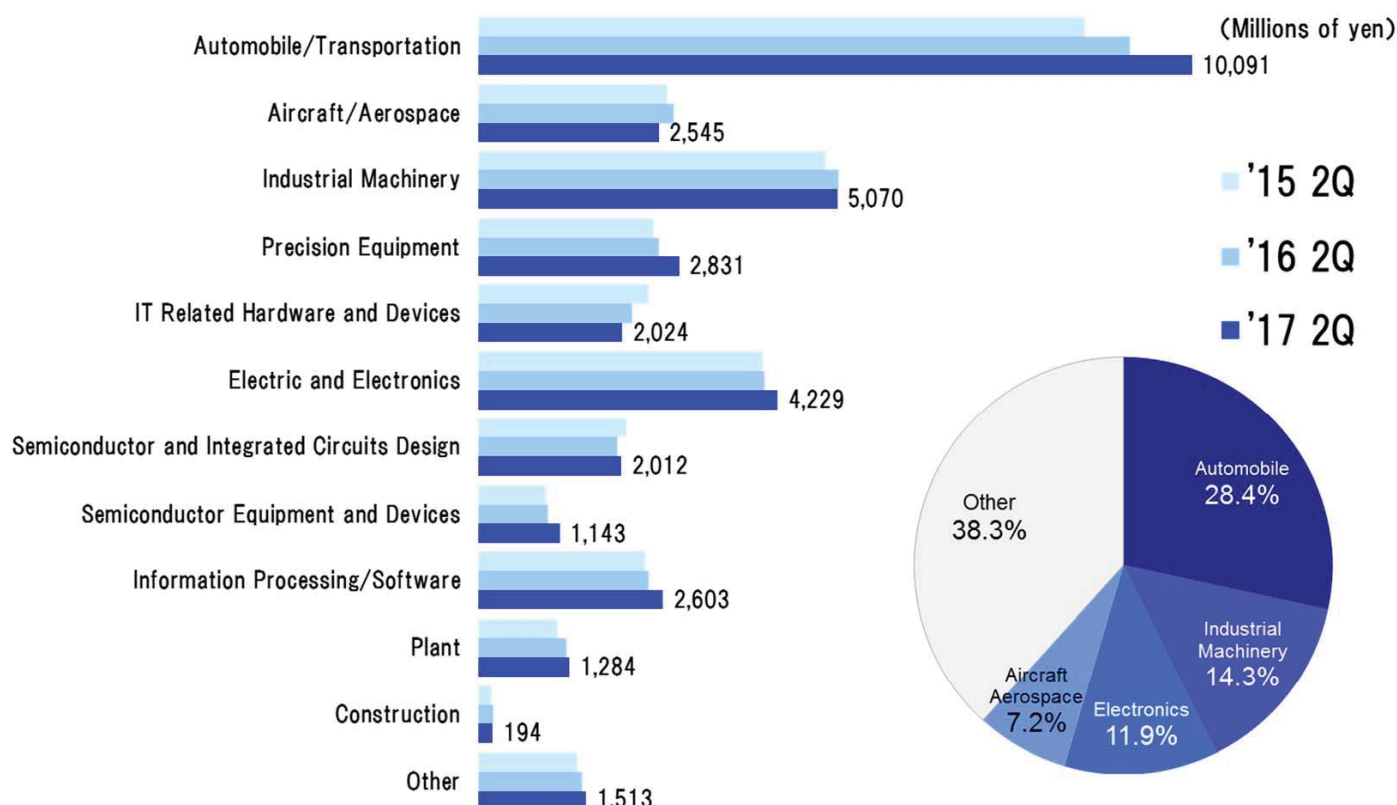
(Millions of yen)

2nd Q FY2012			2nd Q FY2016			2nd Q FY2017		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Panasonic		2	Denso		2	Denso	
3	Nikon		3	Canon		3	Canon	
4	Canon		4	Panasonic		4	Panasonic	
5	Denso		5	Nikon		5	Sony Semiconductor Solutions	
6	Sony		6	Sony Semiconductor Solutions		6	Nikon	
7	Kawasaki Heavy Industries		7	Toyota Motor		7	Toyota Motor	
8	Toyota Motor		8	Kawasaki Heavy Industries		8	Kawasaki Heavy Industries	
9	Daikin Industries		9	Mitsubishi Aircraft		9	Autoliv	
10	Omron		10	Omron		10	Omron	
Top 10 Total	7,737	28.5%	Top 10 Total	8,428	24.7%	Top 10 Total	8,501	23.9%
Top 20 Total	10,680	39.4%	Top 20 Total	11,885	34.9%	Top 20 Total	12,263	34.5%
Others	16,445	60.6%	Others	22,188	65.1%	Others	23,281	65.5%
Total	27,125	100.0%	Total	34,073	100.0%	Total	35,544	100.0%

7

Sales by the Industrial Segments (Meitec)

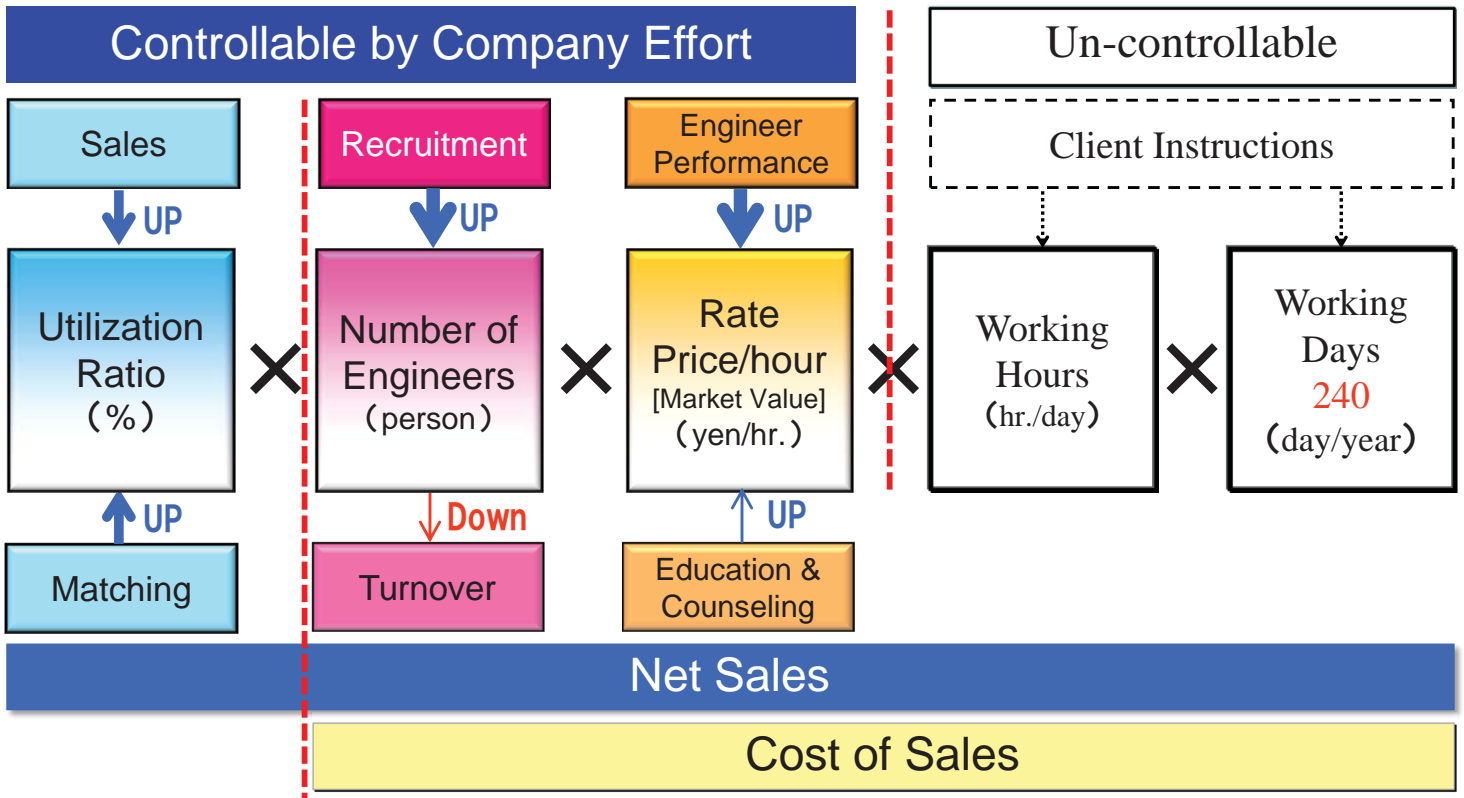
✓ Due to confidentiality reasons we refrain from disclosing the breakdown and outlook for specific clients (individual companies) (figures are stated in Reference Materials)



8

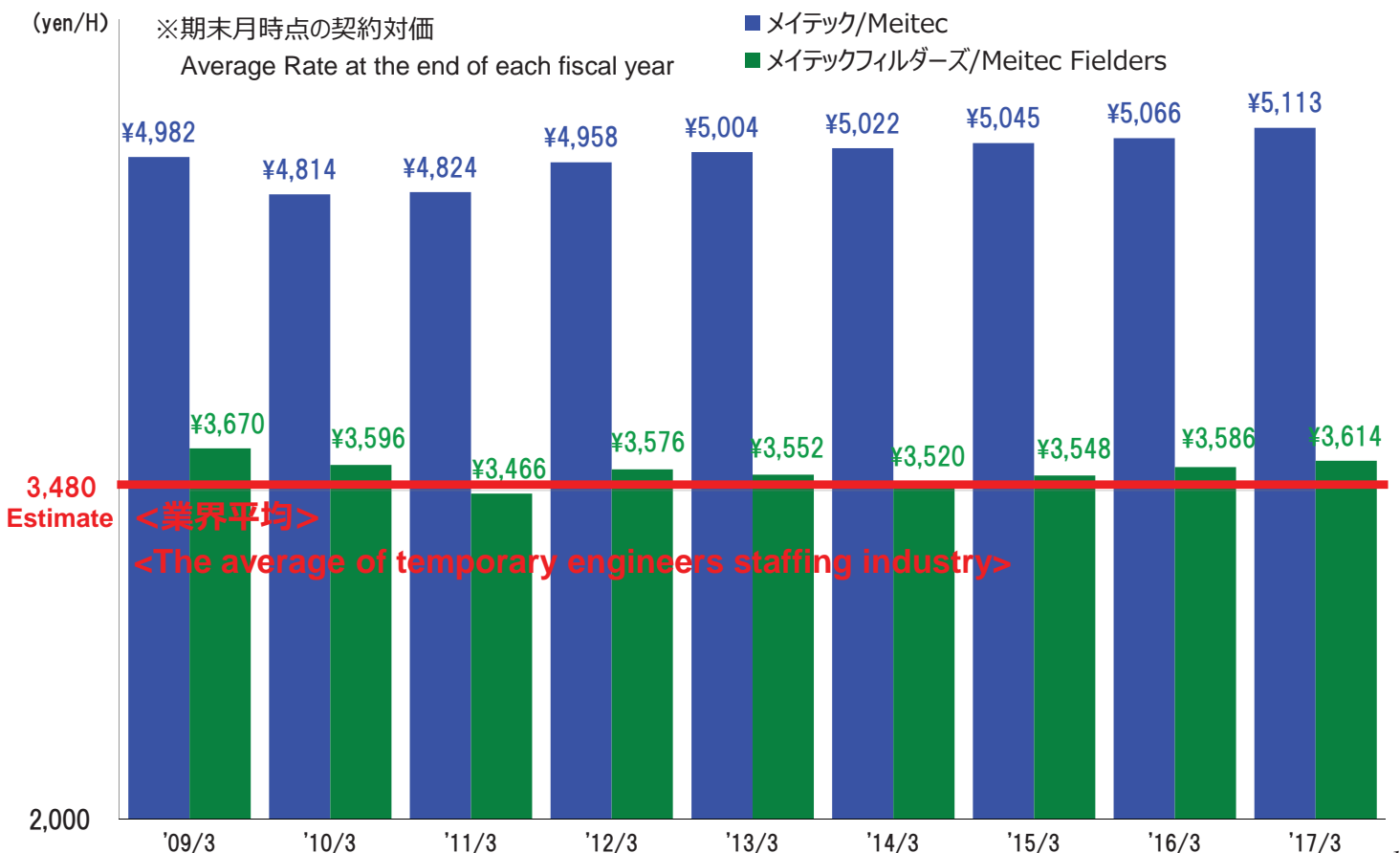
Sales and Cost (Dispatch-type)

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



9

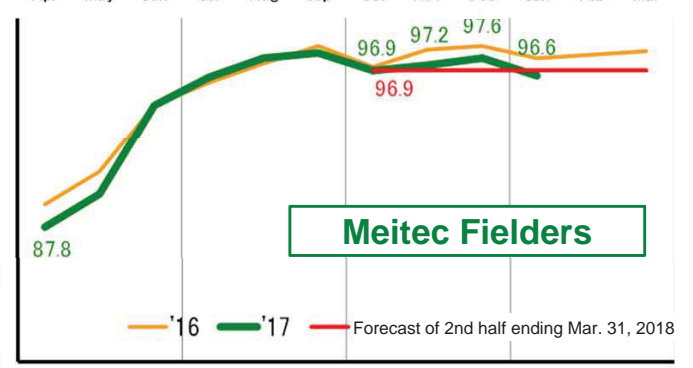
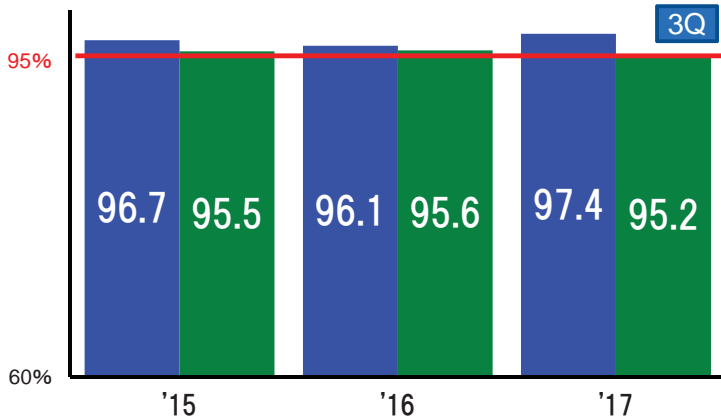
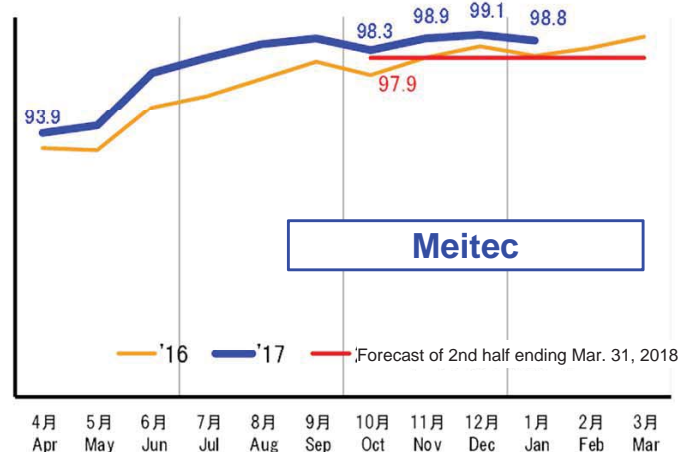
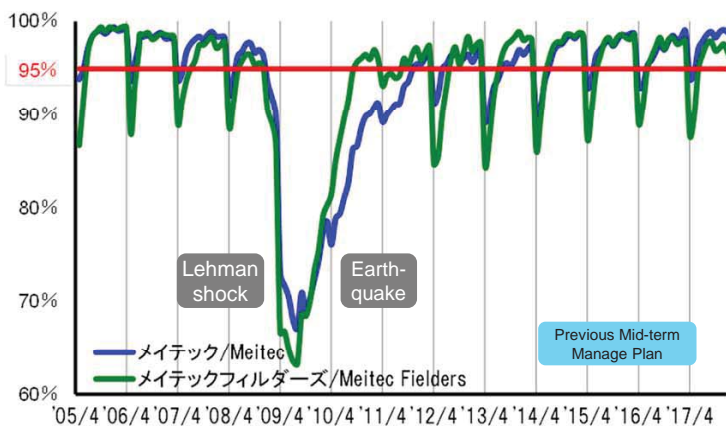
Trend in Average Rate = (Market Value)



10

Utilization Ratio

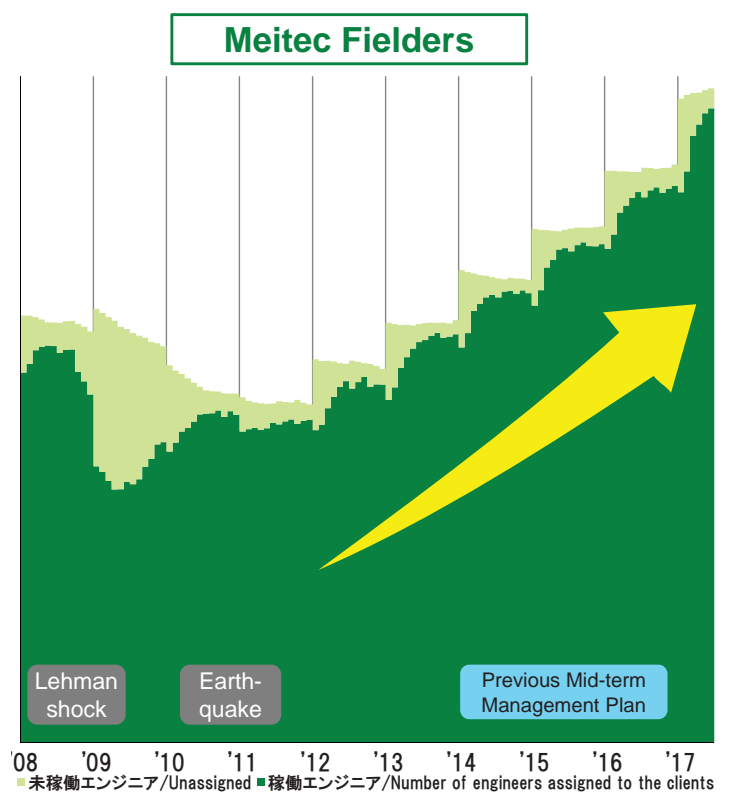
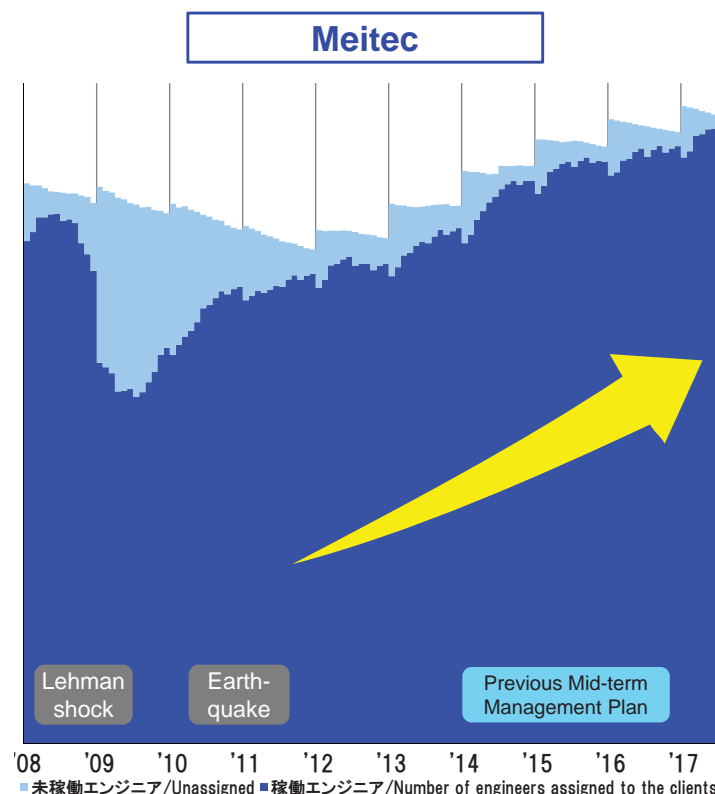
- ✓ Under a firm environment for order, the utilization ratio remained high.
- ✓ The utilization ratio increased year on year, mainly reflecting steady progress in assigning newly graduated engineers.



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.

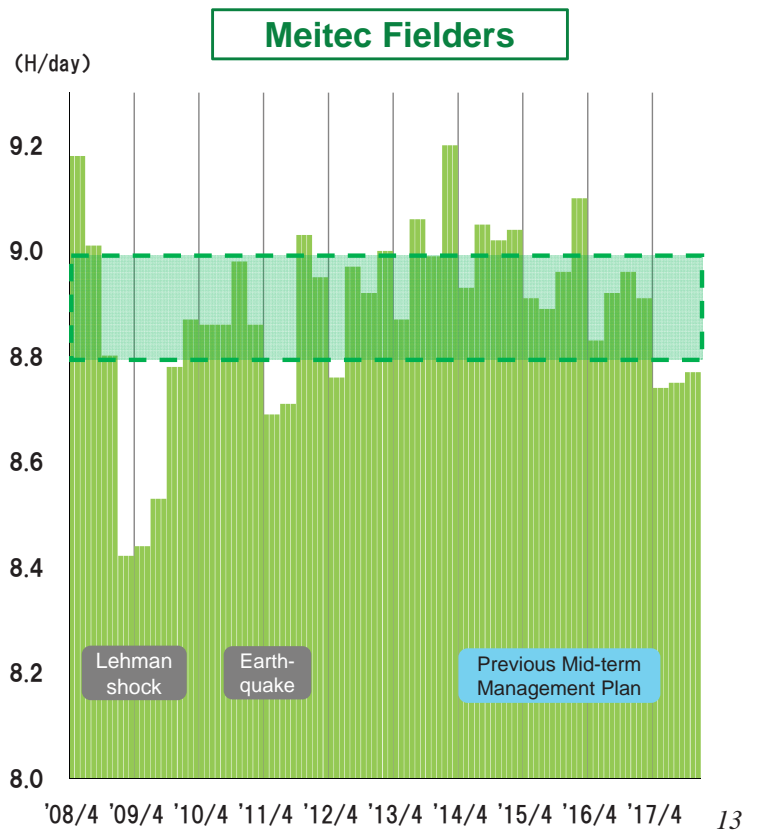
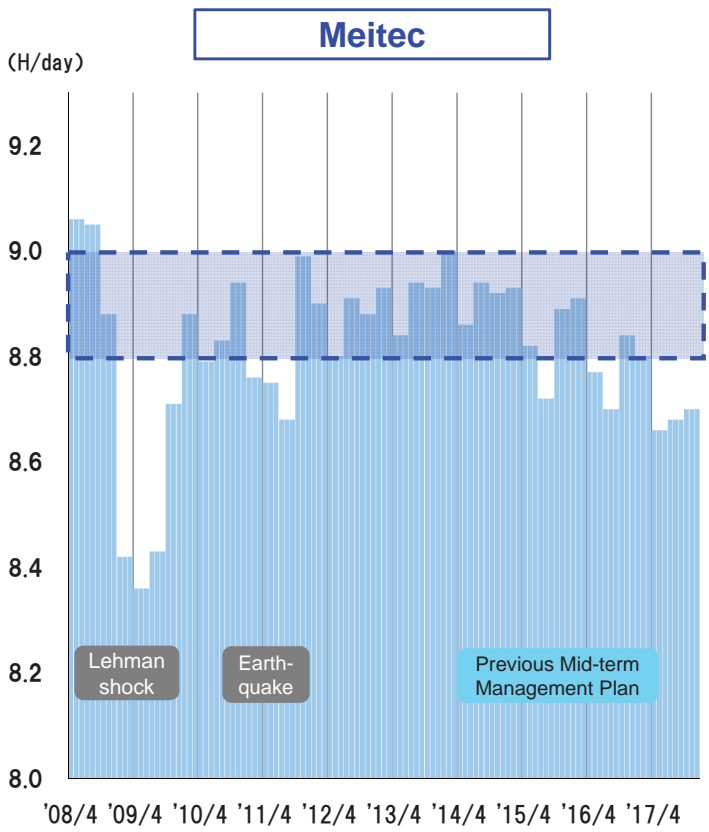


12

Working Hours

Re-posted

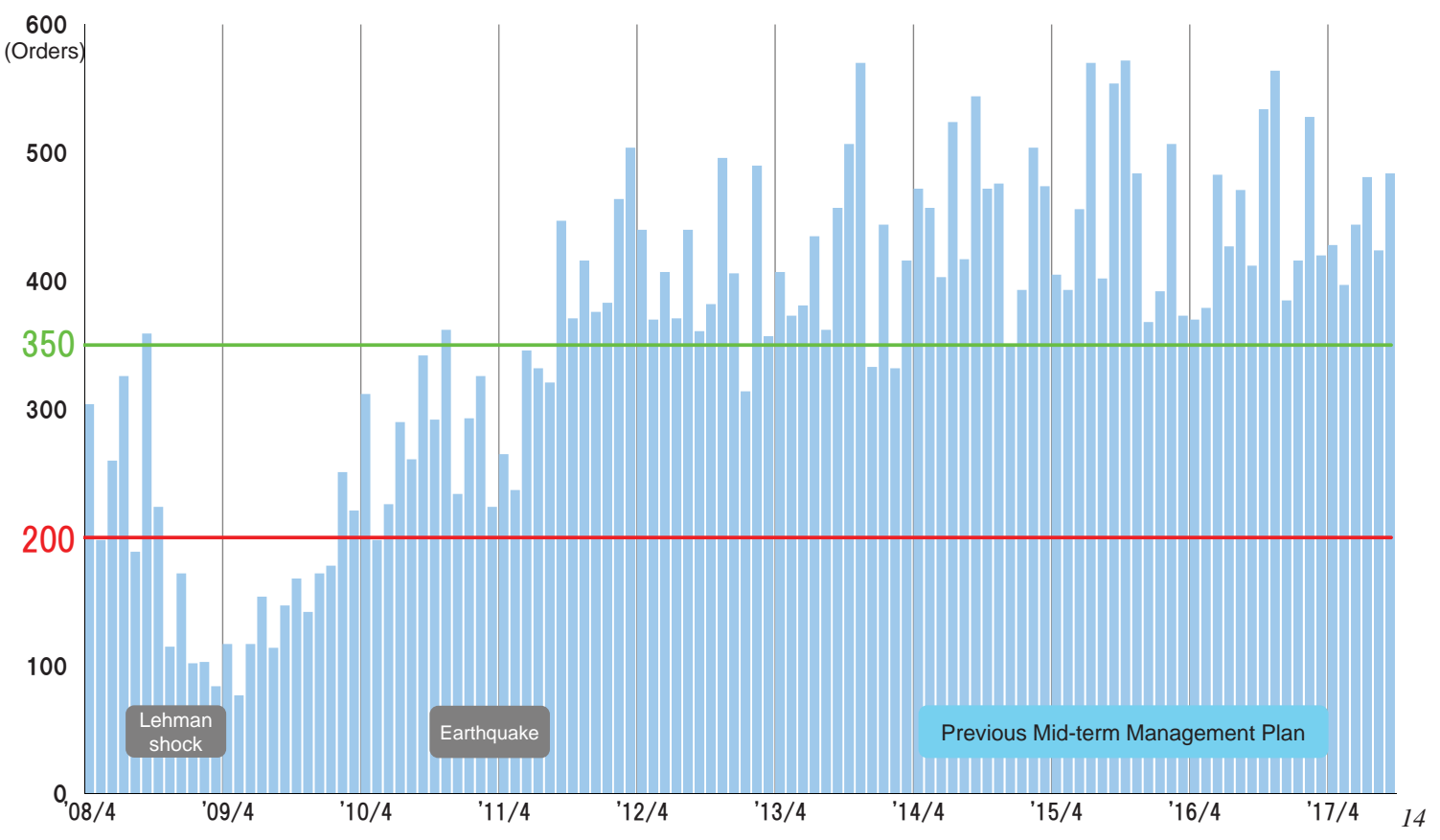
✓ Working hours declined year on year due to reductions in overtime hours from our response to the recent work style reforms and other factors.



Trend in New Orders by Month (Meitec)

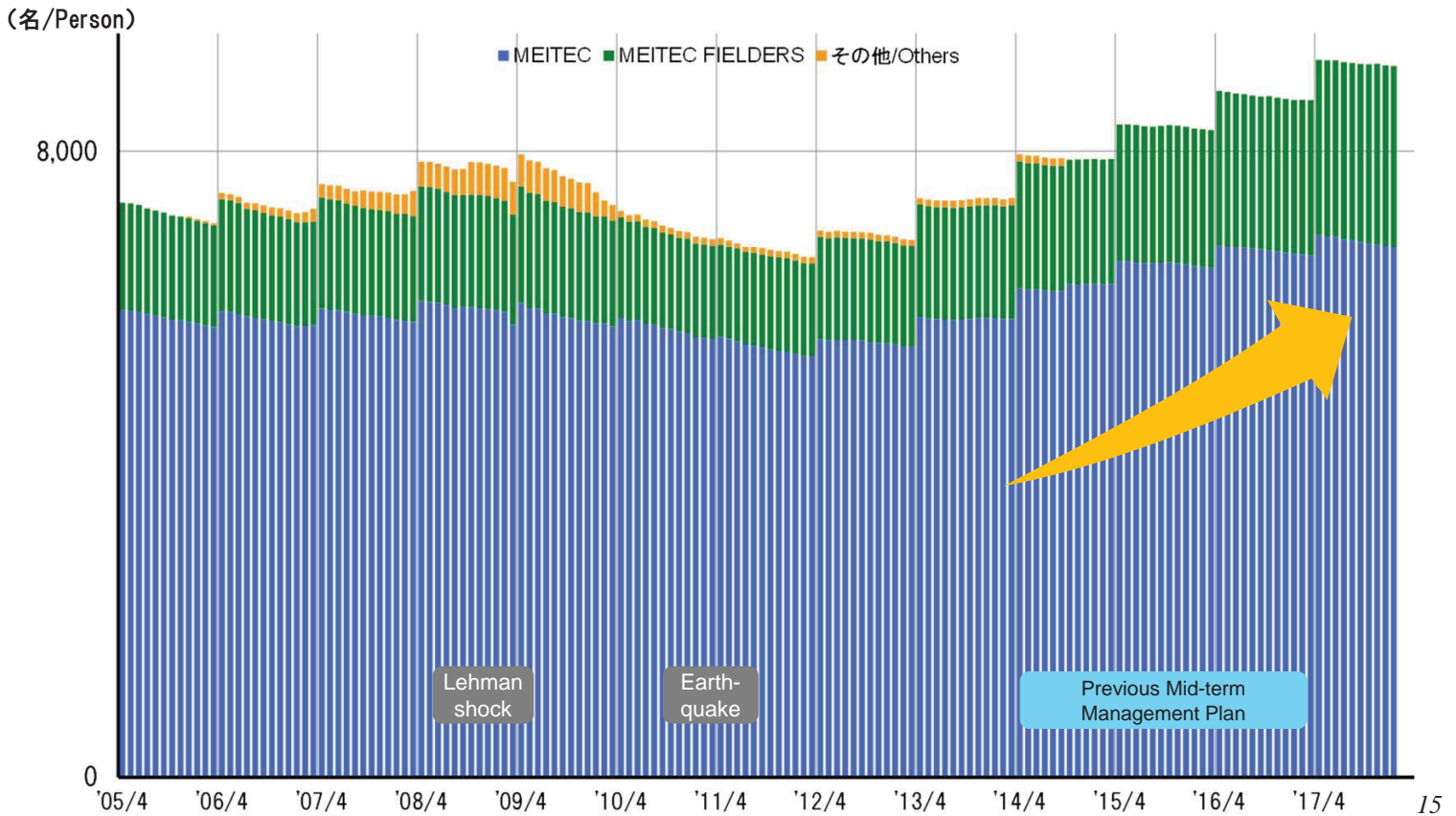
Re-posted

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



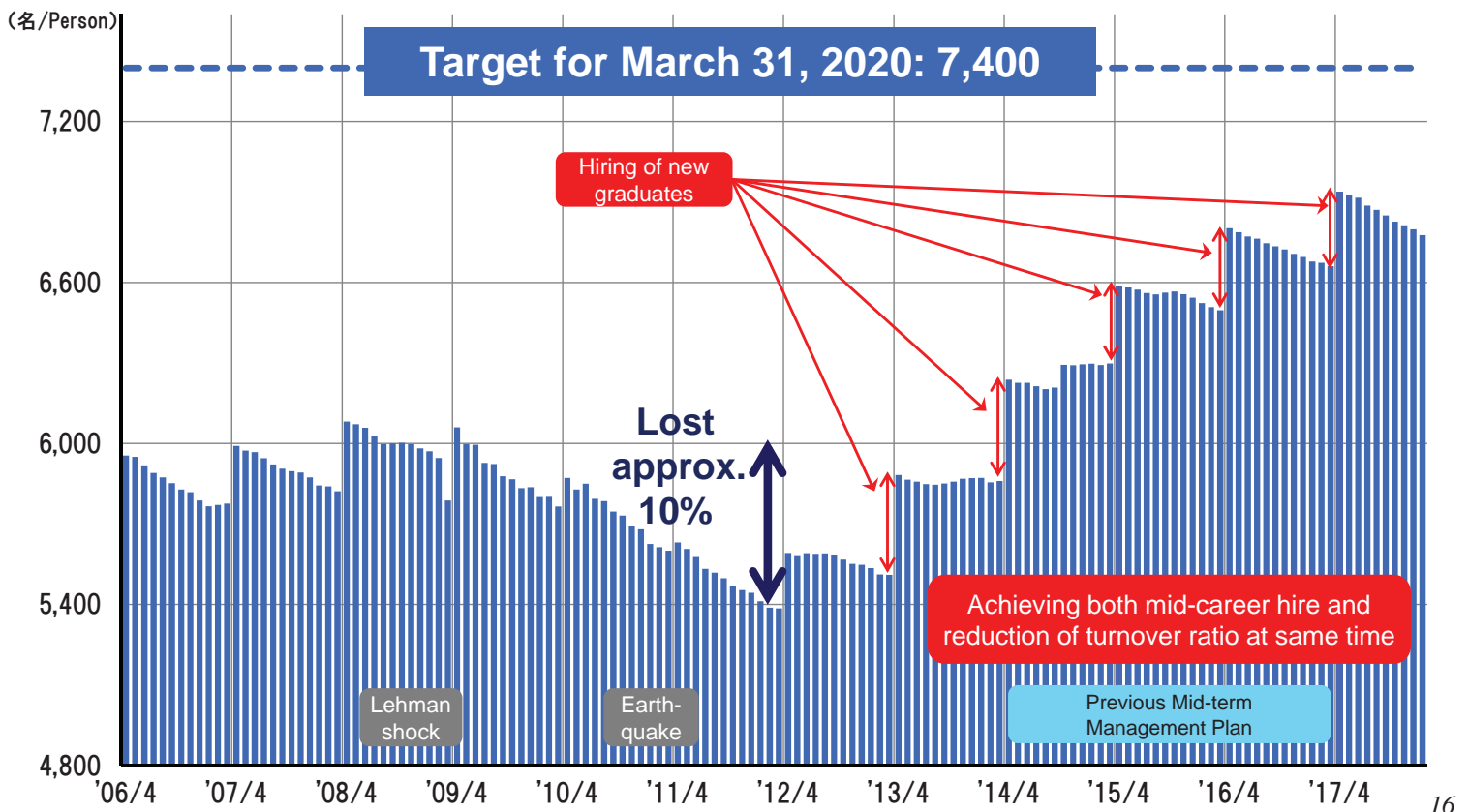
Number of Engineers (Group Consolidated)

- ✓ The number of engineers as of January 31, 2018 was 9,084, an increase of 423 engineers, or 4.9%, compared to January 31, 2017.



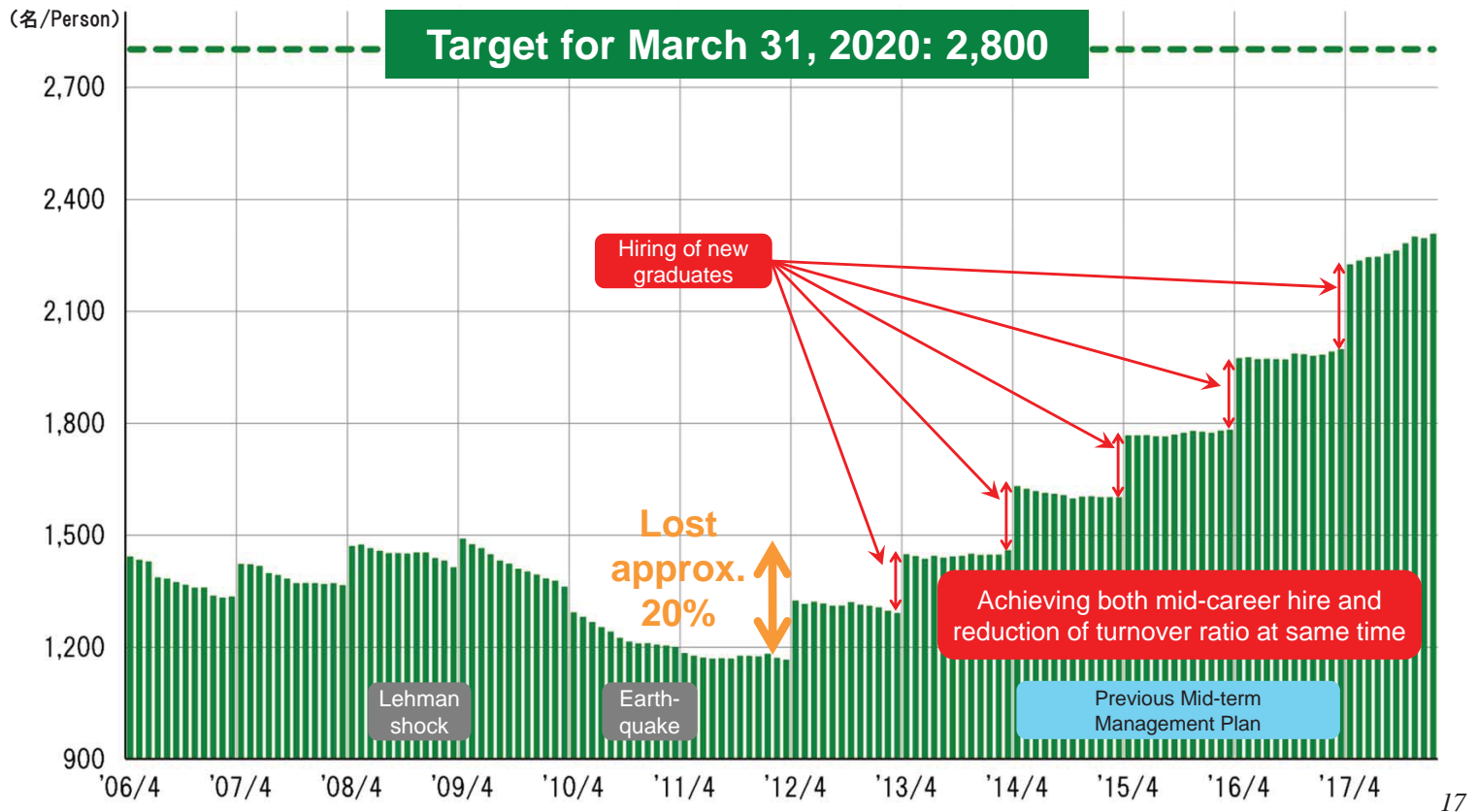
Number of Engineers (Meitec)

- ✓ The number of engineers as of January 31, 2018 was 6,777, an increase of 98 engineers, or 1.5%, compared to January 31, 2017.



Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of January 31, 2018 was 2,307, an increase of 325 engineers, or 16.4%, compared to January 31, 2017.



Hiring Target for the Fiscal Year Ending March 31, 2018

Mid-career (FY 2018/3)

- ✓ With no end in sight to corporate demand for hiring engineers among manufacturers and others, the hiring environment remains challenging.
- ✓ Under these conditions, Meitec will continue to focus on hiring 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 hiring target is unchanged from the initial forecast for Meitec, but increased by 65 from the initial forecast to 280 for Meitec Fielders in order to accelerate "expand growth in a wide range of businesses".

New Graduates (Joined April 2018)

- ✓ The hiring environment remains difficult, and while bearing in mind the inclinations of the new graduates, we continued our efforts without lowering 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 369, 9 more than the initial forecast, for Meitec. On the other hand, it was 197, 33 less than the initial forecast, for Meitec Fielders.

(person)	Fiscal Year Ending March 31, 2018					Fiscal Year Ending March 31, 2019	
	New Graduates April 2017 (Actual)	Mid-career		Total		New Graduates April 2018	
		<Target>	Comparison to Initial Forecast	<Target>	Comparison to Initial Forecast	<Prospective Number as of Oct. 2017>	Comparison to Initial Forecast
Meitec	308	150	—	458	—	369	+9
Meitec Fielders	213	280	+65	493	+65	197	(33)
Total	521	430	+65	951	+65	566	(24)
Comparison to previous year	+1	+138		+139			

Mid-term Management Plan of Meitec Group 2017-2019

Next Stage 1

Next Stage 1

Performance Targets for the Fiscal Year

Re-posted

人と技術で次代を拓く
MEITEC
Engineering Firm at The Core

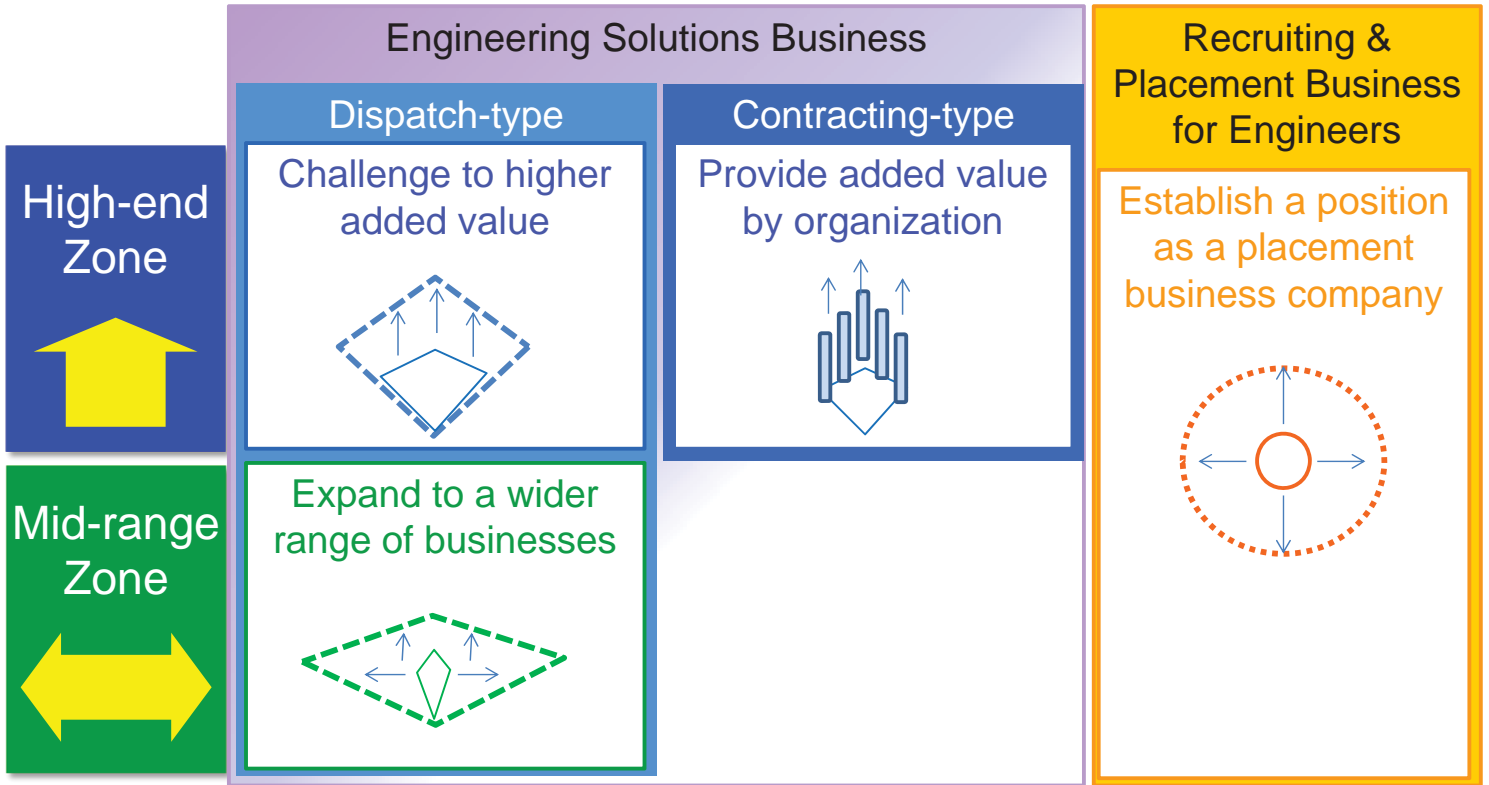
Ending March 31, 2020

Strengthen competitiveness for aggressive growth

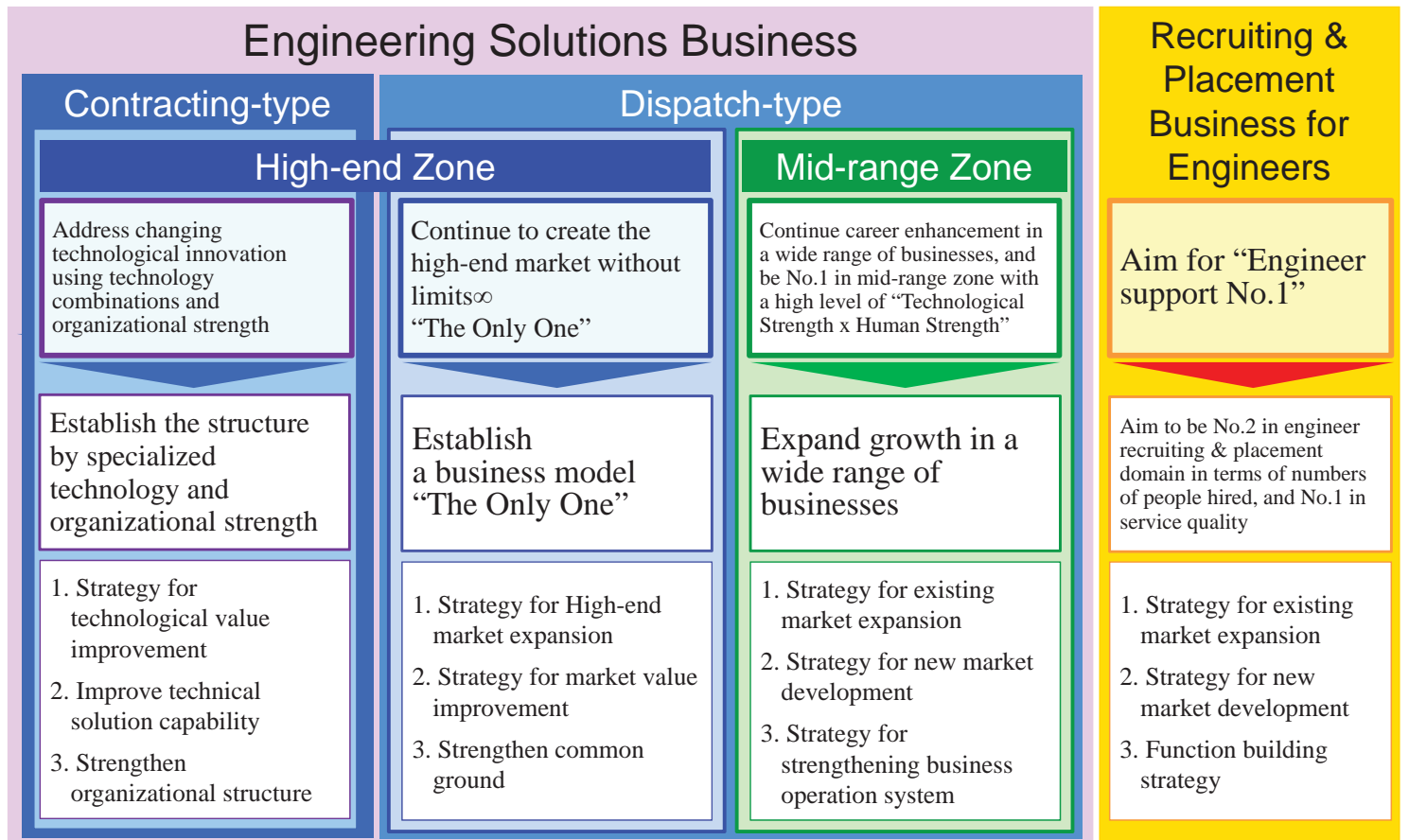
FY2019 Mid-term Management Plan	Group Consolidated	Engineering Solutions Business			Recruiting&Placement Business for Engineers
		billion yen			
		Meitec	Meitec Fielders		
Net Sales	100.0	78.0	20.0	2.4	
Operating Profit	13.0	10.0	1.7	0.6	
Margin	13%	13%	9%	25%	
Profit	9.0				
ROE	20%				

✓ 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-



Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Group Consolidated)

- ✓ Net sales rose 4.9% year on year and operating profit was up 13.1%
- ✓ Cost of sales to Net sales was down 0.8% YoY ← Due to the sale of a subsidiary and improvement in the utilization ratio.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	66,817	70,087	+ 3,269	+ 4.9%	93,000	75.4%
Cost of sales	49,481	51,359	+ 1,878	+ 3.8%	68,700	
Cost of sales to Net sales	74.1%	73.3%	(0.8%)			
SG&A Expenses	9,185	9,513	+ 327	+ 3.6%	13,400	
Operating profit	8,150	9,214	+ 1,064	+ 13.1%	10,900	84.5%
Operating profit margins	12.2%	13.1%	+ 0.9%		11.7%	
Ordinary profit	8,155	9,219	+ 1,063	+ 13.0%	10,900	84.6%
Extraordinary income & loss	26	77	+ 51			
Profit before income taxes	8,182	9,297	+ 1,114	+ 13.6%		
Profit attributable to owners of parent	5,596	6,257	+ 661	+ 11.8%	7,400	84.6%
Profit margins	8.4%	8.9%	+ 0.5%			

23

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Meitec)

- ✓ Net sales rose 4.6% year on year and operating profit was up 12.0%
- ✓ The utilization ratio improved ← Due to steady progress in assigning newly graduated engineers who were fewer in number compared with the previous year.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	51,813	54,173	+ 2,360	+ 4.6%	72,000	75.2%
Operating profit	6,674	7,476	+ 801	+ 12.0%	9,000	83.1%
Operating profit margins	12.9%	13.8%	+ 0.9%		12.5%	
Ordinary profit	7,259	8,232	+ 973	+ 13.4%	9,700	84.9%
Profit	5,153	5,845	+ 692	+ 13.4%	6,800	86.0%
Utilization ratio (Company-wide)	96.1%	97.4%	+ 1.3%		97.3%	
Working Hours<h/day>	8.77	8.70	(0.07)	(0.8%)	8.72	
Number of Engineers	6,695	6,799	+ 104	+ 1.6%		

24

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Meitec Fielders)

- ✓ Net sales rose 14.8% year on year and operating profit was up 19.1%
- ✓ The utilization ratio declined ← Due to a greater number of newly graduated engineers compared with the previous year.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	11,022	12,650	+1,627	+14.8%	16,700	75.7%
Operating profit	1,041	1,240	+199	+19.1%	1,400	88.6%
Operating profit margins	9.4%	9.8%	+0.4%		8.4%	
Ordinary profit	1,040	1,235	+195	+18.8%	1,400	88.2%
Profit	798	849	+50	+6.4%	900	94.3%
Utilization ratio (Company-wide)	95.6%	95.2%	(0.4%)		95.5%	
Working Hours<h/day>	8.90	8.77	(0.13)	(1.5%)	8.79	
Number of Engineers	1,979	2,295	+316	+16.0%		

25

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Group Overview)

- ✓ Operating results for each company show strong growth.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	54,173	12,650	2,204	83	1,208
YoY Amount	+2,360	+1,627	+165	+12	+110
% Change	+4.6%	+14.8%	+8.1%	+17.5%	+10.1%
Operating profit	7,476	1,240	101	(21)	403
YoY Amount	+801	+199	+19	(0)	+9
% Change	+12.0%	+19.1%	+23.4%	—	+2.3%
Ordinary profit	8,232	1,235	101	(21)	402
Profit	5,845	849	70	(21)	276

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

Dividend

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

Next Stage 1 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

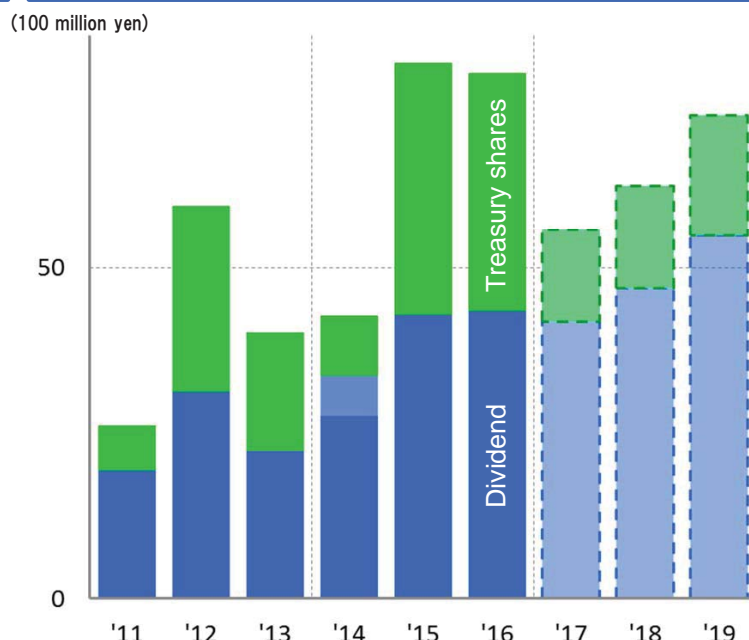
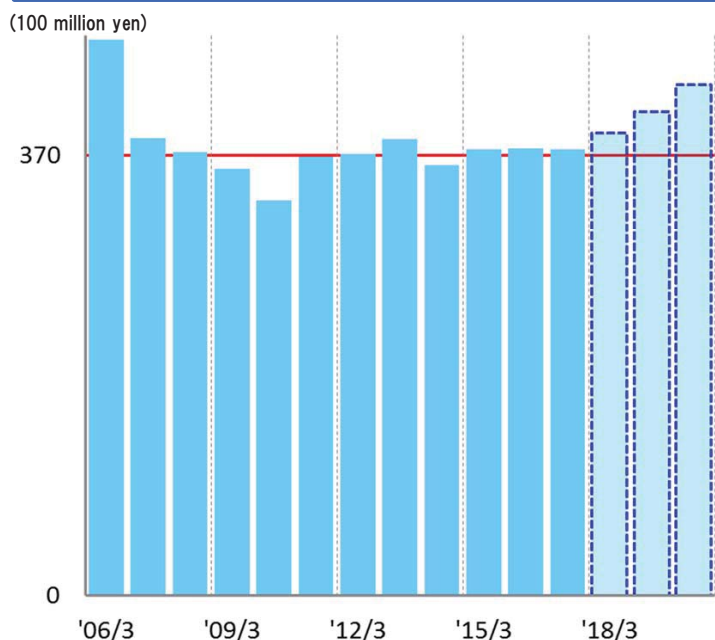
(*After deduction of year-end dividends)

2. Total return ratio for 3 years is roughly 80%

(1) Dividend payout ratio: 60%

(2) Purchase of treasury shares: 20%

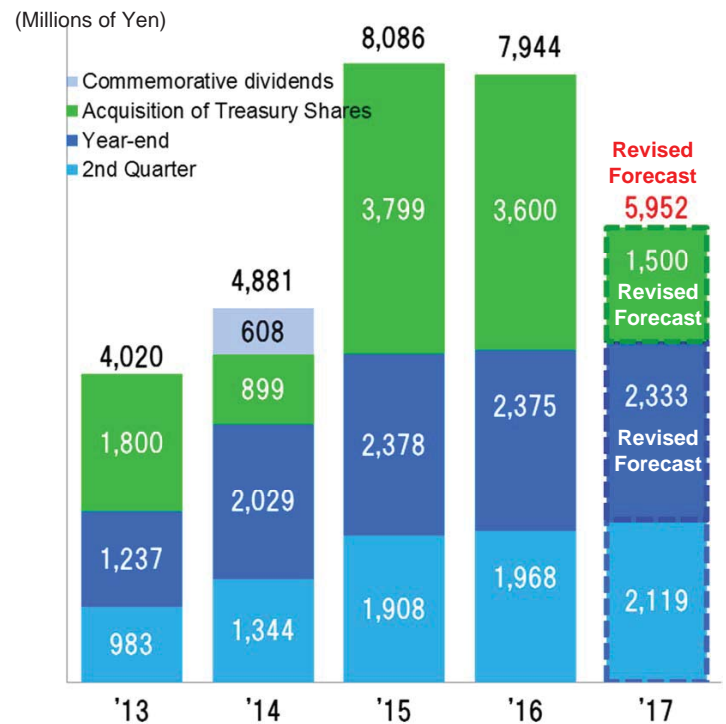
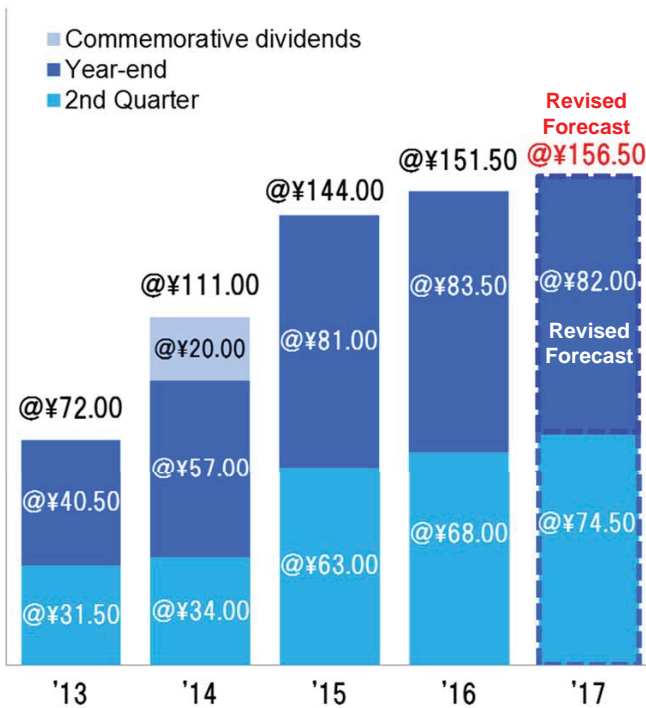
(The breakdown reflects the dialogue with shareholders and investors)



28

Results and Forecast of Profit Distribution

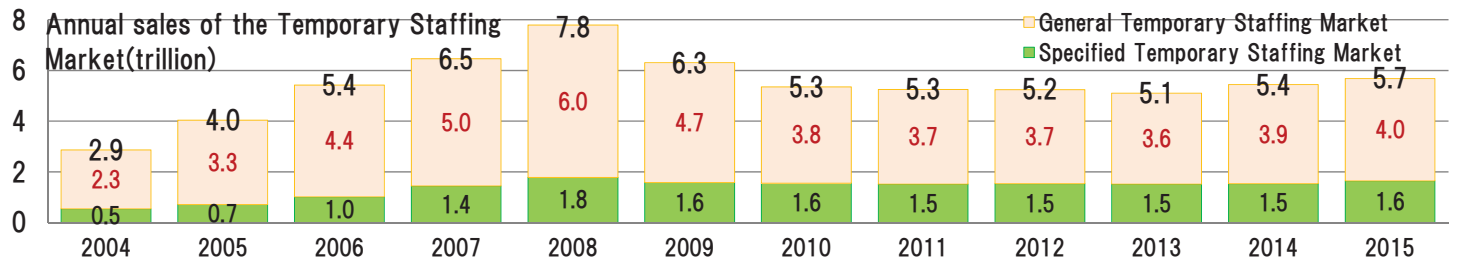
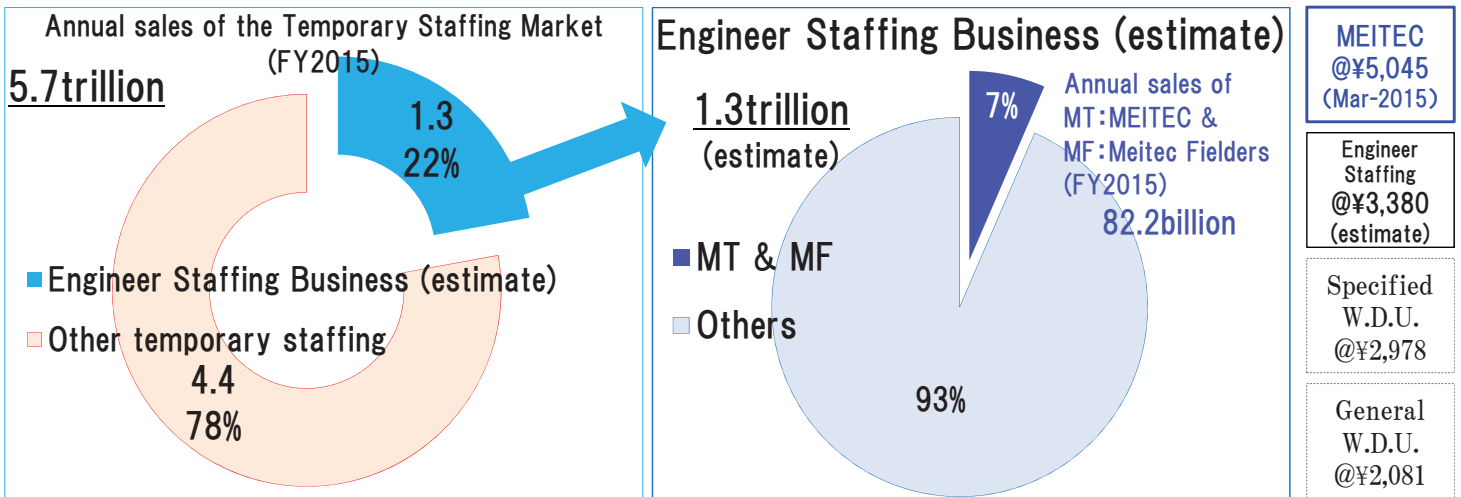
- ✓ Following the revisions in our earnings forecast, in line with the 80% total return ratio in our profit distribution plan in the Mid-term Management Plan (60% dividend payout ratio, 20% purchase of treasury shares), we are revising our profit distribution.
- ✓ Total return ratio 80% = (ordinary dividends 4.4 billion yen + purchase of treasury shares amount 1.5 billion yen) ÷ forecast profit 7.4 billion yen



3. Reference Materials

Market of Engineer Staffing Business (estimate)

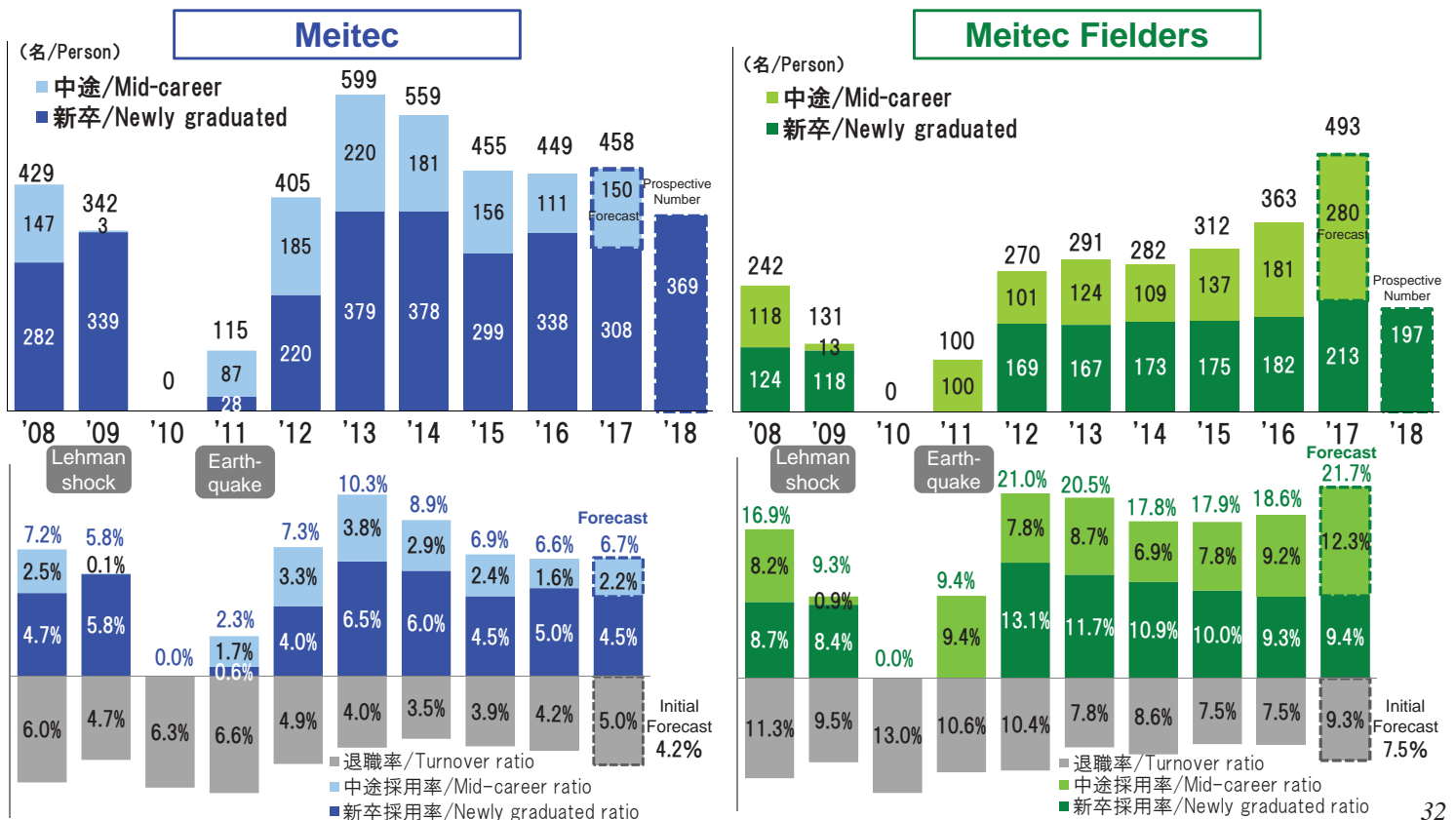
✓ FY2015 temporary staffing rates are the average of values from April 1, 2015 through September 29, 2015, prior to the legal amendment.



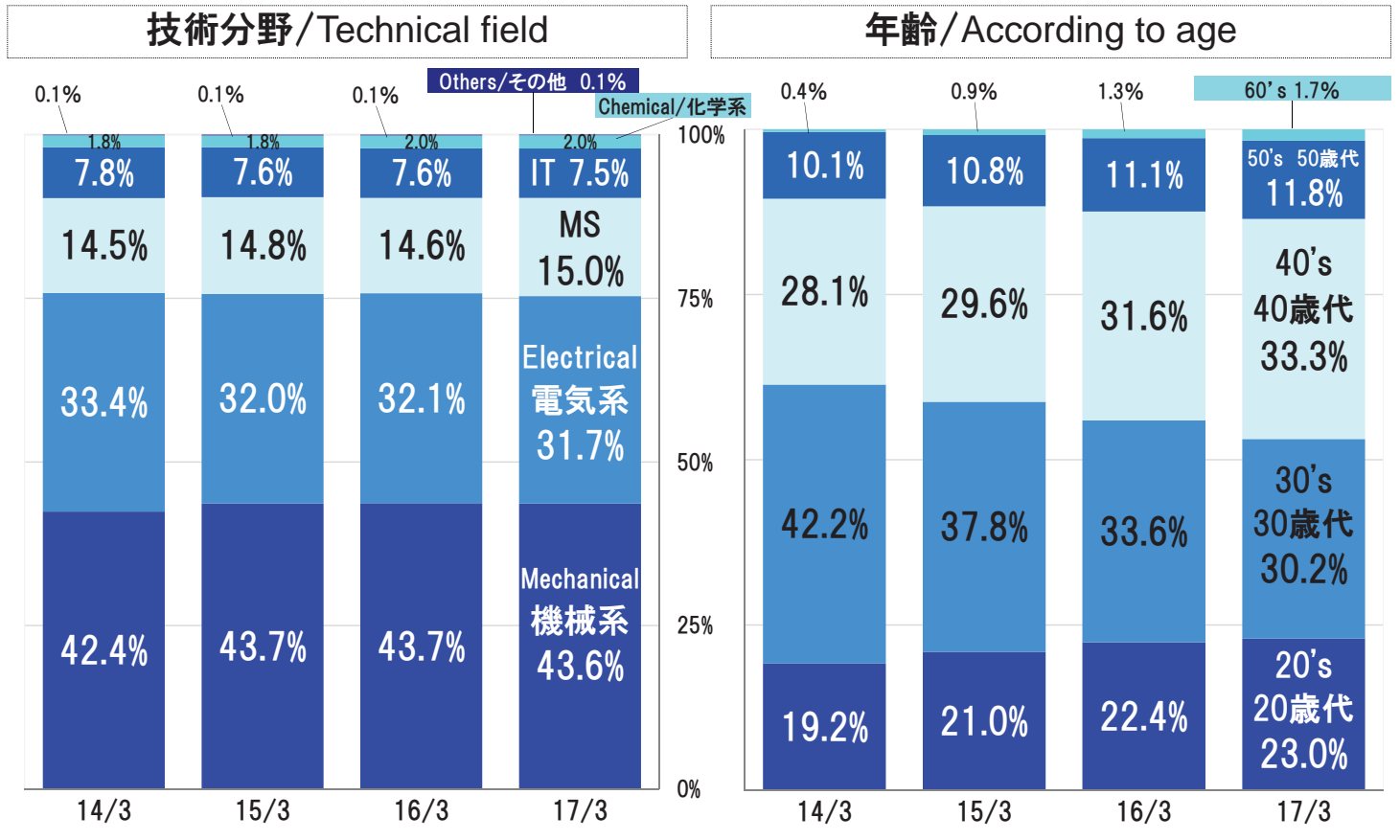
Original source: 2013 MHLW statistics . We calculated the estimate originally. * We assume no responsibility for our estimation.

Recruitment and Turnover

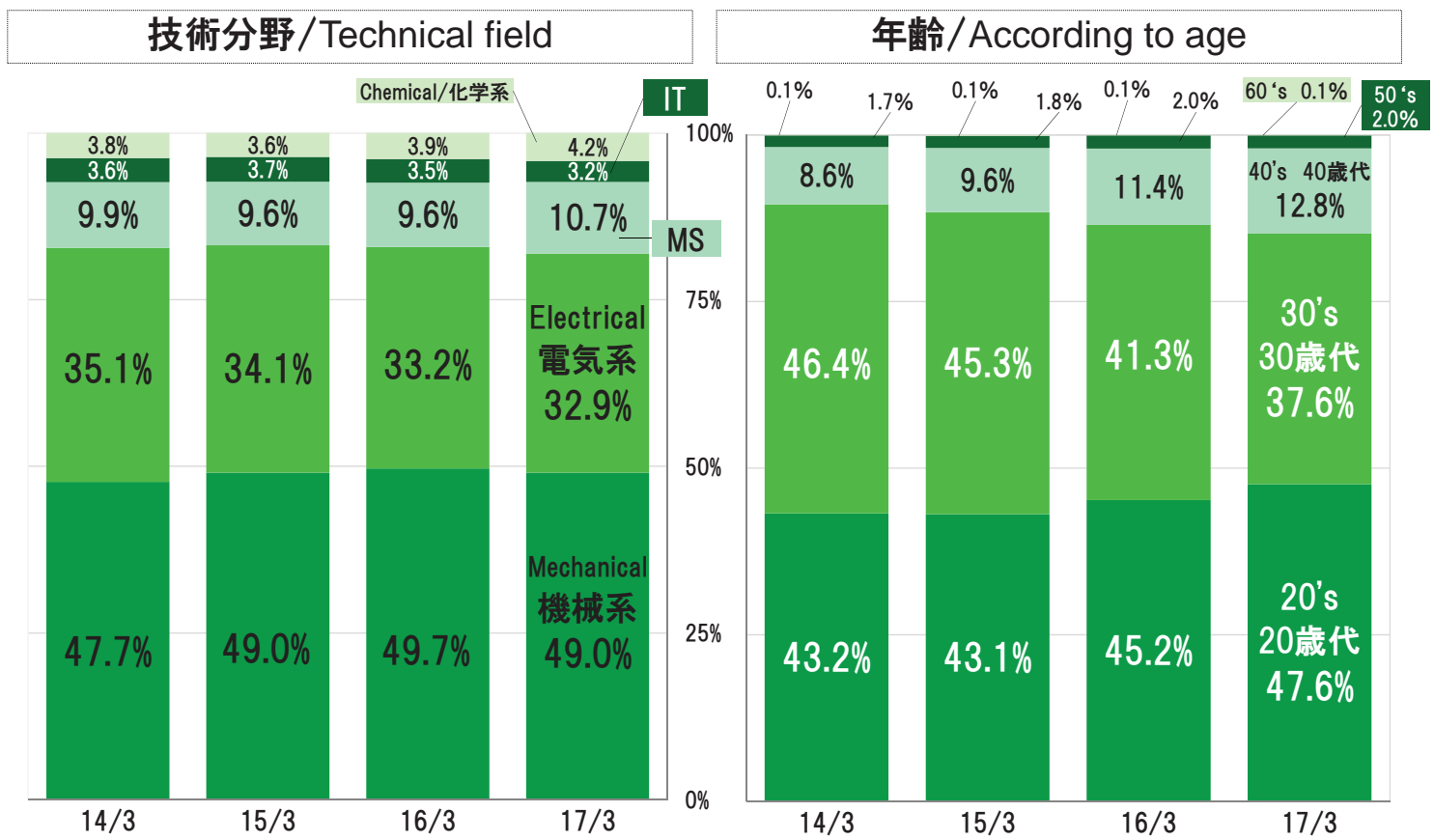
✓ Our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results are as follows.
 ※We plan to announce the actual recruitment and turnover ratios in May 2018.



Distribution of Engineers by Technical Fields and Age (Meitec)



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



Trend of Performances (Consolidated)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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
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
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%
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
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
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%
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
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%
Non-operating income	106	87	137	74	84	87	4,729	2,146	114	97	50	113	29	20
Non-operating expenses	90	185	59	169	115	107	77	178	32	24	51	10	58	17
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
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%
Extraordinary income	149	393	538	5	6	13	32	378	—	58	—	20	1,084	31
Extraordinary loss	477	2,682	2,235	5,092	1,826	1,094	130	234	4	215	146	3,621	65	45
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
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
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
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%

35

Trend of Performances (Meitec)

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

36

Trend of Performances (Meitec Fielders)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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
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
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%
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
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
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%
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
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%
Non-operating income	5	6	3	3	10	6	848	182	3	3	1	—	—	1
Non-operating expenses	—	—	—	1	1	—	5	1	—	—	15	—	—	1
Ordinary profit	1,280	1,328	1,373	1,310	1,319	825	(618)	757	540	651	841	1,074	1,205	1,346
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%
Extraordinary income	88	5	6	—	—	—	—	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
Total income taxes	562	544	560	537	544	344	313	(187)	264	272	358	420	412	301
Profit	742	789	816	768	769	467	(933)	943	275	378	483	648	786	1,045
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%

37

Trend of Performances (Meitec Next)

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

38

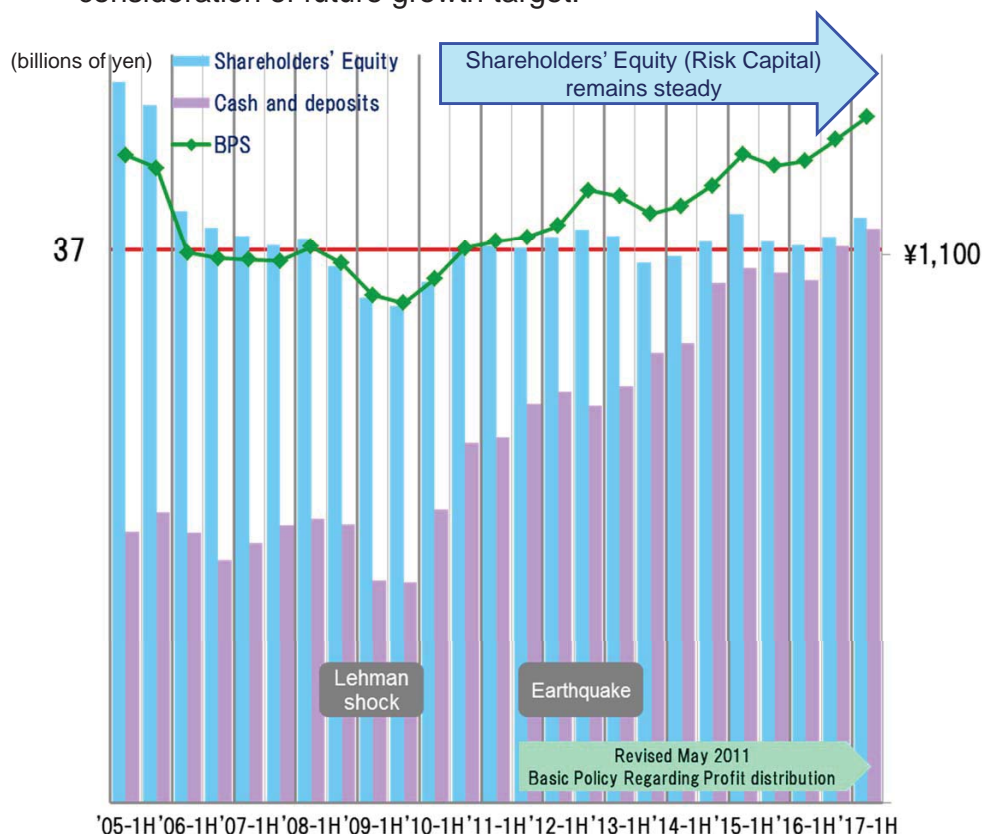
(Millions of Yen)	2007/3/31	2008/3/31	2009/3/31	2010/3/31	2011/3/31	2012/3/31	2013/3/31	2014/3/31	2015/3/31	2016/3/31	2017/3/31
Cash and deposits	16,177	18,512	18,526	14,732	23,999	26,686	26,592	30,104	34,773	35,413	37,259
Notes and accounts receivable - trade	13,256	12,841	10,985	9,582	10,245	10,675	10,887	11,297	12,858	13,823	13,400
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
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
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
Total assets	57,479	57,784	54,230	47,625	55,714	57,559	58,002	61,445	65,098	64,468	66,377
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
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
Total liabilities	18,795	20,186	18,061	14,181	18,619	20,349	19,579	25,257	27,532	26,862	28,523
Shareholders' equity	39,144	38,048	36,747	34,101	37,745	38,017	39,264	38,299	39,619	39,973	39,970
Other net assets	(461)	(449)	(577)	(658)	(651)	(808)	(841)	(2,111)	(2,054)	(2,367)	(2,116)
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

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

39

Shareholders' Equity and Cash and Deposit

- ✓ Prioritize the improvement of "quality and quantities" of the current level of shareholders' equity in consideration of future growth target.



- 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

(Fractions of one million yen are rounded)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Actual FY2016	Forecast FY2017	
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%	80.4%	
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%	60.2%	
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%		
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	@¥156.50
	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	4,452
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
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,968	2,119
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	@¥82.00
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,375	2,333
Acquisition of Treasury Shares	Thousands of shares	1,405	1,353	857	1,174			421	1,506	641	269	921	915	
	Millions of Yen	5,100	5,099	3,100	2,800			700	2,800	1,800	899	3,799	3,600	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	5,952
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
	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	
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	@¥260.14
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	

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 June 22, 2017)

- 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

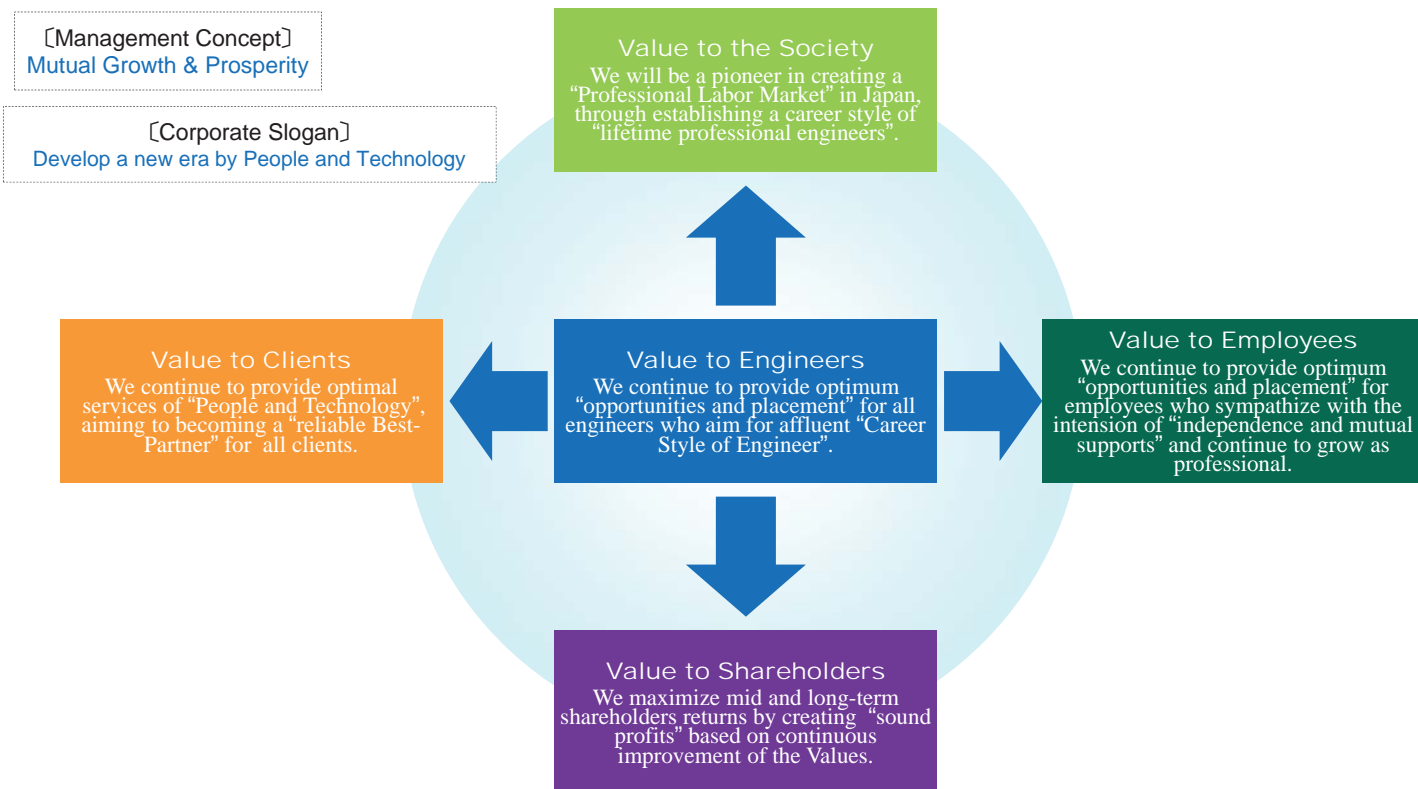
¥1K=JPY1,000-	Revised: April 1, 2016	
CEO, MEITEC Group President and CEO, COO	Yearly payment	¥28,800K (Monthly ¥2,400K)
(COO)		
Director	Yearly payment	¥19,200K (Monthly ¥1,600K)
Outside Director	Yearly payment	¥9,000K (Monthly ¥750K)
Standing audit & supervisory board member	Yearly payment	¥24,000K (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)

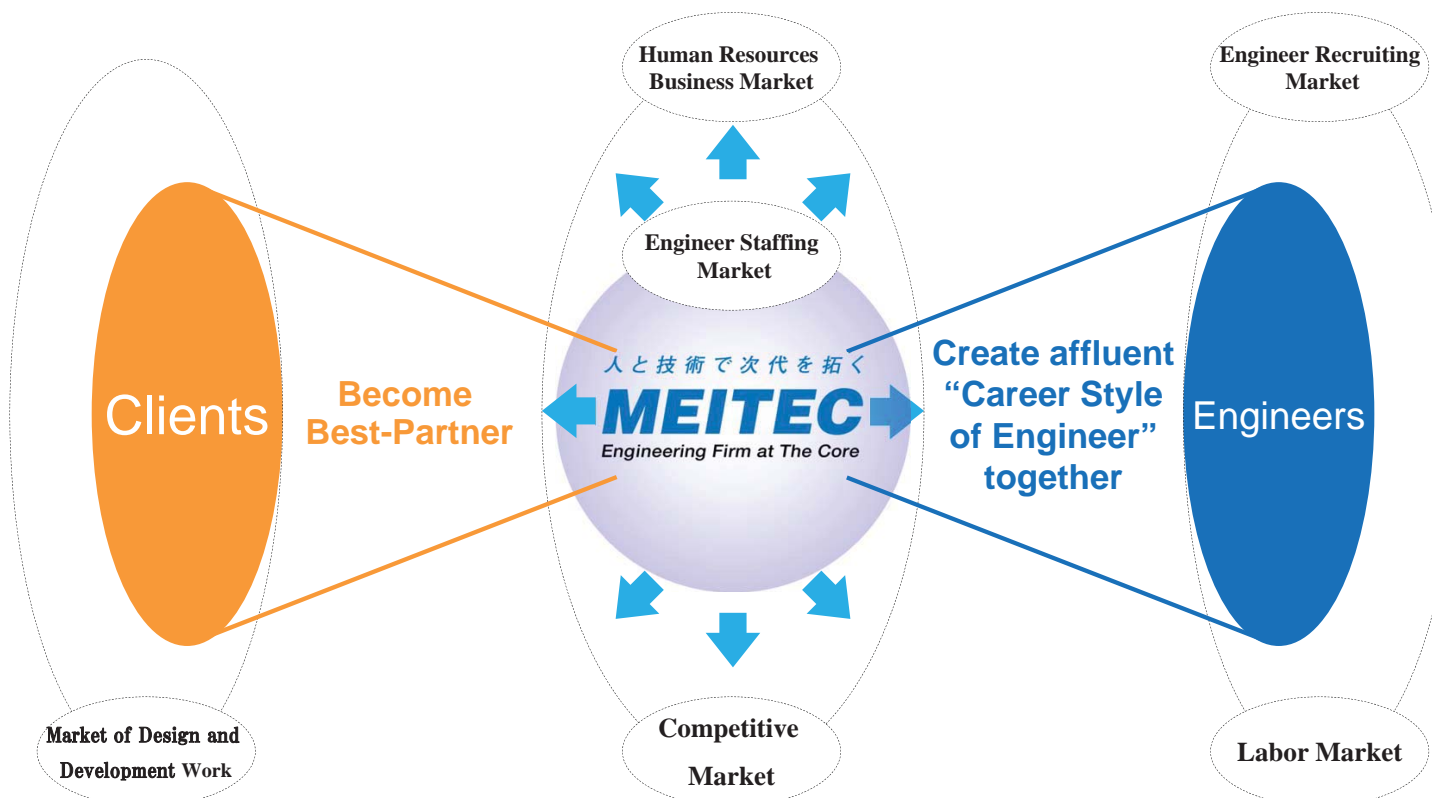
“Ideal State of the Meitec Group”

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